



Date: 16th December, 2022

To The Listing Department, National Stock Exchange of India Limited Exchange Plaza, 5 th Floor, Plot No. C/1, G Block, Bandra – Kurla Complex, Bandra East, Mumbai – 400051. Scrip Code: CCL	To The Corporate Relations Department, BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001. Scrip Code: 519600
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Dear Sir/Madam,

Sub: Intimation of Draft Scheme of Arrangement – as per Regulation 37 (6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

In continuation to the announcement made by the Company on 02nd December, 2022, regarding approval of Demerger of the marketing and distribution division of Coffee and FMCG Products of Continental Coffee Private Limited, wholly owned subsidiary of the Company into the Parent Company, CCL Products (India) Limited, by the Board of Directors, and pursuant to Regulation 37 (6) of SEBI(LODR) Regulations, 2015, we are herewith enclosing the draft Scheme of Arrangement as approved by the Board of Directors of the Company along with Board Resolution for your information and necessary records.

For CCL Products (India) Limited

Sridevi Dasari
Digitally signed by
Sridevi Dasari
Date: 2022.12.16
20:36:25 +05'30'



Sridevi Dasari

Company Secretary and Compliance Officer

Encl: As above

CCL PRODUCTS (INDIA) LIMITED

CORPORATE OFFICE:

7-1-24/2/D, "Greendale", Ameerpet, Hyderabad - 500016, T.S., India.

☎ +91 40 2373 0855

REGISTERED OFFICE:

Duggirala, Guntur Dist. 522330, A.P., India. | CIN L15110AP1961PLC000874

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CERTIFIED TRUE COPY OF THE RESOLUTION PASSED BY THE BOARD OF DIRECTORS OF CCL PRODUCTS (INDIA) LIMITED IN THEIR MEETING HELD ON FRIDAY, 02ND DECEMBER, 2022 AT THE CORPORATE OFFICE OF THE COMPANY SITUATED AT 7-1-24/2/D, GREENDALE, AMEERPET, HYDERABAD- 500016

SUB: TO CONSIDER AND APPROVE THE SCHEME OF ARRANGEMENT

“RESOLVED THAT pursuant to the provisions of Section 230, 231 and 232 of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013, and Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, including any statutory modifications, amendments, re-enactments thereof for the time being in force, the National Company Law Tribunal Rules, 2016, the provisions of the Memorandum and Articles of Association of the Company and subject to the requisite approvals, sanctions, consents, observations, No Objections, confirmations, permissions from the shareholders and Creditors of the Company, the Regional Director, South East Region, National Company Law Tribunal, Amaravati Bench at Amaravati, National Company Law Tribunal, Hyderabad Bench at Hyderabad, and such other competent authority as may be applicable, and the confirmation, permission, sanction and approval of the other statutory/regulatory authorities, if any, in this regard and subject to such other conditions or guidelines, if any, as may be prescribed or stipulated by any such authorities, from time to time, while granting such approvals, sanctions, consents, observations, No Objections, confirmations, permissions and which may be agreed by the Board of Directors of the Company, the draft “ **Scheme of Arrangement** between Continental Coffee Private Limited (Demerged Company) and CCL Products (India) Limited (Resulting Company) and their respective Shareholders and Creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013” (“Scheme”), providing for the demerger and subsequent transfer of the Marketing and Distribution of Coffee and FMCG Products division (hereinafter referred to as “*Coffee Division*”) from the Demerged Company into the Resulting Company on a going concern basis with effect from 01.10.2022, being the Appointed Date, as approved and recommended by the Audit Committee, a copy of which being placed before the Board and initialed by the Chairman for the purpose of identification, be and is hereby approved unanimously.”

“FURTHER RESOLVED THAT Mr. Challa Srishant (DIN: 00016035), Managing Director, Mr. B. Mohan Krishna, Executive Director (DIN: 03053172), Mr. V. Lakshmi Narayana, Chief Financial Officer and Ms. Sridevi Dasari, Company Secretary of the Company be and are hereby severally authorized, empowered and directed on behalf of the Company to take all necessary steps to give effect to the Scheme of Arrangement and to do all such acts, deeds, matters and things including but not limited to:

- a) appoint advocate(s) / Company Secretary in order to represent the Company before the National Company Law Tribunal (NCLT) Amaravati Bench at Amaravati or any other Bench as may be required and / or such other authorities and to file the necessary

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applications, petitions, affidavits, pleadings for and on behalf of the Company and to apply and obtain certified copies of the orders, decrees, directions etc. that may be passed by the NCLT and/or such other authorities / courts and all such other documents as may be required for and on behalf of the Company.

- b) verify, deal, sign, swear, affirm, declare, deliver, execute, make, enter into, acknowledge, record and perfect all deeds, declarations, instruments, affidavits, applications, petitions, vakalats, objections, consents, notices and writings whatsoever as may be usual, necessary, proper or expedite in all manners of documents, petitions, affidavits and applications in relation to the implementation of the Scheme.
- c) make such alterations, modifications or amendments in all the applications, petitions and other documents as may be required or necessary for complying with the requirements or conditions as may be imposed by the Registrar of Companies, Regional Director, and / or Hon'ble NCLT and/or any other appropriate authorities and to prepare and execute applications, petitions and file the same with the Hon'ble NCLT and/or any other appropriate authorities and to do all such matters connected therewith, as may be directed by the Hon'ble NCLT and/or other appropriate authorities, if any, and to appoint and retain services of such professionals as may be necessary in connection therewith including and to do all such acts, deeds, matters and things as may be required to bring the Scheme into effect.
- d) do all such acts, matters, deeds and things as may be necessary or desirable including any directions for settling any questions or doubts or difficulty whatsoever that may arise, for the purpose of giving effect to the Scheme.
- e) accept service of notices or other processes, which may from time to time be issued in connection with the matter aforesaid.
- f) produce all documents, matters or other evidence in connection with the matters aforesaid on all and any of other proceedings incidental thereto or arising thereat.
- g) make, prepare any applications, petitions, appeals, judges summons, notices, before any court, tribunal or authorities.
- h) file, submit with the Registrar of Companies, Regional Director, NCLT, other statutory/regulatory authorities in India any forms, documents, affidavits through electronic media or any other computer readable media or manually to follow up the same.
- i) do all such acts, deeds and things, as may be necessary and incidental thereto, to appoint from time to time or generally such person(s) and any such substitute(s) or sub-delegation of powers conferred vide this resolution to any persons, as may be

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necessary, and to appoint another or other in his/her or their place, for the better and more effectual doing, effecting and performing all or any such matters and things as aforesaid to all intents and purpose to give effect to this resolution.”

“**FURTHER RESOLVED THAT** a copy of the foregoing resolution certified to be the true copy by the above mentioned authorised Directors/CFO/CS be submitted/furnished to the concerned authorities as may be required.”

// CERTIFIED TRUE COPY //

For **CCL PRODUCTS (INDIA) LIMITED**

Sridevi
Dasari

Digitally signed by
Sridevi Dasari
Date: 2023.06.12.16:22:16
2023.06.12.16:22:16



Sridevi Dasari

Company Secretary & Compliance Officer

M. No: A29897

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**SCHEME OF ARRANGEMENT
BETWEEN

CONTINENTAL COFFEE PRIVATE LIMITED
(CCPL OR DEMERGED COMPANY)

AND

CCL PRODUCTS (INDIA) LIMITED
(CCL PRODUCTS OR RESULTING COMPANY)

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS
UNDER SECTIONS 230 to 232 AND OTHER APPLICABLE PROVISIONS
OF THE COMPANIES ACT, 2013**

(A) PREAMBLE OF THE SCHEME

This Scheme of Demerger (“**Scheme**”) is presented pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013, and Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, as amended from time to time read with Sections 2(1B) and 2(19AA) and other applicable provisions of the Income-tax Act, 1961, and applicable Listing Regulations in each case, as amended from time to time and as may be applicable, for:

- (i) demerger of Demerged Undertaking (as defined hereunder) of Continental Coffee Private Limited (Demerged Company) and vesting the same with and into CCL Products (India) Limited (the Resulting Company) on a going concern basis and

- (ii) various other matters consequential to, or otherwise integrally connected with the above, as more specifically stated hereinafter.

(B) DESCRIPTION OF COMPANIES

- 1. CONTINENTAL COFFEE PRIVATE LIMITED** is a Company incorporated under the provisions of Companies Act, 1956, on 11.05.2011 (Eleventh Day of May, Two Thousand and Eleven) in the State of Telangana. The Corporate Identification Number of the Company is U15492TG2011PTC074429. The PAN of the Company is AAFCC5134P. (Hereinafter referred to as the “**Demerged Company**”).

The Registered Office of the Demerged Company is situated at “7-1-24/2/D, Greendale Ameerpet Hyderabad – 500016, Telangana, India”

The Company is primarily engaged in the business of marketing and distribution of coffee and FMCG products and food and beverages kiosks including “Coffee on Wheels”.

The present main objects of the Demerged Company are as follows:

1. To carry on the business, either solely or in collaboration with other persons or entities, whether of Indian or foreign origin, to manufacture, buy, sell, retail, wholesale, trade, market, import, export process, manipulate, prepare, preserve, carry on, refine, bottle and to deal in all types of coffee, tea, chicory, cocoa, milk, condensed milk, milk products, sugar, sugar substitutes and other similar products, manufactured or raw state, whether in India or elsewhere either in wholesale and/ or in retail or otherwise.
2. To manufacture, sell and deal, in any manner whatsoever, with Plant and Machinery, Equipment, Know-how for manufacture of coffee, tea, cocoa, milk, milk products, sugar, sugar substitutes and other similar products.

3. To do all incidental acts and things necessary for the attainment of above objects.
4. To develop, manufacture, prepare, process, convert, buy, import or otherwise acquire and to sell, distribute, deal in, market, trade, export or otherwise dispose of in, to, at or from any part of India and elsewhere globally all sorts of food and food stuffs, natural food, instant food, cooked food, packaged food, ready food, canned food, dehydrated food, pulps and purees, sauces, preserved food, prepared food, noodles, snacks (whether or not plain, flavoured, spiced, curried, coloured) and edible food colours (natural, artificial, synthetic or chemical) and all raw materials, ingredients, condiments, accompaniments, curries, preparations, sauces, packaging, dispensing accessories and also including all versions, alternatives, substitutes thereof and therefore and to undertake, execute, or otherwise perform the agency business, representative business, transport, delivery, stocking, storing, distribution of any or all aforesaid.
5. To develop, manufacture, prepare, process, convert, buy, import or otherwise acquire and to sell, distribute, deal in, market, trade, package, bottle, export or otherwise dispose of, in, to , at or from any part of India and elsewhere globally all sorts of wines, alcoholic liquors and liqueurs, beverages (alcoholic, non- alcoholic, aerated or non-aerated), food or health beverages, fruit and vegetable pulps and beverages, drinks and all raw materials, ingredients, accompaniments, packaging, bottles, dispensing accessories and also including all versions, alternatives, substitutes thereof and to refer and to undertake, execute, or otherwise perform the agency business, representative business, bottling, distilling, transport, delivery, stocking, storing, distribution of any or all aforesaid.

The authorized, issued, subscribed and paid-up share capital of the Demerged Company as on 30.09.2022 is as follows:

Share Capital	Amount in Rs.
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Share Capital	Amount in Rs.
Authorized Capital	
70,00,000 (Seventy Lakh) Equity Shares of Rs.10/- (Rupees Ten only) each.	7,00,00,000
Total	7,00,00,000
Issued, Subscribed and Paid Up Capital	
70,00,000 (Seventy Lakh) Equity Shares of Rs.10/- (Rupees Ten only) each.	7,00,00,000
Total	7,00,00,000

Subsequent to 30th September, 2022, there is no change in the authorised, issued, subscribed and paid up share capital of the Demerged Company.

The Demerged Company is a wholly owned subsidiary of the Resulting Company. The following is the extract of the Register of Members of the Demerged Company showing its latest list of the equity shareholders:

Sl. No.	Name of shareholder	Total No. of shares held	% of Shareholding
1.	CCL Products (India) Limited (Resulting Company)	69,99,999	99.99
2.	Mr. Challa Srishant (Beneficial interest held by CCL Products (India) Limited)	1	0.01
Total		7000000	100.00

- CCL PRODUCTS (INDIA) LIMITED** was originally incorporated under the name and style “Sahayak Finance & Investment Corporation Limited” under the provisions of Companies Act, 1956, on 22.03.1961 (Twenty Second Day of March, One Thousand Nine Hundred and Sixty One) in the state of Andhra Pradesh, vide Certificate of Incorporation No. 874 of 1960-61, issued by the Registrar of Companies, Andhra Pradesh. Subsequently, the name of the Company was changed from “Sahayak Finance & Investment Corporation Limited” to “Continental Coffee

Limited” by following due procedure laid down under the applicable provisions of Companies Act, 1956 and a fresh certificate of Incorporation consequent on change of name was issued by the Registrar of Companies, Andhra Pradesh on 22.02.1994 (Twenty Second Day of February, One Thousand Nine Hundred and Ninety Four). Subsequently, the name of the Company was changed from “Continental Coffee Limited” to its present name, i.e., “CCL Products (India) Limited” by following due procedure laid down under the applicable provisions of Companies Act, 1956 and a fresh certificate of incorporation consequent on change of name was issued by the Registrar of Companies, Andhra Pradesh, on 21.11.2002 (Twenty First Day of November Two Thousand and Two). The present Corporate Identification Number (CIN) of the Company is L15110AP1961PLC000874. The PAN of the Company is AAACC9552G. (Hereinafter referred to as the “**Resulting Company**”).

The registered office of the Resulting Company is situated at Duggirala, Guntur, AP 522330 IN.

The **Resulting Company** is mainly engaged in the business of manufacturing and sale of different types of the Coffee in India and abroad. Few of the main objects of the Resulting Company are as follows:

- a) To carry on the business solely or in collaboration with others, Indian or foreign, in manufacture of Coffee, Tea, Chicory, Cocoa, Milk Products, Condensed Milk, Cheese, Plain and all flavoured, Yoghurt, Shrikhand, Creamers including non-dairy creamer, sweetener, natural & artificial and the like, in all or any of their forms (including spray dried, freeze dried, agglomerate, granulated, blended and preparations thereof for consumption by human beings and also including all versions, alternatives, substitutes thereof and therefor in whatsoever manner, that is to say, either mechanically or otherwise, by employing electricity or any other power or energy, and sale thereof, either in whole sale and/or in retail or otherwise, whether in the country or abroad.

- b) To carry on business in processing, manipulating, preparing, preserving, carrying, refining, bottling, buying, rendering marketable and dealing in Coffee, Tea, Chicory, Cocoa and the like in their prepared, manufactured or raw state and whether in whole sale and/or in retail.
- c) To manufacture, sell and deal in any manner with Plant and Machinery, Equipment, Knowhow for manufacture of coffee, tea, cocoa and milk products.
- d) To acquire by purchase or otherwise, and to carry on the business of planters, cultivators, growers and manufacturers or sellers and dealers in tea, coffee, cocoa and to manufacture, dispose of, buy and deal in the said products.
- e) To develop, manufacture, prepare, process, convert, buy, import or otherwise acquire and to sell, distribute, deal in, market, trade, export or otherwise dispose of in, to, at or from any part of India and elsewhere globally all sorts of food and food stuffs, natural food, instant food, fast food, cooked food, packaged food, ready food, canned food, dehydrated foods, pulps and purees, sauces, preserved food, prepared food, noodles, snacks (whether or not plain, flavoured, spiced, curried, coloured) and edible food colours (natural, artificial, synthetic or chemical) and all raw materials, ingredients, condiments, accompaniments, curries, preparations, sauces, packaging, dispensing accessories and also including all versions, alternatives, substitutes thereof and therefor and to undertake, execute, or otherwise perform the agency business, representative business, transport, delivery, stocking, storing, distribution of any or all aforesaid.
- f) To develop, manufacture, prepare, process, convert, buy, import or otherwise acquire and to sell, distribute, deal in, market, trade, package, bottle, export or otherwise dispose of, in, to, at or from any part of India and elsewhere globally all sorts of wines, alcoholic liquors and liqueurs, beverages (alcoholic, non-alcoholic, aerated or non-aerated), food or health beverages, fruit and vegetable pulps

and beverages, drinks and all raw materials, ingredients, accompaniments, packaging, bottles, dispensing accessories and also including all versions, alternatives, substitutes thereof and to refer and to undertake, execute, or otherwise perform the agency business, representative business, bottling, distilling, transport, delivery, stocking, storing, distribution of any or all aforesaid.

The authorized, issued, subscribed and paid-up share capital of the Resulting Company as on 30.09.2022 is as follows:

Share Capital	Amount in Rs.
Authorized Capital	
15,05,00,000 (Fifteen Crore Five Lakhs) Equity Shares of Rs.2/- (Rupees Two only) each.	30,10,00,000
Total	30,10,00,000
Issued, Subscribed and Paid Up Capital	
13,30,27,920 (Thirteen Crore Thirty Lakh Twenty Seven Thousand Nine Hundred and Twenty) fully paid up Equity Shares of Rs.02/- (Rupees Two only) each.	26,60,55,840
Total	26,60,55,840

Subsequent to 30th September, 2022, there is no change in the authorised, issued, subscribed and paid up share capital of the Resulting Company.

The Resulting Company is the Holding Company of the Demerged Company. The equity shares of the Resulting Company are listed and traded on BSE Limited ("BSE") bearing Scrip Code: 519600 and on National Stock Exchange of India Limited ("NSE") bearing Symbol: CCL. The following is the Shareholding Pattern of the Resulting Company as on date:

Sl. No.	Category of shareholder	No. of Shareholders	Total No. of shares held	% of shareholding
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1.	Promoter & Promoter Group	6	6,15,40,392	46.26
2.	Public	66,253	7,14,87,528	53.74
Total		66,259	13,30,27,920	100.00

(C) RATIONALE AND OBJECTIVES OF THIS SCHEME:

3.1. The **Resulting** Company is holding the entire share capital in the Demerged Company. The Demerged Company i.e., **CONTINENTAL COFFEE PRIVATE LIMITED** was incorporated in the year 2011 and was made a wholly owned subsidiary of the Resulting Company in the year 2014 with an intent to leverage its marketing and distribution activities in the domestic markets of India. Presently, the Resulting Company undertakes manufacture of various types of coffee / coffee products and also undertakes its marketing and distribution in international markets, i.e., exports business. Whereas the marketing and distribution of coffee / coffee products manufactured by the Resulting Company, in the domestic markets of India is taken up by the Demerged Company. The Demerged Company is also engaged in Food and Beverages business, which is taken up through retails kiosks and mobile vans. Thus, the Holding Company (Resulting Company) retained with it the marketing and distribution of coffee / coffee products in international markets and entrusted its Wholly Owned Subsidiary (Demerged Company), with the responsibility of marketing and distribution of its coffee / coffee products in the domestic markets of India. Considering various market dynamics, the experience and the financial status of the Resulting company, the respective Boards of Directors of the Resulting Company and the Demerged Company thought it fit and decided to consolidate the manufacturing, the marketing and the distribution functions of coffee business, whether exports or at domestic level under one entity and hence decided to demerge the Coffee Marketing and FMCG Products Distribution Division into the Resulting Company. This Scheme of Arrangement and vesting of the Demerged undertaking of the demerged company into the Resulting Company provides the following advantages:

- i. The Demerged Company, presently, has two Divisions / undertakings viz. Marketing and Distribution of Coffee and FMCG Products division (hereinafter referred to as "*Coffee Division*") and the Food and Beverage Kiosks including 'Coffee on Wheels' division (hereinafter referred to as "*F & B Division*"). Each of the businesses of the Demerged Company operates in different business environments, require different experience and are subject to different profitability, growth opportunities, future prospects and risks.
- ii. The nature of risk and competition involved in each of these businesses is distinct and consequently nature of considerations, factors and commercial parameters applicable to the business of Marketing and Distribution of Coffee and FMCG Products being different and divergent in nature in comparison to that of Food and Beverage Kiosks including 'Coffee on Wheels'. With a view to conduct the businesses more efficiently and more profitably, enhance shareholders value and insulate both the businesses from the risks of each other, it is proposed to reorganize and segregate, the Marketing and Distribution of Coffee and FMCG Products division by way of Demerger.
- iii. The Demerger of Coffee Division from the Demerged Company into the Resulting Company will facilitate the Demerged Company to focus on its remaining business of running and maintaining Food and Beverage Kiosks including 'Coffee on Wheels'. Further, it will facilitate, help and enable the Resulting Company to focus on its Coffee manufacturing business along with marketing and distribution thereof, both at international level and at domestic level with greater profitability. Thus resulting in simplification of the respective Company's structure, improving their cost efficiency and further benefitting their stakeholders.
- iv. The arrangement will further enable appropriate consolidation of activities of Demerged Company and Resulting Company by pooling and more efficient utilization of their resources, greater economies of

scale, reduction in overheads and other expenses and improvement in various operating parameters.

- v. The arrangement will improve the organizational capability and leadership, arising from the pooling of human capital who have the diverse skills, talent and vast experience to compete successfully in an increasingly competitive industry.
- vi. Cost savings are expected to flow from more focused operational efforts, rationalization, standardization and simplification of business process, elimination of duplication and rationalization of administrative expenses.

It is therefore, proposed that the Coffee Division of the Demerged Company be segregated and demerged, pursuant to a Scheme of Arrangement and be transferred to the Resulting Company for achieving independent focus pursuant to a Scheme of Arrangement under Sections 230 to 232 of the Companies Act, 2013. The managements of the respective Companies are of the view that this Scheme is in the interest of the customers, employees, lenders, vendors, shareholders and all other stakeholders of the respective Companies.

(D) SCOPE OF THE SCHEME:

- 4.1. This Scheme of Arrangement is presented pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and it provides for the Demerger of the Marketing and Distribution of Coffee and FMCG Products division (hereinafter referred to as "*Coffee Division*") of the Demerged Company into the Resulting Company. This Scheme of Arrangement also provides for various other matters consequential, supplemental and / or otherwise integrally connected therewith.

The sequence of events contemplated under the Scheme is as under:

- a) Demerger of the Marketing and Distribution of Coffee and FMCG Products division (hereinafter referred to as “*Coffee Division*”) of the Demerged Company and vesting of the same in the Resulting Company, on a going concern basis.
- b) Cancellation of loans made by the Resulting Company to the Demerged Company relatable to the Demerged Undertaking, outstanding as on the Appointed Date.

(E) PARTS OF THE SCHEME:

The scheme is divided into following parts:

- Part I** – deals with the Definitions and Compliance with Tax Laws.
- Part II** – deals with the demerger of Marketing and Distribution of Coffee and FMCG Products division (hereinafter referred to as “*Coffee Division*”) of Demerged Company into Resulting Company.
- Part III** – deals with General Terms and Conditions

PART I

DEFINITIONS AND COMPLIANCE WITH TAX LAWS

1. DEFINITIONS

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

- 1.1 “Act”** means, as the context may admit, the Companies Act, 2013 (as may be notified from time to time) and the rules made thereunder, and shall include any statutory modifications, re-enactments or amendments thereof for the time being in force.
- 1.2 “Applicable Law(s)”** means any statute, notifications, bye-laws, rules, regulations, guidelines, circulars or common law, policy, code, directives, ordinance, schemes, notices, orders or instructions 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”** means 01.10.2022 (First Day of October, Two Thousand And Twenty Two) or such other date as may be approved by the Appropriate Authority. The Appointed Date shall be the Effective Date and the Scheme shall be deemed to be effective from the Appointed Date.
- 1.4 “Appropriate Authority”** means any government, statutory, regulatory, departmental or public body or authority of the Jurisdiction over the Demerged Company and the Resulting Company, including Registrar of Companies and the National Company Law Tribunal.
- 1.5 “Board of Directors” or “Board”** means and includes the respective Board of Directors of Resulting Company, or as the case may be, the Board of Directors of Demerged Company or any committee constituted by such Board of Directors for the purposes of the Scheme.
- 1.6 “Demerger”** means the transfer and vesting of the Demerged Undertaking of the Demerged Company into the Resulting Company pursuant to this Scheme of Arrangement.
- 1.7 “Demerged Company” or “CCPL”** means **CONTINENTAL COFFEE PRIVATE LIMITED**, a Company incorporated under the provisions of Companies Act, 1956, on 11.05.2011 (Eleventh Day of May, Two Thousand and Eleven) in the State of Telangana having Corporate Identification Number U15492TG2011PTC074429, and its Registered

Office at 7-1-24/2/D, Greendale Ameerpet Hyderabad – 500016,
Telangana, India.

1.8 “Demerged Undertaking” or “Marketing and Distribution of Coffee and FMCG Products division (hereinafter referred to as “*Coffee Division*”) means the entire business activities, operations, business division and undertaking pertaining to the Marketing and Distribution of Coffee and FMCG Products of the Demerged Company and comprising all the assets (movable and immovable) and liabilities, which relate thereto or are necessary thereto and including specifically the following:

- a) All assets and properties of, or required for the Marketing and Distribution of Coffee and FMCG Products wherever situated, whether movable or immovable, freehold or leasehold, tangible or intangible whether encumbered or not, and leasehold land and buildings, if any, all funds, cash and bank balances, investments, stocks, inventories, work in progress, trade receivables, plant and machinery, warehouses, stock yards, machinery, capital work in progress, furniture, fixtures, office equipment, vehicles, power lines, water pipelines and depots.
- b) All agreements, contracts, engagements, permits, quotas, rights, registrations, entitlements, industrial and commercial leases, leasehold rights, tenancy rights, sub-leases, licenses, bids, actionable claims, deposits with various government and other parties/entities/departments, various payments made to the concerned departments, authorities or other persons under protest, all assignments and grants thereof, municipal permissions, approvals, consents, goodwill, trademarks, trade names, brands, trade secrets, bank accounts, receivables, privileges, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, emails, telexes, facsimile, electric service connections, benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Coffee Division of the Demerged Company.

- c) All deposits or benefits of any deposits, balances, earnest moneys and/or security deposits paid or received by the Demerged Company directly or indirectly in connection with or relating to the Coffee Division of the Demerged Company.
- d) All books, records, files, papers, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records, whether in physical form or electronic form in connection with or relating to the Coffee Division of the Demerged Company; and
- e) All the reserves, debts, duties, obligations, secured loans, unsecured loans, trade payables, current liabilities and all other liabilities (including contingent and prospective liabilities) relatable to the Coffee Division of the Demerged Company.

EXPLANATION:

- (i) For the purpose of this Scheme, it is clarified that the liabilities pertaining to the Marketing and Distribution of Coffee and FMCG Products division (hereinafter referred to as "*Coffee Division*") of the Demerged Company are:
 - a) The liabilities which accrue or arise out of the activities or operations of the Coffee Division of the Demerged Company.
 - b) Specific loans and borrowings arisen, incurred and utilized solely for the activities or operations of the Coffee Division of the Demerged Company.
 - c) Liabilities other than those referred to in sub-clauses (a) and (b) above, if any, being the amounts of general or multipurpose borrowings of the Demerged Company, allocated to the Coffee Division in the same proportion in which the value of the assets transferred under this Scheme bear to the total value of the assets of the Demerged Company as at the end of business on the date immediately preceding the Appointed Date.

- (ii) Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the Coffee Division of the Demerged Company or whether it arises out of the activities or operations of the F & B Division of the Demerged Company shall be decided by mutual agreement between the Boards of Directors of the Demerged Company and that of the Resulting Company.

1.9 “GST regulations” means applicable provisions of the Central Goods and Services Tax Act, 2017 and/or the Integrated Goods and Services Tax Act, 2017 and/or respective State Goods and Services Tax Act and/or the Union Territory Goods and Services Tax Act, 2017 along with the applicable rules made thereunder.

1.10 “IT Act” means the Indian Income-tax Act, 1961 and the rules, regulations, circulars, notifications and orders issued thereunder including any statutory modifications, re-enactments or amendments thereof for the time being in force.

1.11 “National Company Law Tribunal / Tribunal / NCLT” means the relevant benches of the Hon’ble National Company Law Tribunal ("NCLT") having respective jurisdiction over the Demerged Company and the Resulting Company, as constituted and authorized as per the provisions of the Act for approving any scheme of arrangement, compromise or reconstruction of companies under Sections 230 to 232 of the Companies Act, 2013.

1.12 “Regional Director” or “RD” means **Regional Director**, South East Region, at Hyderabad having jurisdiction over the States of Telangana, Andhra Pradesh and Karnataka.

1.13 “Registrar of Companies” or “ROC” means Registrar of Companies, at Vijayawada, having jurisdiction over the State of Andhra Pradesh and / or the Registrar of Companies at Hyderabad having jurisdiction over the State of Telangana.

- 1.14 “Remaining Undertaking”** means all the businesses, undertakings, assets, investments, activities, operations and Undertakings of the Demerged Company other than those comprised in the Demerged Undertaking.
- 1.15 “Resulting Company”** means **CCL PRODUCTS (INDIA) LIMITED**, a company incorporated under the provisions of the Companies Act, 1956, having Corporate Identification Number (CIN) L15110AP1961PLC000874 and its Registered office at Duggirala, Guntur, AP 522330.
- 1.16 “Scheme” or “this Scheme” or “Scheme of Arrangement”** means this Scheme of Arrangement in its present form or with any modification(s) as approved or imposed or directed by the appropriate Authority.
- 1.17 “Stock Exchanges”** means BSE and NSE where the shares of the Resulting Company are listed & traded.
- 1.18 “SCRR”** means Securities Contracts (Regulations) Rules, 1957 as applicable and amended from time to time.
- 1.19 “SEBI”** means the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992.
- 1.20 “SEBI Circulars”** means (i) Circular No. CFD/DIL3/CIR/2017/21 dated March 10 2017, (ii) Circular No. CFD/DIL3/CIR/2017/26 dated March 23, 2017, (iii) SEBI Circular No. CFD/DIL3/CIR/2017/105 dated September 21, 2017, (iv) SEBI Circular No. CFD/DIL3/CIR/2018/2 dated January 03, 2018, (v) SEBI Circular No. SEBI/HO/CFD/DIL1/CIR/P/2019/192 dated September 12, 2019 (vi) SEBI Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/215 dated November 03, 2020 and Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23,

2021 issued by SEBI or any other circulars issued by SEBI applicable to schemes of arrangement from time to time.

1.21 “SEBI (ICDR) Regulations” or SEBI (ICDR) means Securities And Exchange Board Of India (Issue Of Capital And Disclosure Requirements) Regulations, 2018 and as amended from time to time.

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning as ascribed to them under the Act and other applicable laws, rules and regulations, as the case may be, including any statutory modification or re-enactment thereof from time to time.

2. COMPLIANCE WITH TAX LAWS

This Scheme, so far as it relates to the Demerger of the Demerged Undertaking of the Demerged Company into the Resulting Company, pursuant to this Scheme, has been drawn under Sections 230 to 232 of the Act, to comply with the conditions relating to “Demerger” as specified under the tax laws, including Section 2(19AA) of the Income Tax Act, 1961, which include the following:

- i. all the property of the demerged undertaking, being transferred by Demerged Company, immediately before the Demerger, shall become the property of the Resulting Company, by virtue of demerger;
- ii. all the liabilities relatable to the Demerged Undertaking, being transferred by Demerged Company, immediately before the Demerger, shall become the liabilities of the Resulting Company, by virtue of demerger;
- iii. the property and the liabilities of the Demerged Undertaking, being transferred by the Demerged Company, shall be transferred to the

Resulting Company at values appearing in the books of accounts of the Demerged Company immediately before the Demerger;

- iv. the Resulting Company shall issue, in consideration of the demerger, its shares to the shareholders of the Demerged Company (upon giving effect to the Scheme) on a proportionate basis, except where the Resulting Company itself is a shareholder of the Demerged Company, if applicable.

However since the Resulting Company herein holds the entire share capital of the Demerged Company, the question of issue of shares in consideration for the demerger does not arise.

- v. the shareholders holding shares in the Demerged Company shall become the shareholders of the Resulting Company by virtue of the Demerger.

However since the Resulting Company herein holds the entire share capital of the Demerged Company, the question of issue of shares in consideration for the demerger does not arise.

- vi. the transfer of the Demerged undertaking to the Resulting Company shall be on a going concern basis.
- vii. comply with other relevant sections (including Sections 47 and 72A) of the Income Tax Act, 1961 as applicable.

3. INTERPRETATIONS

- 3.1 Any references in the Scheme to the expressions “**Upon approval of the Scheme by the Tribunal**” / “**From the date of approval of the Scheme by the Tribunal**” / “**Date of approval of the Scheme by the Tribunal**” shall mean the later of the dates on which the NCLT, Amaravati Bench at Amaravati and / or the NCLT, Hyderabad Bench at Hyderabad approves/sanctions the Scheme in accordance with the provisions of Sections 230 to 232 of the Companies Act 2013, read

with Rule 17 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

- 3.2 The expressions which are used in this Scheme and not defined in this Scheme shall, unless repugnant or contrary to the context or meaning hereof, have the same meaning ascribed to them under the 2013 Act and / or other applicable laws, rules, regulations, bye-laws, as the case may be, including any statutory modification or re-enactment thereof, from time to time.

4. DATE OF TAKING EFFECT

The Scheme, set out herein in its present form, subject to any modification(s), approved or imposed or directed by the Hon'ble National Company Law Tribunal, Amaravati Bench at Amaravati and / or the Hon'ble National Company Law Tribunal, Hyderabad Bench at Hyderabad unless otherwise specified in the Scheme, shall be effective and operative from the Appointed Date, i.e., 01.10.2022, upon receipt of Certified copy of Order of the Hon'ble National Company Law Tribunal, Amaravati Bench at Amaravati and the Hon'ble National Company Law Tribunal, Hyderabad Bench at Hyderabad.

PART II

DEMERGER OF MARKETING AND DISTRIBUTION OF COFFEE AND FMCG PRODUCTS DIVISION OF DEMERGED COMPANY INTO RESULTING COMPANY

1. DEMERGER AND VESTING:

Upon approval of this Scheme by the respective Tribunals, the Demerged Undertaking, as defined in the Scheme shall, subject to the provisions of this Clause in relation to the mode of vesting and pursuant to the provisions of Sections 230 to 232 of the Act and all other applicable provisions, if any, of the Act and other applicable provisions of law for the time being in force and pursuant to the orders of the Tribunal and any other appropriate authority sanctioning the Scheme and without any further act, instrument or deed, be transferred to and vested in and/or deemed to be transferred to and vested in the Resulting company, as a going concern, in the following manner.

- 1.1. The whole of the undertaking and properties, whether moveable or immoveable, as aforesaid, of the Coffee Division, without any further act, instrument or deed, be transferred to and be vested in and / or be deemed to be transferred to and be vested in the Resulting company at their book values as appearing in the books of the Demerged Company, as at the close of the business on the day immediately preceding the Appointed Date, so as to vest in Resulting company all the rights, title and interest of Demerged Company therein.
- 1.2. All movable assets in relation to the Coffee Division of the Demerged Company after the Appointed Date and prior to scheme being sanctioned for the purpose of its business shall also be transferred to and vested in and/or be deemed to be transferred to and vested in the Resulting company upon the coming into effect of this Scheme.

- 1.3. All debts, liabilities, duties and obligations of every kind, nature and description of the Demerged Company relating to the Coffee Division shall without any further act or deed, be transferred to and/or deemed to be transferred to the Resulting company so as to become as from the Appointed Date, the debts, liabilities, duties and obligations of the Resulting company 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, duties and obligations have arisen in order to give effect to the provisions of this sub-clause.
- 1.4. The transfer and vesting of the Coffee Division as aforesaid shall be subject to the existing securities, charges and mortgages, if any over or in respect of any of the properties and assets or any part thereof of the Coffee Division.
- 1.5. Where any of the liabilities and obligations of the Coffee Division of the Demerged Company as on the Appointed Date, deemed to be transferred to the Resulting company have been discharged by the Demerged Company after the Appointed Date and prior to the scheme being sanctioned by the Tribunal, such discharge shall be deemed to have been for and on account of the Resulting company and all loans raised and used and all liabilities and obligations incurred by the Demerged Company for the operation of the Coffee Division after the Appointed Date and prior to its scheme being sanctioned by the Tribunal, shall be deemed to have been raised, used or incurred for and on behalf of the Resulting company and to the extent they are outstanding on the date of approval of the Scheme by the Tribunal, shall also without any further act or deed, stand transferred to the Resulting company and shall become its liabilities and obligations.

2. LEGAL PROCEEDINGS:

- 2.1. On and from the Appointed Date, all suits, claims, actions and legal proceedings instituted and / or arising and / or pending by or against the Demerged Company in relation to the Demerged Undertaking shall be continued and / or enforced until the date of sanction of the Scheme by the Tribunal as desired by the Resulting Company and on and from the Date of approval of the Scheme by the Tribunal, shall be continued and / or enforced by or against the Resulting Company as effectually and in the same manner and to the same extent as if the same had been originally instituted and / or had arisen and / or were pending by or against the Resulting Company.
- 2.2. On and from the Appointed Date, if any proceedings are taken against the Demerged Company in relation to the Demerged Undertaking, the Demerged Company shall till the date of approval of the Scheme by the Tribunal, defend the same at the cost of the Resulting Company, and the Resulting Company shall reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.
- 2.3. The Resulting Company undertakes to have all legal or other proceedings initiated by or against the Demerged Company transferred to its name on and after the Date of sanction of the Scheme and to have the same continued, prosecuted and enforced by or against the Resulting Company as the case may be, to the exclusion of the Demerged Company.
- 2.4. Notwithstanding the above, in case the proceedings referred to in this clause cannot be transferred for any reason, or the transfer takes time, till such transfer the Demerged Company shall defend the same in accordance with the advice of the Resulting Company and at the cost of the Resulting Company, and the Resulting Company shall reimburse, indemnify and hold harmless the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.

3. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS:

- 3.1 All contracts, deeds, bonds, agreements, arrangements and other instruments, all permits, right entitlements, licenses including those relating to tenancies, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Demerged Undertaking of the Demerged Company, or to the benefit of which, the Demerged Undertaking may be eligible and which are subsisting or having effect immediately before the sanction of the Scheme, shall be in full force and effect, against or in favour of the Resulting Company and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary thereto.
- 3.2 All cheques and other negotiable instruments, payment orders received in the name of the Demerged Company but pertaining to the Demerged Undertaking after the sanction of the Scheme shall be accepted by the Bankers of the Resulting Company and credited to the account of the Resulting Company, if presented by the Resulting Company.
- 3.3 Any and all registrations (including Service Tax, Excise, VAT, CST, GST, Customs etc.), goodwill, licenses, trademarks, service marks, copyrights, patents, technologies, inventions, domain names, brand names, pending applications for patents, copyrights, trade names and trademarks, pertaining to the Demerged Undertaking shall stand transferred to and vested in the Resulting Company.
- 3.4 The Demerged Company and / or the Resulting Company, as the case may be, shall, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, execute deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to the Demerged Undertaking to which the Demerged Company has been a party, in order to give formal effect to the above provisions. The Resulting Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Demerged Company and to carry out or

perform all such formalities or compliances referred to above on the part of the Demerged Company.

4. TAXES:

- 4.1 All taxes payable (including income tax, sales tax, excise duty, customs duty, service tax, VAT, GST etc.) relating to the Demerged Undertaking, or all or any refunds or claims relating to the Demerged Undertaking shall be treated as the tax liability or refunds / claims, as the case may be, of the Resulting Company as per their respective Undertaking.
- 4.2 Insofar as the tax payments (including without limitation to income tax, sales tax, excise duty, customs duty, service tax, VAT, GST etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Demerged Company in respect of the profits or activities or operations of its business relating to the Demerged Undertaking after the start of business on the Appointed Date are concerned, the same shall be deemed to be the corresponding item paid or payable by the Resulting Company and shall, in all proceedings, be dealt with accordingly.
- 4.3 Upon sanction of this Scheme by the respective Tribunals, the Demerged Company and the Resulting Company may revise their respective returns pertaining to income tax, GST, service tax, sales tax, VAT, excise duty and other tax returns and claim refunds and / or credits, as applicable, pursuant to the provisions of this Scheme.

5. INTER- SE TRANSACTIONS:

Without prejudice to the provisions of para above, with effect from the Appointed Date, all inter-party transactions between the Demerged Company and the Resulting Company shall be considered as intra-party transactions for all purposes.

6. CONDUCT OF BUSINESS:

- 6.1 With effect from the Appointed Date and up to the approval of the Scheme by the Tribunal, the Demerged Company shall carry on the business pertaining to the Demerged Undertaking with reasonable diligence and in the same manner as it had been doing hitherto, and the Demerged Company shall not alter or substantially expand the business pertaining to the Demerged Undertaking except with the prior written concurrence of the Board of Directors of the Resulting Company.
- 6.2 With effect from the date of sanction of the Scheme by the respective Tribunals, the Resulting Company shall carry on and shall be authorized to carry on the business pertaining to the Demerged Undertaking.
- 6.3 The Resulting Company shall be entitled, pending the approval of the Scheme, to apply to the Central Government and all other agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which the Resulting Company may require to own and carry on the business pertaining to the Demerged Undertaking of the Demerged Company.
- 6.4 As and from the date of acceptance of this Scheme by the respective Board of Directors of the Demerged Company and the Resulting Company and till the date of the approval of the Scheme by the Tribunal, the Demerged Company shall not alienate, charge, mortgage, encumber or otherwise deal with the assets of the Demerged Undertaking or any part thereof without the prior written concurrence of the Board of Directors of Resulting Company.

7. BUSINESS FOR THE RESULTING COMPANY:

- 7.1 With effect from the Appointed Date and up to the date of approval of the Scheme by the Tribunal:
- a) The Demerged Company shall carry on and be deemed to have carried on the business and activities pertaining to the Demerged Undertaking and shall stand possessed of the Demerged Undertaking, in trust for the Resulting Company and shall account for the same to the Resulting Company.

b) Any income or profit accruing or arising to the Demerged Company pertaining to the Demerged Undertaking and all costs, charges, expenses and losses or taxes incurred by the Demerged Company pertaining to the Demerged Undertaking, shall for all purposes be treated as the income, profits, costs, charges, expenses and losses or taxes, as the case may be, of the Resulting Company and shall be available to the Resulting Company for being disposed off in any manner as it thinks fit.

7.2 All liabilities, debts, duties and obligations of the Demerged Company pertaining to the Demerged Undertaking which arise or accrue on or after the Appointed Date shall be deemed to be the debts, liabilities, duties and obligations of the Resulting Company.

8. IMPACT OF THE SCHEME ON CREDITORS:

This Scheme, if approved by the respective Tribunals, shall not have any adverse impact on the creditors whether secured or unsecured, of the Demerged Company or that of the Resulting Company.

9. STAFF, WORKMEN, AND EMPLOYEES:

9.1 With effect from the Appointed Date and upon the sanction of the Scheme, all staff, workmen and employees of the Demerged Company in service and involved in relation to the Demerged Undertaking of the Demerged Company as on the Appointed Date shall be deemed to have become staff, workmen and employees of the Resulting Company with effect from the Appointed Date without any break in their service and the terms and conditions of their employment with the Resulting Company shall not be less favorable than those applicable to them with reference to the Demerged Company on the Appointed Date and such of those labour legislations in so far as they are applicable to the Demerged Company in relation to their workmen and employees shall be applicable to the Resulting Company.

9.2 The contributions with regard to benefit of employees of the Demerged Company, related to the Demerged Undertaking, being currently deposited with Regional provident Fund Organization, employee state insurance plan scheme, leave encashment, compensated absences scheme or any other special scheme(s) or fund (s) created or existing, if any, shall stand substituted, upon sanction of the Scheme by the respective Hon'ble National Company Law Tribunals, in favour of the Resulting Company for all purposes whatsoever, related to the administration or operation of such schemes and intent that all the rights, duties, powers and obligation of Demerged Company in relation to such schemes shall become those of the Resulting Company. The Resulting Company will file the relevant intimations to the statutory authorities concerned who shall take the same on record and endorse the name of the Resulting Company for the Demerged Company.

9.3 It is clarified that the services of all transferred staff, workmen and employees of the Demerged Company, to the Resulting Company will be treated as having been continuous for the purpose of the aforesaid employee benefits and / or liabilities. For the purpose of payment of any retrenchment compensation, gratuity and / or other terminal benefits, and / or any other liability pertaining to staff, workmen and employees, the past services of such staff, workmen and employees with the Demerged Company shall also be taken into account by the Resulting Company, who shall pay the same if and when payable.

9.4 Upon approval of this Scheme, the directors of the Demerged Company shall not automatically be entitled to any directorship in the Resulting Company by virtue of the provisions of this Scheme.

ESOP PLAN / ESOP SCHEME OF THE DEMERGED COMPANY / RESULTING COMPANY

9.5 The Demerged Company, with an intent to motivate its Employees for their performance and encourage them to achieve the optimum desired performance parameters and to attract and retain the talent and ensure the commitment of the employees to the Company's growth, has implemented

an ESOP Plan for the benefit of its employees under the name and style “Continental Coffee Employee Stock Option Plan – 2021” (hereinafter referred to as CCPL ESOP Plan). Pursuant to the said ESOP Plan, the Demerged Company had granted 4,83,000 Options which are outstanding and remains unvested as on the Appointed Date, i.e., 01.10.2022.

Further, the Resulting Company also has implemented an ESOP Plan for the benefit of its employees and the employees of its subsidiary companies, under the name and style “CCL EMPLOYEE STOCK OPTION SCHEME - 2022” (hereinafter referred to as CCL Scheme).

On and from the Appointed Date, upon the Scheme becoming effective, all the options (i.e., 4,83,000 granted as on 01.10.2022) granted by the Demerged Company shall stand transferred and be converted into such number of options of the Resulting Company as may be determined by the Compensation Committee of the Resulting Company. Further, the said options shall be governed by the terms and conditions of CCL Employee Stock Option Scheme – 2022 and the Compensation Committee of the Resulting Company shall be authorized to determine the terms and conditions including that of vesting and exercise of options and pricing thereof.

10. VALIDITY OF EXISTING RESOLUTIONS

Upon approval of this Scheme by the Tribunal, the resolutions of the Demerged Company as are considered necessary by the Board of Directors of the Resulting Company which are validly subsisting be considered as resolutions of the Resulting Company. If any such resolutions have any monetary limits approved under the provisions of the 2013 Act or of any other applicable statutory provisions, then the said limits, as are considered necessary by the Board of Directors of the Resulting Company, shall be added to the limits, if any, under the like resolutions passed by the Resulting Company.

11. ACCOUNTING TREATMENT:

11.1 The Scheme of Arrangement being a Business combination involving entities or businesses under common control, it shall be accounted for using the pooling of interests method in accordance with Appendix C to the IND AS 103, Business Combinations.

The pooling of interest method is considered to involve the following:

(i) The assets and liabilities of the combining entities are reflected at their carrying amounts.

(ii) No adjustments are made to reflect fair values or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies.

(iii) The balance of the retained earnings appearing in the financial statements of the demerged Company relatable to the Demerged Undertaking shall be aggregated with the corresponding balance(s) appearing in the financial statements of the Resulting Company.

(iv) The difference between the consideration and the amount of the share capital of the demerged company shall be transferred to the capital reserves and this capital reserve will be presented separately from the other capital reserves with disclosure of its nature and the purpose in the notes.

11.2 The entire amount of loans / advances made by the Resulting Company to the Demerged Company, relatable to the Demerged Undertaking, and appearing as such as on the Appointed Date shall be cancelled in the books of account of the Resulting Company.

12. CONSIDERATION

The entire issued, subscribed and paid-up share capital of the Demerged Company is held (beneficially owned) by the Resulting Company. Upon sanction of this Scheme by the Hon'ble National Company Law Tribunals, no shares of the Resulting Company shall be issued or allotted in lieu of

its holding in the Demerged Company towards consideration for the demerged undertaking.

PART III

GENERAL TERMS AND CONDITIONS

13. SCHEME CONDITIONAL ON APPROVAL / SANCTIONS

13.1. The Scheme is conditional upon and subject to:

- (a) Approval by requisite majority of the members and creditors of Demerged Company and Resulting Company as may be directed by the Hon'ble National Company Law Tribunal, Amaravati Bench at Amaravati and / or Hon'ble National Company Law Tribunal, Hyderabad Bench at Hyderabad either by way of convening a meeting or by way of a dispensation on production of consent affidavits or no-objection certificates;
- (b) Approval of the scheme by relevant regulatory authorities;
- (c) Approval of the Scheme by the Hon'ble National Company Law Tribunal, Amaravati Bench at Amaravati and Hon'ble National Company Law Tribunal Hyderabad Bench at Hyderabad;
- (d) Certified copies of the orders of the respective Hon'ble National Company Law Tribunals, approving the Scheme being filed with the respective Registrar of Companies, having jurisdiction over the Demerged Company / Resulting Company.

13.2. In the event of this Scheme failing to take effect finally, this Scheme shall become null and void and in that case no rights and liabilities whatsoever shall accrue to or be incurred inter-se by the parties or their shareholders or creditors or employees or any other person.

13.3. If any part of this Scheme is invalid, ruled illegal by any Court of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the parties that such part shall be severable from the remainder of this Scheme, and this Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case the Board of Directors of the companies involved in the Scheme shall attempt to bring about a modification in this Scheme, as will best preserve for the parties the benefits, and obligations of this Scheme, including but not limited to such part.

14. APPLICATION TO THE NCLT

14.1. The Demerged Company and the Resulting Company shall, with all reasonable dispatch, make and file applications/petitions to the Hon'ble National Company Law Tribunal, Amaravati Bench at Amaravati and Hon'ble National Company Law Tribunal, Hyderabad Bench at Hyderabad, under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the said Act, seeking orders for dispensing with or convening, holding and conducting of the meetings of the classes of their respective members and / or creditors and for sanctioning this Scheme, with such modifications as may be approved by the NCLT.

14.2. Subsequent upon dispensation of meetings of classes of the respective members and/or creditors of the Demerged Company and Resulting Company or in the alternative convening of respective meetings in accordance with the directions issued by the respective Hon'ble National Company Law Tribunals, the Demerged Company and the Resulting Company shall, with all reasonable dispatch, make application / petition to the respective Hon'ble National Company Law Tribunal, for sanction of this Scheme under Sections 230 to 232 of the Companies Act 2013 and other applicable provisions of the said Act, and for such other order or orders, as the Hon'ble National Company Law Tribunal(s) may deem fit for carrying this Scheme into effect.

14.3. Upon approval of this Scheme by the Tribunal, the shareholders of the Demerged Company and the Resulting Company shall be deemed to have also accorded their approval under all relevant provisions of the 2013 Act for giving effect to the provisions contained in this Scheme.

15. COMPLIANCE WITH SEBI REGULATIONS:

15.1 Since the present Scheme solely provides for the demerger of a division of a wholly owned subsidiary into its parent company, no formal approval, is required from the Stock Exchanges or Securities and Exchange Board of India ('SEBI') for the Scheme, in terms of provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2017, and SEBI Circular No. CFD/DIL3/CIR/2017/21, dated 10th March, 2017, and Circular No. CFD/DIL3/CIR/2018/2, dated January 03, 2018, and Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021 issued by SEBI and other applicable provisions, if any.

15.2 In terms of the SEBI Regulations, the present Scheme of Arrangement is only required to be filed with BSE and NSE (the Stock Exchanges where the Resulting Company is listed) for the purpose of disclosure and dissemination on its website.

15.3 The Resulting Company will comply with the provisions of the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Listing Agreement, SEBI Regulations, SEBI Circulars and other applicable provisions, if any, in connection with the Scheme and other connected matters.

16. MODIFICATIONS / AMENDMENTS TO THE SCHEME

16.1 The Demerged Company and Resulting Company represented by their respective Board of Directors, may make and / or consent to any

modifications / amendments to the Scheme or to any conditions or limitations that any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them (i.e., the Board of Directors).

16.2 The Demerged Company either individually or together, and the Resulting Company shall be at liberty to withdraw from this Scheme, in case of any condition or alteration imposed by any Authority or any bank or financial institution is unacceptable to them or otherwise if so mutually agreed.

16.3 The Demerged Company and Resulting Company by their respective Board of Directors shall be authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or order of any other authority or otherwise however arising out of or under or by virtue of the Scheme and / or any matter concerned or connected therewith.

17. EFFECT OF NON-RECEIPT OF APPROVALS/ SANCTIONS

In the event of any of the said sanctions/approvals not being obtained and / or the Scheme not being approved by the Tribunal, this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and / or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law.

18. COST, CHARGES AND EXPENSES

All costs, charges, fees, taxes including duties (including the stamp duty and/or transfer charges, if any, applicable in relation to this Scheme), levied and all other expenses, if any (save as expressly otherwise agreed) arising out of or incurred in carrying out and implementing the terms and conditions of this Scheme and matters incidental thereto shall be borne and paid by the Resulting Company.