

**MEMORANDUM
AND
ARTICLES OF ASSOCIATION
OF
AARTI INDUSTRIES LIMITED**



GOVERNMENT OF INDIA

MINISTRY OF CORPORATE AFFAIRS

Registrar of Companies, Ahmedabad

RoC Bhavan, Opp Rupal Park Society, Behind Ankur Bus Stop, Naranpura

Ahmedabad - 380013

Corporate Identity Number: L24110GJ1984PLC007301

(SECTION 66(5) OF THE COMPANIES ACT, 2013)

CERTIFICATE OF REGISTRATION OF ORDER CONFIRMING REDUCTION OF CAPITAL

M/s AARTI INDUSTRIES LTD having by special resolution passed on 13/02/2015 reduced its capital, and such reduction having been confirmed by an order dated 31/07/2015 of the Hon'ble HIGH COURT OF GUJARAT, HIGH COURT OF GUJARAT AT AHMEDABAD passed in Petition number 116 of 2015. I hereby certify that a copy of the said order and Minutes approved by the Hon'ble High Court of HIGH COURT OF GUJARAT AT AHMEDABAD showing the particulars of the capital and shares of the company as altered by the said order have this day been registered.

Given under my hand at Ahmedabad this Eighteenth day of September Two Thousand Fifteen.

Signature
valid

Digitally signed
by Minister
of Corporate Affairs
Date:
2015.09.18
11:45:20
GMT+05:30

Rathod Kamleshkumar Gangjibhai
Assistant Registrar of Companies
Registrar of Companies
Ahmedabad

Mailing Address as per record available in Registrar of Companies office:
AARTI INDUSTRIES LTD
PLOT NO 801/23 GIDC ESTATE PHASE III, VAPI - 396195,
Gujarat, INDIA



OFFICE OF THE REGISTRAR OF COMPANIES, GUJARAT.

FORM - II

[See Regulation 20]

Memorandum Acknowledging Receipt of Documents

Co. No. 04-7301

The Registrar of companies acknowledges the receipt of the undermentioned document relating to AARTI INDUSTRIES


LIMITED.

Private Limited / Limited.

Description of Document :- Form No 23 alongwith special Resolution passed on 28/8/2002 U/S 17 of the Companies Act, 1956 for alteration in ~~memorandum~~/other clause of the Memorandum of Association is taken on this office record on 26/9/2002.



Date 26/9/2002.


(U.S. PATCLE)
ASSTT. REGISTRAR OF COMPANIES,
GUJARAT

प्राकल्प II
FORM II

[विनियम 20 देखिए]
[See Regulation 20]

दस्तावेजों की प्राप्ति अभिलेखित करने वाला प्रमाण
Memorandum acknowledging receipt of documents



संख्या

No. 04-7301

कंपनियों के रजिस्ट्रार कार्यालय
OFFICE OF THE REGISTRAR OF COMPANIES

कंपनियों का रजिस्ट्रार

..... परिचोदित से सम्बन्धित निम्नलिखित दस्तावेज की प्राप्ति अभि. लेकर कलता है।

The Registrar of companies acknowledges the receipt of the undermentioned documents relating to.....

M/S. AARTI INDUSTRIES LIMITED

दस्तावेज का वर्णन। Form No. 23, alongwith Special Resolution passed
Description of document.

..... on 16.6.2000, U/s. 17 of the Companies Act

..... 1956, for alteration in main object clause of

..... Memorandum of Association of the company is taken on

..... record by this office on 27.6.2000.

जें: एफ. सी.-2.

J. S. C-2.

Dt. 27-6-2000

ASSTT.

REGISTRAR OF COMPANIES

प्रमाणपत्र-75 सिविल/88-89-प्रमाणपत्र(सी-124)-24-8-89-5,000.

प्रमाणपत्र-75 टाका/88-89-प्रमाणपत्र(टी-124)-24-8-89-5,000.

gujarat

प्रारूप II
FORM II

[विनियम 20 देखिए]
[See Regulation 20]

दस्तावेजों की प्राप्ति अधिस्वीकृत करने वाला प्रारूप
Memorandum acknowledging receipt of documents



04-7301
संख्या
No.

कम्पनियों के रजिस्ट्रार का कार्यालय
OFFICE OF THE REGISTRAR OF COMPANIES

कम्पनियों का रजिस्ट्रार

..... परिसंकेपित से सम्बन्धित निम्नलिखित दस्तावेज की प्राप्ति अधिस्वीकार करता है।

The Registrar of companies acknowledges the receipt of the undermentioned document relating to.....
..... AARTI INDUSTRIES LIMITED..... Limited.

दस्तावेज का वर्णन।

Description of document. The Form No.23 alongwith special Resolution
passed u/s.17 of the Companies Act,1956 on
स्थान 26/08/97 has been taken on record on 12/2/98.
Station

तारीख

Date 12/02/98

वे. एम. सी-2.

. S. C-2.

(Q. N. PANDE)
कम्पनियों का रजिस्ट्रार
Asstt. REGISTRAR OF COMPANIES

प्रभासमूक-75 सिविल/88-89-प्रभासमूक(सी-124)-24-8-89-5,000.

प्रभासमूक-75 टैक्स/88-89-प्रभासमूक(सी-124)-24-8-89-5,000.



Co. No. -04- 7301

Fresh Certificate of Incorporation Consequent on

CHANGE OF NAME

In the OFFICE OF THE REGISTRAR OF COMPANIES,

GUJARAT, Dadra & Nagar Haveli.

[Under the Companies Act, 1956 (1 of 1956)]

IN THE MATTER OF AARTI ORGANICS LIMITED

I hereby certify that AARTI ORGANICS LIMITED

which was originally incorporated on 28-9-1984

under the Companies Act, 1956 and under the name AARTI ORGANICS PRIVATE LIMITED

having duly passed the necessary resolution in terms of Section 21/S1/44 of the Companies Act, 1956, on 28-4-1994 *and the approval of the Central Government signified in writing having been accorded thereto by the Registrar of Companies, Gujarat, vide his letter dated* 11-10-1994 *in terms of Government of India, Ministry of Law, Justice & Company Affairs, (Department of Company Affairs) Notification No. GSR 507(E) dated 24-06-1985 the Name of the said Company is this day changed to*

**** AARTI INDUSTRIES LIMITED

and this certificate is issued pursuant to section 23(1) of the said Act.

Given under my hand at AHMEDABAD

Dated this 11th *day of* OCTOBER, 1994.

One Thousand Nine Hundred NINETV FOUR



(M.L. SHARMA)
Registrar of Companies, Gujarat
Dadra & Nagar Haveli



Co. No. 7301

Fresh Certificate of Incorporation Consequent on

CHANGE OF NAME

In the Office of The Registrar of Companies, GUJARAT
(Under the Companies Act, 1956 (1 of 1956))

IN THE MATTER OF AARTI ORGANICS PRIVATE LIMITED.

I hereby certify that Aarti Organics Private Limited.

which was originally incorporated on 28 - 9 -84 under The Companies Act, 1956 and under the name :

Aarti Organics Private Limited.


having duly passed the necessary resolution in terms of Section 21/31/44 of The Companies Act, 1956 and the approval of the Central Government signified in writing having been accorded thereto in The Ministry of Industry, Department of Company Affairs, (Company Law Board) on S.R. passed on 12.10.90 vide letter No. : — dated — 198 —
the name of the said Company is this day changed to :

AARTI ORGANICS LIMITED

and this certificate is issued pursuant to Section 23 (1) of the said Act.

Given under my hand at AHMEDABAD this 4th December 1990 (One Thousand Nine Hundred Ninety)




V. K. P. KIMIR.
ASSTT. REGISTRAR OF COMPANIES
GUJARAT



CERTIFICATE OF INCORPORATION

No. 7301 of 1984-85

ता. _____ का सं. _____

I hereby certify that AARTI ORGANICS PRIVATE
LIMITED * * *

is this day incorporated under the Companies Act, 1956
(No. 1 of 1956) and that the Company is Limited.

मैं एतद्वारा प्रमाणित करता हूँ कि आज _____

कम्पनी अधिनियम 1956 (1956 का 1) के अधीन निगमित था यदि दे-आर यह
कम्पनी परिचीमित है।

मेरे हस्ताक्षर से आज ता. _____ का दिशा गया।

Given under my hand at AHMEDABAD

this TWENTY EIGHTH day of SEPTEMBER

one thousand nine hundred and EIGHTY FOUR.



K.G. Ananthakrishnan

(K.G. ANANTHAKRISHNAN)

Registrar of Companies

कम्पनिगोका रजिस्ट्रार, गुजरात

GUJARAT

COMPANY LIMITED BY SHARES
MEMORANDUM OF ASSOCIATION
OF
AARTI INDUSTRIES LIMITED

- I. The name of the Company is **AARTI INDUSTRIES LIMITED**.
- II. The Registered Office of the Company will be situated in the State of Gujarat.
- III. The Objects for which the Company is established are :

(A) THE MAIN OBJECTS OF THE COMPANY TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION :

1. 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.
2. To carry on the business of manufacturers, processors, importers, exporters, and/or dealers in 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.

(B) OBJECTS INCIDENTAL OR ANCILLARY TO THE ATTAINMENT OF THE MAIN OBJECTS :

3. To undertake, conduct carry on business in the field of naturally occurring chemicals, elements and substances in minerals, plants, air, sea and river waters including products or by-products and waste products derived, extracted, made, prepared and produced from such elements and substances and to undertake, conduct, carry on or assist to carry on business in the field of all kinds of chemical substances including petrochemicals, organic and inorganic chemicals, naturally occurring or synthetically or semi-synthetically made

or those made by biological processes, fermentation of enzymes activity or by electro chemical methods including auxiliaries catalysts and substances, matters and materials connected with or incidental to such business and their research or investigations and photographic, surgical and scientific apparatus and materials required for the above said products.

4. To undertake, conduct, carry on or help, and or assist to carry on works in the fields of manufacturing methods, analytical methods, quality control methods, in relation to all chemical substances and products occurring naturally or man-made and for innovation of new substances and discovering new uses of all chemicals and other substances and products, occurring naturally or man-made, and to investigate into the utilisation and improvement of inputs generally an particularly with a view to import substitution, and to investigate into and improvement of processes, machinery, plant, components and appliances used in said industry and trade.
5. To exchange, sell, convey, assign or let on lease or leases or otherwise deal with the whole or any part of the Company's immovable property, and to accept as consideration for or in lieu thereof, other land or cash or Government Security or securities guaranteed by Government or partly the one and partly the other or such property or securities as may be determined by the Company and to take back or reacquire any property so disposed off by repurchasing or leasing the same for such price or prices or consideration and on such terms and conditions as may be agreed upon.
6. To seek for and secure openings for the employment of capital in India and elsewhere, and with a view thereto to prospect, inquire, examine, explore and test and to despatch and employ expeditions and test and to despatch and employ expeditions commissioners, experts and other agents for business of the Company.
7. To open account or accounts either current or overdraft with any bank or banks, persons or company and to endorse cheques and operate such accounts.
8. To sell, improve, manage, develop, exchange, lease, mortgage, dispose off turn out to account, or otherwise deal with all or any part of the property and rights of the Company.

9. To apply for recognition as Export House, apply for import entitlements, export incentives, drawbacks and exercise such other rights and privileges of an import export undertaking.
10. To employ experts to investigate and examine into the conditions prospects, value, character and circumstances of any business concerns and undertakings and generally of any assets, property or rights in which the Company will be interested for its business.
11. To guarantee or become liable for the payment of money or for the performance of any obligations and to transact business connected or ancillary to main objects.
12. To draw, make, endorse, execute, issue, discount, buy, sell, and deal in bills of exchange, promissory notes, hundies, bills of lading, warrants, coupons, import entitlements and other negotiable or transferable securities or documents, in course of Company's business.
13. To acquire by purchase, lease, exchange or otherwise land, buildings and hereditaments of any tenure or description situate in any place in India or elsewhere and any estate or interest therein, any right over or connected with land so situate and turn the same to account as may seem expedient and in particular by preparing building sites and by constructing, altering, improving, decorating, furnishing and maintaining the same to achieve the above objects.
14. To purchase the reversion or otherwise acquire the freehold or fee simple, of all or any part of the lands for the time being held under lease, or for an estate less than a freehold estate by the Company.
15. To arrange or undertake the sale, purchase or advertise for sale or purchase, assist in selling or purchasing and find or introduce, purchasers or vendors of property belonging to the Company and to let any portion of any premises for residential trade or business purposes or other private or public purposes and to collect rents and income and to supply to tenants and occupiers and other refreshments, clubs, public halls, messengers, lights, waiting rooms, lavatories laundry conveniences, electric conveniences, garage and other advantages.
16. To undertake the payment of all rents and the performance of all covenants, conditions and agreements contained in and reserved by any lease that may be granted or assigned to or be otherwise acquired by the Company.
17. To sell or dispose of the undertaking of the Company or any part thereof in such manner and for such consideration as the Company may think fit and in particular for shares fully or partly paid up, debentures, debenture-stock or securities of any other Company whether promoted by the Company for the purpose or not and to improve, manage, develop, exchange, lease, dispose off turn to account or otherwise deal with all or any part of the property and rights of the Company.
18. To sell or dispose off for cash or on credit or to contract for the sale and future delivery of, or to send for sale to any part of India or elsewhere, all the articles and things and also all other products or produce whatsoever of the Company.
19. To acquire from any person, firm or body corporate whether in India or elsewhere, technical information, know-how process, engineering, manufacturing and operating data, plans, lay outs and blue prints useful for the design, erection and operations of plant required for any of the business of the Company and to acquire any grant or license and other rights and benefits in the foregoing matters and things, cases and other cash or any other assets, as may be thought fit.
20. To apply for, purchase or otherwise acquire any patents, brevets, d'invention, licences, concessions, and the like conferring an exclusive, non-exclusive or limited rights to use, any secret or other information as to any invention which ay seem capable of being used for any of the purposes of the Company or the acquisition of which may seem to be expedient or convenient or calculated directly or indirectly to benefit this Company and to use, exercise, develop or grant licences in respect of or otherwise turn to account the property rights and information so acquired.
21. To acquire, establish and provide or otherwise arrange for transport of any kinds for the purpose of the business of the Company and to construct any lines or works in connection therewith and work the same by steam, gas, oil, electricity or other fuel for power.
22. To undertake any advisory, accountancy, technical and management consultancy or similar work and to take part in supervision or control of the business of operation of

- any other Company or undertaking in which the Company is interested to achieve objects of the Company.
23. To acquire and take over the whole or any part of the business, property and liabilities of any person or persons, firm or corporation carrying on any business which this Company is authorised to carry on or possessed of any property or rights suitable for the purpose of the Company and to carry on or liquidate and wind up such business.
 24. To provide for the welfare of Directors or persons in the employment of the Company or formerly engaged in any business acquired by the Company and the wives, widows and families or dependants of such persons by grants of moneys, pensions or other payments and by establishing and supporting or siding in the establishment and support of associations, institutions, funds, trusts, conveniences and providing or subscribing towards places of instructions and recreation and hospitals, dispensaries, medical and other attendance and other assistance, as the Company shall think fit and to form, subscribe to or otherwise aid benevolent, religious, scientific, national, social public or other institutions or objects, or, any exhibitions which shall have any moral or other claims to support or aid by the Company by reason of the locality of its operation or otherwise.
 25. To enter into any agreement with any Government or authorities. Municipal, Local or otherwise that may seem conducive to the Company's activities or any of them and to obtain from any such Government or authority any rights, privileges and concessions which the Company may think it desirable or expedient to obtain and to carry out exercise and comply with any such arrangement rights, privileges and concessions.
 26. To amalgamate with any other Company whose objects are or include objects similar to those of this Company whether by sale or purchase (for fully or partly paid up shares or otherwise) of the undertaking, subject to the liabilities of this or any such other Company as aforesaid with or without winding up or by sale or purchase (for fully or partly paid up shares or otherwise) of all or a controlling interest in the shares or stock of this or any other company as aforesaid or in any other manner as permissible under the Companies Act, 1956, the Monopolies and Restrictive Trade Practices Act, 1969 and such other legislation.
 27. To enter into any partnership or joint venture any arrangement for sharing profits and losses, Union of Interest, joint ventures, reciprocal concession or otherwise with any person or persons, firm or concern or corporation carrying on or engaged in or about to carry on or engage in any business or enterprise which this Company is authorised to carry on or engage in any business or transaction capable of being conducted so as directly or indirectly to benefit or to be expedient for the purpose of this Company and to take or otherwise acquire and hold shares or stock in or securities of and to subsidize or otherwise assist any such Company and to sell, hold, re-issue with or without guarantee or otherwise deal with such shares, stock or securities.
 28. To pay all costs, charges and expenses incurred or sustained in or about the promotion and establishment of the Company or which the Company shall consider to be preliminary including therein the cost of advertising, commissions for underwriting, professional and legal charges, brokerage, printing and stationery and expenses attendant upon the formation of agencies and local boards.
 29. To borrow or raise or secure the payment of money by mortgage or by the issue of debentures or debenture stock, perpetual or otherwise or in such other manner as the Company shall think fit and for the purposes aforesaid to charge all or any of the Company's property or assets present and future, including its uncalled capital and collaterally or further to secure any securities of the Company by a Trust Deed or other assurance and to redeem, purchase or pay off any such security subject to the provisions of Section 58A and directives of Reserve Bank of India.
 30. To lend money to such persons and on such terms as may seem expedient and in particular to customers and others having dealings with the Company and to give any guarantee or indemnity as may seem expedient but not to do any banking business as described in Banking Regulation Act, 1949.
 31. To invest and deal with the moneys of the Company not immediately required in shares, stock, bonds, debentures, obligations or other securities of any company or association or in Government securities or in deposit

with Banks or in any other investments or commodities or in any other manner as may from time to time be determined.

- 32.** To promote any company or companies for the purpose of acquiring all or any of the properties, rights and liabilities of this Company or for any other purpose which may seem directly or indirectly calculated to benefit this Company.
- 33.** From time to time to subscribe, contribute or otherwise to assist or guarantee money for any national, charitable, benevolent or public, objects of public character or to social, cultural or economic organisations, or for any social purposes the support of which will in the opinion of the Company, tend to increase its repute or popularity among its employees, its customers or the public.
- 34.** To establish, provide, maintain and conduct or otherwise subsidise research laboratories and experimental workshops for scientific and technical, research and experiments, to undertake and carry on scientific and technical researches, experiments and test of all kinds, to promote studies and researches, both scientific and technical, investigations and inventions, by providing, subsidising and endowing or assisting laboratories, workshops, libraries, lectures, meetings and conferences and by providing or contributing to the remunerations of scientific or technical professors or teachers and by providing or contributing to the award of scholarships, prizes, grants to students and or employees or otherwise and generally to encourage, promote and reward studies, researches, investigations, experiments, test and inventions of any kind that may be considered likely to assist any business which the Company is authorised to carry on.
- 35.** To insure any of the properties, undertakings, contracts guarantees or obligations of the Company of every nature and kind in any manner whatsoever.
- 36.** To create any depreciation fund, reserve fund, sinking fund, insurance fund whether for depreciation or for repairing, improving, extending or maintaining any of the property of the Company or for redemption of debentures or redeemable preference shares or for any other purpose whatsoever conducive to the interest of the Company.
- 37.** To establish and maintain local registers agencies and branches, places of business and procure the Company to be registered, or recognised and carry on business in any part of the world.
- 38.** To adopt such means of making known the business of the Company as may seem expedient or convenient and in particular by advertising in the press, by circulars, by purchase and exhibition of works of art of interest, by publication of books and periodicals and by granting prizes, awards and donations.
- 39.** To undertake and execute any trusts the undertaking whereof may seem desirable or expedient and either gratuitously or otherwise.
- 40.** Upon any issue of shares, debentures or other securities of the Company, to employ brokers, commission agents and underwriters and to provide the remuneration of such persons for their service by payment in cash, or by the issue of shares, debentures or other securities of the Company or by the granting of options to take the same or in any other manner allowed by law.
- 41.** To refer and/or to agree to refer any claim, demand, dispute by or against the Company, or in which the Company is interested or concerned and whether between the Company and the members or his or their representatives or between the Company and third parties, to arbitration in India or at any place outside India, and to observe and perform and to do all acts, deeds, matters and things to carry out or enforce the awards.
- 42.** To apply the assets of the Company in any way in or towards the establishment, maintenance or extension of any association, institution or fund in any wise connected with any particular trade or business or with scientific research, trade, industry or commerce generally and particularly with the business and activities of the Company including any association, institution, or fund for the protection of the interests of masters, owners, and employers against loss by bad debts, accidents, or otherwise.
- 43.** To dedicate, present or otherwise dispose of, either voluntarily or for value of any property of the Company deemed to be of national, public or local interest, to any national trust, public body, museum, corporation or authority or any trustees for or on behalf of any of the same or of the public.

44. To aid pecuniarily or otherwise, any association, body or movement having for an object the solution, settlement of industrial or labour problems or troubles or the promotion of industry or trade or social economical justice.
45. To establish, maintain and conduct training schools, courses and programmes in connection with the sale, installation, use, maintenance, improvement or repair of machine apparatus, appliances or products and of articles, required in the use thereof or used in connection therewith by the Company.
46. To do needful for the promotion and growth of the national economy through increased productivity, effective utilisation of material and manpower resources and continued application of modern scientific and managerial techniques in keeping with the national aspirations; and the Company shall be mindful of its social and moral responsibilities to the consumers, employees, shareholders, society and the local community.
47. To do the above things in any part of the world and either as principals, agents, trustees or otherwise and either alone or in conjunction with others and by or through agents, sub-contractors, trustees or otherwise.
48. To distribute any of the company's property among the members in specie or kind as permissible under the provisions of the Companies Act, 1956 in the event of winding up.
49. To place to reserve or to distribute as bonus shares among the members or otherwise to apply as the company may from time to time think fit, any moneys of the company including moneys received by way of premiums on shares or debentures issued at a premium by the company and any moneys received arising from the sale by the company of forfeited shares as permissible under the Companies Act, 1956.
50. To take or concur in taking all such steps and proceedings as may seem best calculated to uphold and support the credit of the Company and to obtain and justify public confidence and to avert or minimise financial or other disturbances which might affect the company.
51. To undertake, carry out, promote and sponsor rural development including any programme for promoting the social and economic welfare of or the uplift of the public in any rural area and to incur an expenditure on any programme of rural development and to assist execution and promotion thereof either directly or through an independent agency or in any other manner. Without prejudice to the generality of the foregoing, "programme or rural development" shall also include any programme for promoting the social and economic welfare of or the uplift of the public in any rural area which is likely to promote and assist rural development and that the words "rural area" shall include such areas as may be regarded as rural areas under Section 35CC of the Income Tax Act, 1961, or any other law relating to rural development for the time being in force or as may be regarded as rural areas, in order to implement, any of the above mentioned objects or purposes, transfer without consideration or of such fair or concessional value and subject to the provisions of the companies Act, 1956 divest ownership of any property of the company to or in favour of any public or local body or authority or central or state government or any public institutions or trusts or funds.
52. To undertake, carry out promote and sponsor or assist any activity for the promotion and growth of national country and for discharging what is considered to the social and moral responsibilities of the company to the public or any section of the publicity also any activity which is likely to promote national welfare or social, economic or moral growth of the public or any section of the public and in such manner and by such means as the Company may think fit, and the Company may without prejudice to the generality of the foregoing, undertake, carry out, promote and sponsor any activity for publishing of any books, literature, newspapers, etc. or for organising, lectures or seminars likely to advance these objects or for giving merit awards, for scholarships, loans or any other assistance, to deserving students or other scholars or persons to enable them to prosecute their studies or academic pursuits or researches and for establishing conducting or assisting any institutions; funds, trusts, etc. having any one of the aforesaid objects as one of its objects by giving donations or otherwise in any other manner, and the Company may at its discretion, in order to implement any of the above mentioned objects or purposes, transfer without consideration or at such fair or concessional value and subject to the provisions of the Companies Act, 1956 divest the ownership of any property of the Company

to or in favour of any public or local body or authority or central or state government or any public institution or trusts or funds.

(C) OTHER OBJECTS :

- 53.** To carry on the business of builders, engineers and contractors in all branches of construction and of constructing buildings and selling buildings on cash or otherwise or on ownership or co-operative basis or hire purchase basis or any other basis or system.
- 54.** To purchase, take on lease or in exchange or otherwise acquire any lands with or without buildings or structures and any estate or interest and any rights connected with any such lands and/or buildings and structures and to develop, turn to account, lease, transfer, in whole or in part or dispose of in any manner the same as may seem expedient and in particular by laying out and preparing the same for building purposes and/or with a view to form a colony or society with all kinds of sanitary, water, roads and lights, conveniences for residential, commercial ad/or public utilities and by constructing reconstructing, altering, pulling down, decorating, maintaining, furnishing, filling up and improving, building, offices, flats, houses, factories, ware houses, shops, schools, colleges, mills, roads, drains, wells and by painting, paving, drawing, farming, cultivating and letting the same on or building agreement and by advancing money and entering into contracts and arrangements with builders, tenants and others.
- 55.** To carry on the business of plasticising, moulding, injecting, extruding plastics or any other materials of any size or shape and the manufacture and/or process, sell, buy, import and export plastic both thermostatic and thermoplastic in particular bakelite, urea, nylon in power, sheet or moulded from or otherwise.
- 56.** To manufacture, prepare for market, refine and otherwise manipulate and deal in and turn to account all materials and commodities grown or produced or purchased by the Company and all refuse and by-products derived therefrom.
- 57.** To explore, prospect, take on lease or on royalty basis or otherwise acquire mines, mining rights and lands or any interest therein and to quarry, mine, dress, reduce, draw, extract, calcine, smelt, refine, manufacture, process and otherwise acquire, buy, sell or otherwise dispose of and deal in all types of qualities and descriptions of ores, metal and mineral substances and to carry on any other metallurgical operations.
- 58.** To carry on the trades or business of manufacturers of and dealers in, explosives, ammunition, firewells and other explosive products and accessories of all kinds and of whatsoever composition and whether for military, spating, mining or industrial purposes or for petrochemical display or any purpose.
- 59.** To cultivate, grow, produce and deal in any vegetable products and to carry on all or any of the business of foremen, dairymen, mill contractors, dairy foremen, millers, surveyors and vendors of milk, cream, cheese, butter, poultry and provisions of all kinds, growers of and dealers in corn, hay and straw, seedsmen and to buy, sell, trade in any goods which is usually traded in any of the above business.
- 60.** To engage in the business of engineering, constructing and construction, including the design, manufacture, construction, erection, alteration, repair and installation of plants, buildings, structures, ways, works, systems and mechanical, electrical and electronic machinery, equipment apparatus and devices.
- 61.** To purchase, manufacture, construct, erect, fabricate, build press, stamp, draw, spin, furnish, equip utilise, procure, refine, mine or otherwise acquire invest in, own, hold use, animals and agricultural products and purchase, manufacture, produce, or otherwise, acquire, invest in, own, hold use, sell, assign, transfer or otherwise dispose of, trade in and deal with any and all articles or things manufactured, produced, resulting or derived in metals and source materials, ingredient, mixtures, derivatives, and compounds thereof, and any all kinds of products of which any of the forgoing constitutes an ingredient or in the production of which any of the foregoing constitutes an ingredient or in the production of which any of the foregoing is used including but not limited to mechanical and electrical machinery, apparatus, equipment, implement, devices, fixtures, supplies and accessories and casting and forgings.
- 62.** To purchase, breed, raise, produce or otherwise acquire, invest in, own, hold, use, sell, assign, transfer or otherwise dispose of, trade in and deal with any and all kinds of animals and agricultural products and purchase,

manufacture, produce or otherwise acquire, invest in, own, hold, use, sell, assign, transfer, or otherwise dispose of, trade in and deal with any and all articles or things manufactured, produced, resulting or derived in whole or in part from animals or agricultural products, of any kind, whether to be used as food or in commerce manufacture, the sciences, the arts or otherwise.

- *63.** To manufacture or otherwise acquire and deal in containers and packing materials of any kind including those made of glass, earthenware, metal, cardboard and plastic materials.
- 64.** To carry on the business of manufacturers, exporters and importers, commission agents, tradesmen and dealers in dyes, intermediates and dye-stuffs, chemicals of all types including agricultural laboratory, photographic, pharmaceutical and industrial chemicals, oils of all kinds including vegetable and natural essential oils tanning and tanning extracts, paint and paint raw materials, solvents, perfumes, acids, alkalies, plastic and plastic materials of all kinds including polythene and polyvinylchloride (PVC) and its allied products and substances whether manufactured or not.
- 65.** To carry on business as timber merchants, saw mill proprietor and timber growers and to buy, sell, grow, prepare for market, manipulate, import for, export and deal in timber and wood of all kinds and to manufacture and deal in veneers, veneer products, veneer for techests, packing cases and commercial boards, decorative veneers, laminated boards, block boards, composite boards, compressed boards, pressed boards, hard board, ship boards, bent wood, moulded wood and articles of all kinds in the manufacture of which timber or wood is used.
- 66.** To carry on the business of iron founders, civil and mechanical engineers, consulting engineers, project engineers, technical consultants, and manufacturers of agricultural, industrial and other machinery and tool kits, machine tool makers, brass founders, metal workers, boiler makers, makers of locomotives and engineers of every description, millwrights, machinists, iron and steel converters, smiths, wood workers, painters, chemists, metallurgists, electrical engineers,

water supply engineers, gas makers, farmers, printers, carriers and to buy, sell, design, specify, manufacture, fabricate, export, import, repair, convert, alter, let on hire and deal in machinery, implement plants, tools, tackles, instruments, rolling stock and hardware of all kinds, general fittings, accessories and appliances of all description made of metal, alloy glass or any other material and any parts of such accessories or fittings and generally to carry on business as merchants, importers and exporters and to transact and carry on all kinds of agency business.

- 67.** To carry on business as manufacturers and producers of vegetables, fruits, spices, groundnut cake, flour and proteins and in particular canned goods such as syrup, vinegar, asavs, sweets, condiments, spices, baby foods, fruits, products, beverages, aerated waters, vegetables of all kinds and all allied and by products thereof and for the purposes thereof, to establish preservation centres and canning and other factories at any place or places and to develop such and other allied business and to give subsidise to farmers, fishermen, and other persons doing such business or who can grow and/or procure necessary materials.
- 68.** To carry on business as sow and cattle keepers, farmers, millers, and of poultry farm and market gardeners and as manufacturers of and dealers in condensed milk, jam, pickles, idli, fruit juices, fruit flavours and spice flavours and spice flavour in any form, spices, preserved and other provision and products of poultry farm.
- 69.** To carry on business as dealers in, importers, exporters, manufacturers, producers and preservers of, dairy, farm and garden produce of all kinds and in particular milk cream, butter, cheese and any other milk products, poultry and eggs, fruits and vegetables.
- 70.** To purchase, take on lease or in exchange or otherwise acquire and run all kinds of plantations such as mowra tree plantations, palm tree plantations, sugarcane plantations, coconut tree plantations and plantations yielding essential oils of all kinds whatsoever.
- 71.** To refine, treat and render merchantable and fit for use natural deposits of salt, brine,

nitron, soda, kieselguhr nitrates and other chemical substances of all kinds obtained as aforesaid ad to manufacture therefrom by any electrolytic, metallurgic or other forms of plants or process of every kind of chemical and other products and by-products.

- 72.** To carry on the business of chemical, mineral and mining engineers, analysis and analysers and metal, minerals, finished products and consultants and prospectors and drawers and of metallizing by process known as vacuum metallizing of plastic, metal, glass, paper, boards, ceramics and other materials.
- 73.** To carry on business as manufacturers, importers and exporters of and dealers in plastic, bakelite, celluloids and other similar materials and goods articles and products of every kind and description, manufactured wholly or partly out of the chemical and allied substances, refuse and bye products of the Company.
- 74.** To carry on the business of manufacturers, exporters and importers, commission agents, tradesmen and dealers in all kinds of fertilizers including synthetic and other fertilizers, manure, mixtures, dips, sprays, vermiculites, pesticides, insecticides, medicines and medicines of all kinds for agriculture, horticulture or other purposes and remedies for animals and also to deal in agricultural implements like pumps, sprays, machines, tractors and allied articles.
- 75.** To carry on the business of extracting oil either by crushing or by chemical or any other processes from copra, cottonseed, linseed, castorseed, groundnuts or any other nut or seed or other oil bearing substances whatsoever.
- 76.** To carry on the business of tin makers, tin manufacturers, tin converters, colliery proprietors, coke manufacturers, miners, smelters, engineers, tine plate makers and iron founders in all their respective branches.
- 77.** To carry on the business of manufacturers of and dealers in all kinds of apparatus, bottles, containers, caps, stoppers, jars, brushes, boxes and cases, wholly of card wood, metal, plastic or other substances, tins, cartoons, compact cases, tools, utensils, filling and packing the articles and products of the Company.
- 78.** To carry on all or any of the business of soap and candle makers, tallow merchants, oil-merchants, and manufacturers of and

dealers in other preparations or compounds, perfumery and proprietary, art, articles and materials and derivatives and other similar articles of every description.

- 79.** To promote, help, encourage, and/or undertake cultivation, production and collection of flowers, herbs, roots, leaves, seeds, woods, resins and other substances, suitable for the manufacturers of essential oils, aromatic, chemical and perfumery compounds.
- 80.** To manufacture, produce, refine, prepare for market, distil, treat, cure, submit to any process, purchase, sell and otherwise trade or deal in, export and import and dispose of and turn to account vegetables, oils, essential oils, chemicals including aromatic, chemicals and perfumery compounds, gum, molasses, syrups, alcohol, spirits, balts and other gums and residual and other produce or products and bye products thereof.
- 81.** To carry on all kinds of agency business and as buying and selling agents of all articles, things commodities and products.
- 82.** To carry on business as manufacturers, refiners, importers and exporters of and dealers and merchants in copra, cotton seeds, linseed, castorseed, groundnuts or any other nut or oil bearing substances whatsoever and oils, cakes manufactured therefrom hydrogenated oils, oil cakes, grains and flour, as makers and manufacturers of cattle food, poultry foods and foods for animals and birds and feeding and fattening preparations of every description, as makers and manufacturers of manures and fertilizers of every description.
- 83.** To manufacture and deal in hydrogenated oils, vegetable oils, vegetable ghee substitutes, vegetable products and butter substitutes, glycerine, lubricating oils, and oil preparations and products including bye products of whatsoever description and kind and to carry on the business of manufacturers and dealers in all kinds of oils, oil seeds and oil buyers, sellers and dealers of oil-seeds and oil products including bye products.
- 84.** To carry on the business of production, distribution, exhibition, exploitation and financing of films, movies, including art films, dramas, cultural programmes and for that purpose to buy, sell, import, export films, movies, projectors and any other equipments and to buy, sell, construct and to take and give on hire cinema houses, halls, display centres,

shops etc. and to do all such acts and things as are necessary for the same.

- 85.** To carry on business as financiers, capitalists, commercial agents, mortgager, brokers, financial agents and advisers.
- 86.** To carry on the business of manufacturers, producers, processors, buyers, sellers, importers, exporters and or otherwise dealers in pharmaceuticals, drugs, medicines, medicine preparations, tabulating formulations, injections and other pharmaceutical products.
- *87.** To construct, execute, carry out, equip, improve, alter, develop decorate, maintain, furnish, administer, operate, manage own or control on toll basis or otherwise public and private works, conveniences and utilities and private works, conveniences and utilities of all kinds including railways, ropeways, roads, toll roads bridges, toll bridges, docks, harbours, canals, tunnels, toll tunnels, reservoirs, marine-works, powerhouses, irrigations, reclamations, improvements, sewage, drainage, sanitation, water works, waste gas, telephonic, telegraphic and power supply works, hotels, shops water, sewage and effluent treatment plants, hydraulic works, and all other works of convenience and public utility.
- *88.** To carry on the business of builders and contractors for construction and interconnected work of any kind including manufacture of various materials and components.
- *89.** To carry on the business of construction, operations and management of port and port related facilities by itself or in association with one or more parties within the company or in a separate entity.
- *90.** To carry on any activity connected with trade, business, manufacture venture or commercial operation in the Union of India or any other part of the World, in different kinds of merchandise, commodities, goods, wares, products, articles and things as to purchase or otherwise and to acquire, exchange and repurchase and to sell and resell or otherwise dispose of or sell.
- *91.** To carry on the business ad professions of providing services of all type covering all branches and disciplines of engineering and

management such as organisational studies, systems, analysis, production, materials, marketing, personnel and administration, industrial, engineering, Corporate/legal affairs, taxation, administration, secretarial, accounting, information system and other allied areas, to conduct market research, operations research, to advise, assist and suggest ways and means of improving efficiency by operation of new and improved techniques of production, procurement, administration, recruitment and sales so as to be obtain optimum utilisation of resources, men, material and money and to undertake the preparation of project reports, detailed financial and project engineering studies, execution of turnkey projects and for planing and promoting new industries.

- *92.** To carry on the business as transporters and carriers of goods, passengers and luggages of all kinds and description in any part of India and elsewhere on land, water and air or by any mode of transport, by itself or through other agencies or in association with others or in a separate entity and further to carry on the business of clearing and forwarding agents, warehouse keepers, maintaining of cold storages and contractors for loading and unloading of goods, luggages and other moveables.
- *93.** To carry on the business of setting up facilities for generation/ distribution of all forms of energy, whether from conventional sources such as thermal, hydel, nuclear or from non-conventional sources such as tide, wind, solar, geo-thermal etc. including operation/ maintenance of facilities for generation and distribution of all forms of energy.
- **94.** To carry on the business of developers, designers, manufacturers, assemblers, repairers, servicers, researchers, discoverers, maintenance engineers, buyers, sellers, publishers, importers, exporters, agents, licensors, hirers, consultants/advisors and dealers in all types of Information Technology (IT) and IT related, hardware and hardware related, software and software related research and development consultations, publication, education, training and services, intellectual capital i.e. man power development, training

* Inserted by Special Resolution passed at Annual General Meeting held on 26-08-1997

* Inserted pursuant to Special Resolution passed at Annual General Meeting held on 26-08-1997

** Inserted pursuant to Special Resolution passed at Annual General Meeting held on 16-06-2000

and deployment in the field of Information Technology (IT) products or related services; software tools and application or turnkey convergent technologies, integration software services/products, telecommunications and telecommunications related, communication systems, satellite and satellite related network and networking related, Internet and Internet related activities including Internet Service Providers (ISP), internet strategies and consulting related software development either as products or on turnkey basis Web designing/hosting on net and web related, use and development of convergent technologies for IT/Internet/entertainment, telecommunications, multimedia, Graphics/CAD/CAM/GIS; local/international vendor representation/franchisee business/commerce and E-business/commerce related including, in particular, developing E-commerce platform, data processors and developing dynamic database driven electronic commerce sites and systems for sales, fulfilment, financial and customer services and products over the internet, building e-commerce portal, sell and promote products and business of clients, building portals which feature online shopping malls, business to customer services, business to business and complements of news, information, intermediation in selling products/services online, research in such products/services, consultancy and dealing/manufacturing/buying/selling/importing/exporting etc. in computer hardware and software and generally to carry on the business related to computers, computing, IT both in India and overseas.

- **95.** To produce, manufacture, buy, sell, import, export, stock, distribute and deal in all kinds of pharmaceutical products including bulk drugs and formulation chemicals, medicinal preparation, intravenous fluids, infusion and transfusion solutions, vitamin and non vitamin tablets, capsules, liquids and also medical equipments/instruments such as disposable plastic bottles, surgical sets, infusion and transfusion sets, disposable syringes, diagnostic kits.
- **96.** To carry on either as manufacturers, processors, traders, dealers, exporters, importers, consignees, consignors, principals, warehousing agents, commission agents,

owners, agents, conductors, loan licensors, loan licensees, repackers, or factors, and either wholesale or retail, of chemicals, bulk drugs, chemical intermediaries, and other pharmaceutical and veterinary products including allopathic, ayurvedic, homeopathic and/or Unani or Combinations thereof, patent medicines, scientific, chemical, organic, inorganic, biological, immunological, and therapeutic and surgical preparations, antibiotics, herbal and veterinary medicines, surgical equipments.

- **97.** To establish, erect, construct, purchase, self, manage, run upgrade and/or modernize hospitals, nursing homes, health centres research and/or diagnostic centres, laboratories in and out of India. To install, develop, invent, import, export, buy, sell, manufacture, assemble all equipments, tools etc. in the said hospitals or otherwise in any centre or hospitals. And to act and work as consultants in medical profession in India or in any part of the world.
- ***98.** To acquire by purchase, lease, exchange, hire or otherwise, land and property of any tenure or any interest in the same including transferable development rights and to sell, dispose of, turn to account any land, property or transferable development rights so acquired by laying out and preparing the same for building purposes and erect and construct houses, buildings or works of every description on any land of the Company, or upon any other lands, property, and to pull down, rebuild, enlarge, alter, improve, sell and equip existing houses, buildings or works thereon, to convert and to lay out roads, squares, gardens and other conveniences and to deal with and improve the property of the Company or any other property.
- ***99.** To sell, lease, let, mortgage or otherwise dispose off and/or deal in the land, houses, buildings and other properties of the Company or of others.
- ***100.** To act as contractors for any person, or governmental authorities for the construction of buildings of all description, roads, bridges, dams, tanks, drains, culverts, channels, sewages or other works of public utilities and conveniences.

** Inserted pursuant to Special Resolution passed at Annual General Meeting held on 16-06-2000

*** Inserted pursuant to Special Resolution passed by Postal Ballot at E.G.M. held on 28-08-2002

**** Amended pursuant to the Ordinary Resolution passed at the Extraordinary General Meeting of the Company held on 29th November, 2005

*****101.** To carry on the business as builders and contractors, sub-contractors, Architects and/or civil Engineers, interior and exterior decorators, merchants and dealers in stone, sand, lime, bricks, cement, timber, hardware and other building requisites/materials.

*****102.** To make investments in the shares and securities of companies engaged in the business as builders, contractors, developers and/or manufacturers and dealers in building materials, equipments and components.

AND IT IS HEREBY DECLARED THAT :-

- (i) the objects incidental to or ancillary to the attainment to the main objects of the Company as aforesaid shall also be incidental or ancillary to the attainment of the other objects of the Company herein mentioned.
- (ii) the objects set forth in each of the several clauses of paragraph III hereof shall extend to all parts of the world.
- (iii) nothing in this paragraph shall authorise the Company to do any business which may fall within the powers of the Banking Regulations Act, 1949 or the Insurance Act, 1938.

IV. The Liability of the Members is Limited.

*******V.** The Authorised Share Capital of the Company is Rs. 300,00,00,000/- (Rupees Three Hundred Crore) divided into 60,00,00,000 Equity Shares of Rs. 5/- (Rupees Five only) each.

Any shares of the original or increased capital may, from time to time be issued with such terms, conditions, restrictions and guarantees, or any rights of preference whether in respect of dividend or of repayment of capital or both or any other special privileges or advantage over any shares previously issued or then about to be issued, or with deferred or qualified rights to any provisions or conditions and with any special rights or limited rights, or without any rights of voting and generally on such terms as the Company may from time to time determine. The rights of the holders of any class of shares, for the time being forming part of the capital of the Company, may be modified, affected, varied, extended or surrendered either with the consent in writing of the holders of three fourths of the issued shares of the class or with the sanction of a special Resolution passed at a separate meeting of the holders of those shares.

*** Inserted pursuant to Special Resolution passed by Postal Ballot at E.G.M. held on 28-08-2002

**** Amended pursuant to Scheme of Amalgamation of Avinash Drugs Limited and Surfactant specialities Limited with the Company w.e.f. 10-09-2009

**** Amended pursuant to Scheme of Amalgamation of Gogri & Sons Investments Private Limited and Alchemie Leasing And Financing Private Limited and Anushakti Holdings Limited and Anushakti Chemical And Drugs Limited with the Company w.e.f. 09-09-2015

***** Amended pursuant to the Ordinary Resolution passed at the Extraordinary General Meeting of the Company held on June 14, 2021.

We, the several persons, whose names and addresses and descriptions are hereunto subscribed are desirous of being formed into a Company in accordance with and in pursuance of the provisions of this **MEMORANDUM OF ASSOCIATION** and we respectively, agree to take the number of shares in the capital of the Company set opposite to our respective names :

Signature, Name, Address Description and Occupation of Subscribers	Number of Equity Shares taken by each Subscriber	Signature, Name Addresses, Description of Witness
<p>Sd/- SHRI CHANDRAKANT GOGRI S/o. SHRI VALLBHAJI GOGRI "YOGESH" GANESH GAWADE ROAD, MULUND (WEST), BOMBAY – 400 080</p> <p>INDUSTRIALIST</p>	<p>1 (One)</p>	
<p>Sd/- SHRI PARIMAL DESAI S/o. SHRI HASMUKHLAL DESAI 9, GIRIRAJ APARTMENTS, NEHRU ROAD, MULUND (WEST), BOMBAY – 400 080</p> <p>BUSINESS</p>	<p>1 (One)</p>	<p>Sd/- PRAVIN PARIKH S/o. SHRI NAHALCHAND PARIKH 2B/33 SIDDHARTH NAGAR GOREGAON (WEST), BOMBAY 400 062 SERVICE</p>
TOTAL:	2 (TWO)	

DATED THIS 11TH DAY OF SEPTEMBER, 1984

The following regulations comprised in these Articles of Association were adopted pursuant to members' resolution passed at the annual general meeting of the Company held on 24th September, 2014 in substitution for, and to the entire exclusion of, the earlier regulations comprised in the extant Articles of Association of the Company.

THE COMPANIES ACT, 2013

COMPANY LIMITED BY SHARES

(INCORPORATED UNDER THE COMPANIES ACT, 1956)

ARTICLES OF ASSOCIATION

OF

AARTI INDUSTRIES LIMITED

TABLE 'F' EXCLUDED

Table 'F' not to apply

1. (1) The regulations contained in the Table marked 'F' in Schedule I to the Companies Act, 2013 shall not apply to the Company, except in so far as the same are repeated, contained or expressly made applicable in these Articles or by the said Act.

Company to be governed by these Articles

- (2) The regulations for the management of the Company and for the observance by the members thereto and their representatives, shall, subject to any exercise of the statutory powers of the Company with reference to the deletion or alteration of or addition to its regulations by resolution as prescribed or permitted by the Companies Act, 2013, be such as are contained in these Articles.

INTERPRETATION

2. (1) In these Articles-

"The Act"

- (a) "Act" means the Companies Act, 2013 or any statutory modification or re-enactment thereof for the time being in force and the term shall be deemed to refer to the applicable section thereof which is relatable to the relevant Article in which the said term appears in these Articles and any previous company law, so far as may be applicable.

"The Articles"

- (b) "Articles" means these articles of association of the Company or as altered from time to time.

"The Company"

- (c) "Company" means **AARTI INDUSTRIES LIMITED**.

"The Rules"

- (d) "Rules" means the applicable rules for the time being in force as prescribed under relevant sections of the Act.

"The Seal"

- (e) "seal" means the common seal of the Company.

"Number" and "Gender"

- (2) Words importing the singular number shall include the plural number and words importing the masculine gender shall, where the context admits, include the feminine and neuter gender.

Expressions in the Articles to bear the same meaning as in the Act

- (3) Unless the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Act or the Rules, as the case may be.

SHARE CAPITAL AND VARIATION OF RIGHTS

Shares under control of Board

3. Subject to the provisions of the Act and these Articles, the shares in the capital of the Company shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.

Directors may allot shares otherwise than for cash

4. Subject to the provisions of the Act and these Articles, the Board may issue and allot shares in the capital of the Company on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than for cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares, as the case may be.

Kinds of Share Capital

5. The Company may issue the following kinds of shares in accordance with these Articles, the Act, the Rules and other applicable laws:

(a) Equity share capital:

- (i) with voting rights; and / or
- (ii) with differential rights as to dividend, voting or otherwise in accordance with the Rules; and

(b) Preference share capital

Issue of certificate

6. (1) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after allotment or within one month from the date of receipt by the Company of the application for the registration of transfer or transmission or within such other period as the conditions of issue shall provide-

- (a) one certificate for all his shares without payment of any charges; or
- (b) several certificates, each for one or more of his shares, upon payment of such charges as may be fixed by the Board for each certificate after the first.

Certificate to bear seal

- (2) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.

One certificate for shares held jointly

- (3) In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

Option to receive share certificate or hold shares with depository

7. A person subscribing to shares offered by the Company shall have the option either to receive certificates for such shares or hold the shares in a dematerialized state with a depository. Where a person opts to hold any share with the depository, the Company shall intimate such depository the details of allotment of the share to enable the depository to enter in its records the name of such person as the beneficial owner of that share.

Issue of new certificate in place of one defaced, lost or destroyed

8. If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Board deems adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of fees for each certificate as may be fixed by the Board.

Provisions as to issue of certificates to apply mutatis mutandis to debentures, etc.

9. The provisions of the foregoing Articles relating to issue of certificates shall mutatis mutandis apply to issue of certificates for any other securities including debentures (except where the Act otherwise requires) of the Company.

Power to pay commission in connection with securities issued

10. (1) The Company may exercise the powers of paying commissions conferred by the Act, to any person in connection with the subscription to its securities, provided that the rate per cent. or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act and the Rules.

Rate of commission in accordance with Rules

- (2) The rate or amount of the commission shall not exceed the rate or amount prescribed in the Rules.

Mode of payment of commission

- (3) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.

Variation of members' rights

11. (1) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, and whether or not the Company is being wound up, be varied with the consent in writing, of such number of the holders of the issued shares of that class, or with the sanction of a resolution passed at a separate meeting of the holders of the shares of that class, as prescribed by the Act.

Provisions as to general meetings to apply mutatis mutandis to each meeting

- (2) To every such separate meeting, the provisions of these Articles relating to general meetings shall mutatis mutandis apply.

Issue of further shares not to affect rights of existing members

12. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

Power to issue redeemable preference shares

13. Subject to the provisions of the Act, the Board shall have the power to issue or re-issue preference shares of one or more classes which are liable to be redeemed, or converted to equity shares, on such terms and conditions and in such manner as determined by the Board in accordance with the Act.

Further issue of share capital

14. (1) The Board or the Company, as the case may be, may, in accordance with the Act and the Rules, issue further shares to -
- (a) persons who, at the date of offer, are holders of equity shares of the Company; such offer shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person; or
 - (b) employees under any scheme of employees' stock option; or
 - (c) any persons, whether or not those persons include the persons referred to in clause (a) or clause (b) above.

Mode of further issue of shares

- (2) A further issue of shares may be made in any manner whatsoever as the Board may determine including by way of preferential offer or private placement, subject to and in accordance with the Act and the Rules.

LIEN

Company's lien on shares

15. (1) The Company shall have a first and paramount lien -
- (a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and
- (b) on all shares (not being fully paid shares) standing registered in the name of a member, for all monies presently payable by him or his estate to the Company:
- Provided that the Board may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

Lien to extend to dividends, etc.

- (2) The Company's lien, if any, on a share shall extend to all dividends or interest, as the case may be, payable and bonuses declared from time to time in respect of such shares for any money owing to the Company.

Waiver of lien in case of registration

- (3) Unless otherwise agreed by the Board, the registration of a transfer of shares shall operate as a waiver of the Company's lien.

As to enforcing lien by sale

16. The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:
- Provided that no sale shall be made-
- (a) unless a sum in respect of which the lien exists is presently payable; or
- (b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or to the person entitled thereto by reason of his death or insolvency or otherwise.

Board may extend time for payment

17. (1) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.

Purchaser to be registered holder

- (2) The purchaser shall be registered as the holder of the shares comprised in any such transfer.

Validity of Company's receipt

- (3) The receipt of the Company for the consideration (if any) given for the share on the sale thereof shall (subject, if necessary, to execution of an instrument of transfer or a transfer by relevant system, as the case may be) constitute a good title to the share and the purchaser shall be registered as the holder of the share.
- (4) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings with reference to the sale.

Application of proceeds of sale

18. (1) The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.

Payment of residual money

- (2) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

Outsider's lien not to affect Company's lien

19. In exercising its lien, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or unless required by any statute) be bound to recognise any equitable or other claim to, or interest in, such share on the part of any other person, whether a creditor of the registered holder or otherwise. The Company's lien shall prevail notwithstanding that it has received notice of any such claim.

Provisions as to lien to apply mutatis mutandis to debentures, etc.

20. The provisions of these Articles relating to lien shall mutatis mutandis apply to any other securities including debentures of the Company.

CALLS ON SHARES

Board may make calls

21. (1) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times.

Notice of call

- (2) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his shares.

Board may extend time for payment

- (3) The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call in respect of one or more members as the Board may deem appropriate in any circumstances.

Revocation or postponement of call

- (4) A call may be revoked or postponed at the discretion of the Board.

Call to take effect from date of resolution

22. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by installments.

Liability of joint holders of shares

23. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

When interest on call or installment payable

24. (1) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof (the "due date"), the person from whom the sum is due shall pay interest thereon from the due date to the time of actual payment at such rate as may be fixed by the Board.

Board may waive interest

- (2) The Board shall be at liberty to waive payment of any such interest wholly or in part.

Sums deemed to be calls

25. (1) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these Articles, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

Effect of non-payment of sums

- (2) In case of non-payment of such sum, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

26. The Board-

Payment in anticipation of calls may carry interest

- (a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and
- (b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate as may be fixed by the Board. Nothing contained in this clause shall confer on the member (a) any right to participate in profits or dividends or (b) any voting rights in respect of the moneys so paid by him until the same would, but for such payment, become presently payable by him.

Installments on shares to be duly paid

27. If by the conditions of allotment of any shares, the whole or part of the amount of issue price thereof shall be payable by installments, then every such installment shall, when due, be paid to the Company by the person who, for the time being and from time to time, is or shall be the registered holder of the share or the legal representative of a deceased registered holder.

Calls on shares of same class to be on uniform basis

28. All calls shall be made on a uniform basis on all shares falling under the same class.

Explanation: Shares of the same nominal value on which different amounts have been paid-up shall not be deemed to fall under the same class.

Partial payment not to preclude forfeiture

29. Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereof nor the receipt by the Company of a portion of any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the forfeiture of such shares as herein provided.

Provisions as to calls to apply mutatis mutandis to debentures, etc.

30. The provisions of these Articles relating to calls shall mutatis mutandis apply to any other securities including debentures of the Company.

TRANSFER OF SHARES

Instrument of transfer to be executed by transferor and transferee

31. (1) The instrument of transfer of any share in the Company shall be duly executed by or on behalf of both the transferor and transferee.
- (2) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

Board may refuse to register transfer

32. The Board may, subject to the right of appeal conferred by the Act, decline to register –
- (a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or
- (b) any transfer of shares on which the Company has a lien.

Board may decline to recognise instrument of transfer

33. In case of shares held in physical form, the Board may decline to recognise any instrument of transfer unless –
- (a) the instrument of transfer is duly executed and is in the form as prescribed in the Rules made under the Act;
- (b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and
- (c) the instrument of transfer is in respect of only one class of shares.

Transfer of shares when suspended

34. On giving of previous notice of at least seven days or such lesser period in accordance with the Act and Rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:
- Provided that such registration shall not be suspended for more than thirty days at anyone time or for more than forty five days in the aggregate in any year.

Provisions as to transfer of shares to apply mutatis mutandis to debentures, etc.

35. The provisions of these Articles relating to transfer of shares shall mutatis mutandis apply to any other securities including debentures of the Company.

TRANSMISSION OF SHARES

Title to shares on death of a member

36. (1) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the shares.

Estate of deceased member liable

- (2) Nothing in clause (1) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

Transmission Clause

37. (1) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either –
- (a) to be registered himself as holder of the share; or
- (b) to make such transfer of the share as the deceased or insolvent member could have made.

Board's right unaffected

- (2) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

Indemnity to the Company

- (3) The Company shall be fully indemnified by such person from all liability, if any, by actions taken by the Board to give effect to such registration or transfer.

Right to election of holder of share

38. (1) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

Manner of testifying election

- (2) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

Limitations applicable to notice

- (3) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

Claimant to be entitled to same advantage

39. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company: Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

Provisions as to transmission to apply mutatis mutandis to debentures, etc.

40. The provisions of these Articles relating to transmission by operation of law shall mutatis mutandis apply to any other securities including debentures of the Company.

FORFEITURE OF SHARES***If call or installment not paid notice must be given***

41. If a member fails to pay any call, or installment of a call or any money due in respect of any share, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on him requiring payment of so much of the call or installment or other money as is unpaid, together with any interest which may have accrued and all expenses that may have been incurred by the Company by reason of non-payment.

Form of notice

42. The notice aforesaid shall:
- (a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
 - (b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.

In default of payment of shares to be forfeited

43. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

Receipt of part amount or grant of indulgence not to affect forfeiture

44. Neither the receipt by the Company for a portion of any money which may from time to time be due from any member in respect of his shares, nor any indulgence that may be granted by the Company in respect of payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture in respect of such shares as herein provided. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited shares and not actually paid before the forfeiture.

Entry of forfeiture in register of members

45. When any share shall have been so forfeited, notice of the forfeiture shall be given to the defaulting member and an entry of the forfeiture with the date thereof, shall forthwith be made in the register of members but no forfeiture shall be invalidated by any omission or neglect or any failure to give such notice or make such entry as aforesaid.

Effect of forfeiture

46. The forfeiture of a share shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share.

Forfeited shares may be sold, etc.

47. (1) A forfeited share shall be deemed to be the property of the Company and may be sold or re-allotted or otherwise disposed of either to the person who was before such forfeiture the holder thereof or entitled thereto or to any other person on such terms and in such manner as the Board thinks fit.

Cancellation of forfeiture

- (2) At any time before a sale, re-allotment or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

Members still liable to pay money owing at the time of forfeiture

48. (1) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay, and shall pay, to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares.

Member still liable to pay money owing at time of forfeiture and interest

- (2) All such monies payable shall be paid together with interest thereon at such rate as the Board may determine, from the time of forfeiture until payment or realisation. The Board may, if it thinks fit, but without being under any obligation to do so, enforce the payment of the whole or any portion of the monies due, without any allowance for the value of the shares at the time of forfeiture or waive payment in whole or in part.

Cesser of liability

- (3) The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the shares.

Certificate of forfeiture

49. (1) A duly verified declaration in writing that the declarant is a director, the manager or the secretary of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;

Title of purchaser and transferee of forfeited shares

- (2) The Company may receive the consideration, if any, given for the share on any sale, re-allotment or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;

Transferee to be registered as holder

- (3) The transferee shall thereupon be registered as the holder of the share; and

Transferee not affected

- (4) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or disposal of the share.

Validity of sales

50. Upon any sale after forfeiture or for enforcing a lien in exercise of the powers hereinabove given, the Board may, if necessary, appoint some person to execute an instrument for transfer of the shares sold and cause the purchaser's name to be entered in the register of members in respect of the shares sold and after his name has been entered in the register of members in respect of such shares the validity of the sale shall not be impeached by any person.

Cancellation of share certificate in respect of forfeited shares

51. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate(s), if any, originally issued in respect of the relative shares shall (unless the same shall on demand by the Company has been previously surrendered to it by the defaulting member) stand cancelled and become null and void and be of no effect, and the Board shall be entitled to issue a duplicate certificate(s) in respect of the said shares to the person(s) entitled thereto.

Surrender of share certificates

52. The Board may, subject to the provisions of the Act, accept a surrender of any share from or by any member desirous of surrendering them on such terms as they think fit.

Sums deemed to be calls

53. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

Provisions as to forfeiture of shares to apply mutatis mutandis to debentures, etc.

54. The provisions of these Articles relating to forfeiture of shares shall mutatis mutandis apply to any other securities including debentures of the Company.

ALTERATION OF CAPITAL

Power to alter share capital

55. Subject to the provisions of the Act, the Company may, by ordinary resolution –
- (a) increase the share capital by such sum, to be divided into shares of such amount as it thinks expedient;
 - (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; Provided that any consolidation and division which results in changes in the voting percentage of members shall require applicable approvals under the Act;
 - (c) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;
 - (d) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;
 - (e) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

Shares may be converted into stock

56. Where shares are converted into stock:
- (a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same Articles under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose;

Right of stockholders

- (b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage;
- (c) such of these Articles of the Company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder"/"member" shall include "stock" and "stock-holder" respectively.

Reduction of capital

57. The Company may, by resolution as prescribed by the Act, reduce in any manner and in accordance with the provisions of the Act and the Rules:-
- (a) its share capital; and/or
 - (b) any capital redemption reserve account; and/or
 - (c) any securities premium account; and/or
 - (d) any other reserve in the nature of share capital.

JOINT HOLDERS

Joint-holders

58. Where two or more persons are registered as joint holders (not more than three) of any share, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship, subject to the following and other provisions contained in these Articles:

Liability of Joint-holders

- (a) The joint-holders of any share shall be liable severally as well as jointly for and in respect of all calls or installments and other payments which ought to be made in respect of such share.

Death of one or more joint holders

- (b) On the death of anyone or more of such joint holders, the survivor or survivors shall be the only person or persons recognized by the Company as having any title to the share but the Directors may require such evidence of death as they may deem fit, and nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.

Receipt of one sufficient

- (c) Anyone of such joint holders may give effectual receipts of any dividends, interests or other moneys payable in respect of such share.

Delivery of certificate and giving of notice to first named holder

- (d) Only the person whose name stands first in the register of members as one of the joint-holders of any share shall be entitled to the delivery of certificate, if any, relating to such share or to receive notice (which term shall be deemed to include all relevant documents) and any notice served on or sent to such person shall be deemed service on all the joint-holders.

Vote of joint-holders

- (e) (i) Any one of two or more joint-holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint-holders be present at any meeting personally or by proxy or by attorney then that one of such persons so present whose name stands first or higher (as the case may be) on the register in respect of such shares shall alone be entitled to vote in respect thereof but the other or others of the joint-holders shall be entitled to vote in preference to a joint-holder present by attorney or by proxy although the name of such joint-holder present by any attorney or proxy stands first or higher (as the case may be) in the register in respect of such shares

Executors or administrators as joint holders

- (ii) Several executors or administrators of a deceased member in whose (deceased member) sole name any share stands, shall for the purpose of this clause be deemed joint-holders.

Provisions as to joint holders as to shares to apply mutatis mutandis to debentures, etc.

- (f) The provisions of these Articles relating to joint holders of shares shall mutatis mutandis apply to any other securities including debentures of the Company registered in joint names.

CAPITALISATION OF PROFITS
Capitalisation

59. (1) The Company by ordinary resolution in general meeting may, upon the recommendation of the Board, resolve-
- (a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and
 - (b) that such sum be accordingly set free for distribution in the manner specified in clause (2) below amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

Sum how applied

- (2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (3) below, either in or towards:

- (a) paying up any amounts for the time being unpaid on any shares held by such members respectively;
- (b) paying up any amounts for the time being unpaid on any shares held by such members respectively;
- (c) partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B).

- (3) A securities premium account and a capital redemption reserve account or any other permissible reserve account may, for the purposes of this Article, be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares;
- (4) The Board shall give effect to the resolution passed by the Company in pursuance of this Article.

Powers of the Board for capitalisation

60. (1) Whenever such a resolution as aforesaid shall have been passed, the Board shall –
- (a) make all appropriations and applications of the amounts resolved to be capitalised thereby, and all allotments and issues of fully paid shares or other securities, if any; and generally do all acts and things required to give effect thereto.

Board's power to issue fractional certificate/ coupon etc.

- (2) The Board shall have power-
- (a) to make such provisions, by the issue of fractional certificate / of shares or other securities becoming distributable in fractions; and
 - (b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further shares or other securities to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the Company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares.

Agreement binding on members

- (3) Any agreement made under such authority shall be effective and binding on such members.

BUY-BACK OF SHARES

Buy-back of shares

61. Notwithstanding anything contained in these Articles but subject to all applicable provisions of the Act or any other law for the time being in force, the Company may purchase its own shares or other specified securities.

GENERAL MEETINGS

Extraordinary general meeting

62. All general meetings other than annual general meeting shall be called extraordinary general meeting.

Powers of Board to call extraordinary general meeting

63. The Board may, whenever it thinks fit, call an extraordinary general meeting.

PROCEEDINGS AT GENERAL MEETINGS

Presence of Quorum

64. (1) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.

Business confined to election of Chairperson whilst chair vacant

- (2) No business shall be discussed or transacted at any general meeting except election of Chairperson whilst the chair is vacant.

Quorum for general meeting

- (3) The quorum for a general meeting shall be as provided in the Act.

Chairperson of the meetings

65. The Chairperson of the Company shall preside as Chairperson at every general meeting of the Company.

Directors to elect a Chairperson

66. If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.

Members to elect a Chairperson

67. If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall, by poll or electronically, choose one of their members to be Chairperson of the meeting.

Casting vote of Chairperson at general meeting

68. On any business at any general meeting, in case of an equality of votes, whether on a show of hands or electronically or on a poll, the Chairperson shall have a second or casting vote.

Minutes of proceedings of meetings and resolutions passed by postal ballot

69. (1) The Company shall cause minutes of the proceedings of every general meeting of any class of members or creditors and every resolution passed by postal ballot to be prepared and signed in such manner as may be prescribed by the Rules and kept by making within thirty days of the conclusion of every such meeting concerned or passing of resolution by postal ballot entries thereof in books kept for that purpose with their pages consecutively numbered.

Certain matters not to be included in Minutes

- (2) There shall not be included in the minutes any matter which, in the opinion of the Chairperson of the meeting -
- (a) is, or could reasonably be regarded, as defamatory of any person; or
 - (b) is irrelevant or immaterial to the proceedings; or
 - (c) is detrimental to the interests of the Company.

Discretion of Chairperson in relation to Minutes

- (3) The Chairperson shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in the aforesaid clause.

Minutes to be evidence

- (4) The minutes of the meeting kept in accordance with the provisions of the Act shall be evidence of the proceedings recorded therein.

Inspection of minute books of general meeting

70. (1) The books containing the minutes of the proceedings of any general meeting of the Company or a resolution passed by postal ballot shall:
- (a) be kept at the registered office of the Company; and
 - (b) be open to inspection of any member without charge, during 11.00 a.m. to 1.00 p.m. on all working days other than Saturdays.

Members may obtain copy of minutes

- (2) Any member shall be entitled to be furnished, within the time prescribed by the Act, after he has made a request in writing in that behalf to the Company and on payment of such fees as may be fixed by the Board, with a copy of any minutes referred to in clause (1) above, Provided that a member who has made a request for provision of a soft copy of the minutes of any previous general meeting held during the period immediately preceding three financial years, shall be entitled to be furnished with the same free of cost.

Powers to arrange security at meetings

71. The Board, and also any person(s) authorised by it, may take any action before the commencement of any general meeting, or any meeting of a class of members in the Company, which they may think fit to ensure the security of the meeting, the safety of people attending the meeting, and the future orderly conduct of the meeting. Any decision made in good faith under this Article shall be final, and rights to attend and participate in the meeting concerned shall be subject to such decision.

ADJOURNMENT OF MEETING

Chairperson may adjourn the meeting

72. (1) The Chairperson may, suo motu, adjourn the meeting from time to time and from place to place.

Business at adjourned meeting

- (2) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

Notice of adjourned meeting

- (3) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

Notice of adjourned meeting not required

- (4) Save as aforesaid, and save as provided in the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

VOTING RIGHTS

Entitlement to vote on show of hands and on poll

73. Subject to any rights or restrictions for the time being attached to any class or classes of shares -
- (a) on a show of hands, every member present in person shall have one vote; and
 - (b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.

Voting through electronic means

74. A member may exercise his vote at a meeting by electronic means in accordance with the Act and shall vote only once.

Vote of joint-holders

75. (1) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

Seniority of names

- (2) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

How members non compos mentis and minor may vote

76. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy. If any member be a minor, the vote in respect of his share or shares shall be by his guardian or anyone of his guardians.

Votes in respect of shares of deceased or insolvent members, etc.

77. Subject to the provisions of the Act and other provisions of these Articles, any person entitled under the Transmission Clause to any shares may vote at any general meeting in respect thereof as if he was the registered holder of such shares, provided that at least 48 (forty eight) hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall duly satisfy the Board of his right to such shares unless the Board shall have previously admitted his right to vote at such meeting in respect thereof.

Business may proceed pending poll

78. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.

Restriction on voting rights

79. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid or in regard to which the Company has exercised any right of lien.

Restriction on exercise of voting rights in other cases to be void

80. A member is not prohibited from exercising his voting on the ground that he has not held his share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not being a ground set out in the preceding Article.

Equal rights of members

81. Any member whose name is entered in the register of members of the Company shall enjoy the same rights and be subject to the same liabilities as all other members of the same class.

PROXY

Member may vote in person or otherwise

82. (1) Any member entitled to attend and vote at a general meeting may do so either personally or through his constituted attorney or through another person as a proxy on his behalf, for that meeting.

Proxies when to be deposited

- (2) The instrument appointing a proxy and the power-of attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.

Form of proxy

83. An instrument appointing a proxy shall be in the form as prescribed in the Rules.

Proxy to be valid notwithstanding death of the principal

84. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

BOARD OF DIRECTORS

Board of Directors

85. Unless otherwise determined by the Company in general meeting, the number of directors shall not be less than 3 (three) and shall not be more than 20 (twenty).

Directors not liable to retire by rotation

86. (1) The Directors may whenever they appoint more than one Managing Director, designate one or more of them as "Joint Managing Director" or "Joint Managing Directors" as the case may be.

Same individual may be Chairperson and Managing / Executive Director / Chief Officer

- (2) The same individual may, at the same time, be appointed as the Chairperson of the Company as well as the Managing Director or Chief Executive Officer of the Company.

Remuneration of directors

87. (1) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.

Remuneration to Require members' consent

- (2) The remuneration payable to the directors, including any managing or whole-time director or manager, if any, shall be determined in accordance with and subject to the provisions of the Act by an ordinary resolution passed by the Company in general meeting.

Travelling and other expenses

- (3) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them-
- (a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the Company; or
 - (b) in connection with the business of the Company.

Execution of negotiable instruments

88. All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.

Appointment of additional directors

89. (1) Subject to the provisions of the Act, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the Articles.

Duration of office of additional director

- (2) Such person shall hold office only up to the date of the next annual general meeting of the Company but shall be eligible for appointment by the Company as a director at that meeting subject to the provisions of the Act.

Appointment of alternate director

90. (1) The Board may appoint an alternate director to act for a director (hereinafter in this Article called "the Original Director") during his absence for a period of not less than three months from India. No person shall be appointed as an alternate director for an independent director unless he is qualified to be appointed as an independent director under the provisions of the Act.

Duration of office of alternate director

- (2) An alternate director shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate the office if and when the Original Director returns to India.

Re-appointment provisions applicable to Original Director

- (3) If the term of office of the Original Director is determined before he returns to India the automatic reappointment of retiring directors in default of another appointment shall apply to the Original Director and not to the alternate director.

Appointment of director to fill a casual vacancy

91. (1) If the office of any director appointed by the Company in general meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may, be filled by the Board of Directors at a meeting of the Board.

Duration of office of Director appointed to fill casual vacancy

- (2) The director so appointed shall hold office only upto the date upto which the director in whose place he is appointed would have held office if it had not been vacated.

POWERS OF BOARD

General powers of the Company vested in Board

92. The management of the business of the Company shall be vested in the Board and the Board may exercise all such powers, and do all such acts and things, as the Company is by the memorandum of association or otherwise authorized to exercise and do, and, not hereby or by the statue or otherwise directed or required to be exercised or done by the Company in general meeting but subject nevertheless to the provisions of the Act and other laws and of the memorandum of association and these Articles and to any regulations, not being inconsistent with the memorandum of association and these Articles or the Act, from time to time made by the Company in general meeting provided that no such regulation shall invalidate any prior act of the Board which would have been valid if such regulation had not been made.

PROCEEDINGS OF THE BOARD

When meeting to be convened

93. (1) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.

Who may summon Board meeting

- (2) The Chairperson or anyone Director with the previous consent of the Chairperson may, or the company secretary on the direction of the Chairperson shall, at any time, summon a meeting of the Board.

Quorum for Board meetings

- (3) The quorum for a Board meeting shall be as provided in the Act.

Participation at Board meetings

- (4) The participation of directors in a meeting of the Board may be either in person or through video conferencing or audio visual means or teleconferencing, as may be prescribed by the Rules or permitted under law.

Questions at Board meeting how decided

94. (1) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.

Casting vote of Chairperson at Board meeting

- (2) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.

Directors not to act when number falls below minimum

95. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the Company, but for no other purpose.

Who to preside at meetings of the Board

96. (1) The Chairperson of the Company shall be the Chairperson at meetings of the Board. In his absence, the Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.

Directors to elect a Chairperson

- (2) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within fifteen minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.

Delegation of powers

97. (1) The Board may, subject to the provisions of the Act, delegate any of its powers to Committees consisting of such member or members of its body as it thinks fit.

Committee to conform to Board regulations

- (2) Any Committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.

Participation at Committee meetings

- (3) The participation of directors in a meeting of the Committee may be either in person or through video conferencing or audio visual means or teleconferencing, as may be prescribed by the Rules or permitted under law.

Chairperson of Committee

98. (1) A Committee may elect a Chairperson of its meetings unless the Board, while constituting a Committee, has appointed a Chairperson of such Committee.

Who to preside at meetings of Committee

- (2) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within fifteen minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.

Committee to meet

99. (1) A Committee may meet and adjourn as it thinks fit.

Questions at Committee meeting how decided

- (2) Questions arising at any meeting of a Committee shall be determined by a majority of votes of the members present.

Casting vote of Chairperson at Committee meeting

- (3) In case of an equality of votes, the Chairperson of the Committee shall have a second or casting vote.

Acts of Board or Committee valid notwithstanding defect of appointment

100. All acts done in any meeting of the Board or of a Committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of anyone or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified or that his or their appointment had terminated, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.

Passing of resolution by circulation

101. Save as otherwise expressly provided in the Act, a resolution in writing, signed, whether manually or by secure electronic mode, by a majority of the members of the Board or of a Committee thereof, for the time being entitled to receive notice of a meeting of the Board or Committee, shall be valid and effective as if it had been passed at a meeting of the Board or Committee, duly convened and held.

CHIEF EXECUTIVE OFFICE, MANAGER, COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER**Chief Executive Officer, etc.**

102. (a) Subject to the provisions of the Act, A chief executive officer, manager, company secretary and chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary and chief financial officer so appointed may be removed by means of a resolution of the Board; the Board may appoint one or more chief executive officers for its multiple businesses.

Director may be chief executive officer, etc.

- (b) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.

REGISTERS**Statutory registers**

103. The Company shall keep and maintain at its registered office all statutory registers namely, register of charges, register of members, register of debenture holders, register of any other security holders, the register and index of beneficial owners and annual return, register of loans, guarantees, security and acquisitions, register of investments not held in its own name and register of contracts and arrangements for such duration as the Board may, unless otherwise prescribed, decide, and in such manner and containing such particulars as prescribed by the Act and the Rules. The registers and copies of annual return shall be open for inspection during 11.00 a.m. to 1.00 p.m. on all working days, other than Saturdays, at the registered office of the Company by the persons entitled thereto on payment, where required, of such fees as may be fixed by the Board but not exceeding the limits prescribed by the Rules.

Foreign register

104. (a) The Company may exercise the powers conferred on it by the Act with regard to the keeping of a foreign register; and the Board may (subject to the provisions of the Act) make and vary such regulations as it may think fit respecting the keeping of any such register.

- (b) The foreign register shall be open for inspection and may be closed, and extracts may be taken there from and copies thereof may be required, in the same manner, mutatis mutandis, as is applicable to the register of members.

THE SEAL

The seal, its custody and use

105. (1) The Board shall provide for the safe custody of the seal.

Affixation of seal

- (2) The seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a Committee of the Board authorised by it in that behalf, and except in the presence of at least one director or the manager, if any, or of the secretary or such other person as the Board may appoint for the purpose; and such director or manager or the secretary or other person aforesaid shall sign every instrument to which the seal of the Company is so affixed in their presence.

DIVIDENDS AND RESERVE

Company in general meeting may declare dividends

106. The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board but the Company in general meeting may declare a lesser dividend.

Interim dividends

107. Subject to the provisions of the Act, the Board may from time to time pay to the members such interim dividends of such amount on such class of shares and at such times as it may think fit.

Dividends only to be paid out of profits

108. (1) The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applied for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, think fit.

Carry forward of profits

- (2) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

Division of profits

109. (1) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.

Payments in advance

- (2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this Article as paid on the share.

Dividends to be apportioned

- (3) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

No member to receive dividend whilst indebted to the Company and Company's right to reimbursement there from

110. (1) The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

Retention of dividends

- (2) The Board may retain dividends payable upon shares in respect of which any person is, under the Transmission Clause hereinbefore contained, entitled to become a member, until such person shall become a member in respect of such shares.

Dividend how remitted

111. (1) Any dividend, interest or other monies payable in cash in respect of shares may be paid by electronic mode or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.

Instrument of payment

- (2) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

Discharge to Company

- (3) Payment in any way whatsoever shall be made at the risk of the person entitled to the money paid or to be paid. The Company will not be responsible for a payment which is lost or delayed. The Company will be deemed to having made a payment and received a good discharge for it if a payment using any of the foregoing permissible means is made.

Receipt of one holder sufficient

112. Anyone of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.

No interest on dividends

113. No dividend shall bear interest against the Company.

Waiver of dividends

114. The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the member (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Board.

ACCOUNTS***Inspection by Directors***

115. (1) The books of account and books and papers of the Company, or any of them, shall be open to the inspection of directors in accordance with the applicable provisions of the Act and the Rules.

Restriction on inspection by members

- (2) No member (not being a director) shall have any right of inspecting any books of account or books and papers or document of the Company except as conferred by law or authorised by the Board.

WINDING UP***Winding up of Company***

116. Subject to the applicable provisions of the Act and the Rules made thereunder -
- (a) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.

- (b) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.
- (c) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

INDEMNITY AND INSURANCE***Directors and officers right to indemnity***

117. (a) Subject to the provisions of the Act, every director, managing director, whole-time director, manager, company secretary and other officer of the Company shall be indemnified by the Company out of the funds of the Company, to pay all costs, losses and expenses (including travelling expense) which such director, manager, company secretary and officer may incur or become liable for by reason of any contract entered into or act or deed done by him in his capacity as such director, manager, company secretary or officer or in any way in the discharge of his duties in such capacity including expenses.
- (b) Subject as aforesaid, every director, managing director, manager, company secretary or other officer of the Company shall be indemnified against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgment is given in his favour or in which he is acquitted or discharged or in connection with any application under applicable provisions of the Act in which relief is given to him by the Court.

Insurance

- (c) The Company may take and maintain any insurance as the Board may think fit on behalf of its present and/or former directors and key managerial personnel for indemnifying all or any of them against any liability for any acts in relation to the Company for which they may be liable but have acted honestly and reasonably.

GENERAL POWER***General power***

118. Wherever in the Act, it has been provided that the Company shall have any right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorized by its articles, then and in that case this Article authorizes and empowers the Company to have such rights, privileges or authorities and to carry such transactions as have been permitted by the Act, without there being any specific Article in that behalf herein provided.

We, the several persons, whose names and addresses and descriptions are hereunto subscribed are desirous of being formed into a Company in accordance with and in pursuance of the provisions of these **ARTICLES OF ASSOCIATION** and we respectively, agree to take the number of shares in the capital of the Company set opposite to our respective names :

Signature, Name, Address Description and Occupation of Subscribers	Number of Equity Shares taken by each Subscriber	Signature, Name Addresses, Description of Witness
<p>Sd/- SHRI CHANDRAKANT GOGRI S/o. SHRI VALLBHAJI GOGRI "YOGESH" GANESH GAWADE ROAD, MULUND (WEST), BOMBAY – 400 080</p> <p>INDUSTRIALIST</p>	<p>1 (One)</p>	
<p>Sd/- SHRI PARIMAL DESAI S/o. SHRI HASMUKHLAL DESAI 9, GIRIRAJ APARTMENTS, NEHRU ROAD, MULUND (WEST), BOMBAY – 400 080</p> <p>BUSINESS</p>	<p>1 (One)</p>	<p>Sd/- PRAVIN PARIKH S/o. SHRI NAHALCHAND PARIKH 2B/33 SIDDHARTH NAGAR GOREGAON (WEST), BOMBAY 400 062 SERVICE</p>
TOTAL:	2 (TWO)	

DATED THIS 11TH DAY OF SEPTEMBER, 1984

HIGH COURT ORDERS
SANCTIONING
SCHEMES OF ARRANGEMENTS

IN THE HIGH COURT OF GUJARAT AT AHMEDABAD
(ORIGINAL JURISDICTION)

In the matter of the Companies Act, 1956

And

In the matter of Aarti Organics Limited

And

In the matter of Scheme of Amalgamation of Salvigor
 Laboratories Limited with Aarti Organics Limited

And

In the matter of Section 391 and 394 of the Companies Act, 1956

COMPANY PETITION NO. 80 OF 1994

IN

COMPANY APPLICATION NO. 85 OF 1994

M/s. Aarti Organics Limited, a	}	
Company incorporated under the	}	
provisions of the Companies Act,	}	
1956 and having its registered	}	
office at Plot Nos. 801, 801/23,	}	
G. I. D. C. Estate, Phase III,	}	
Vapi - 396 195 Dist. Valsad, Gujarat	} PETITIONER

Before the Honourable Mr. Justice M. S. Parikh

Dated 26-09-1994

Order on Petition

The above petition coming on for further hearing on 26-09-94, upon reading the said petition, the order dated 23-03-94 whereby the said Company was ordered to convene a meeting of the equity shareholders of the above Company for the purpose of considering and if thought fit, approving with or without modification, the compromise or arrangement proposed to be made between the Petitioner Company and its equity shareholders and Annexed at Annexure "A" to the Affidavit of Shri Shantilal Tejshi Shah filed the 5th day of May 1994, and "Gujarat Mitra" and "The Times of India" both dated 2nd April, 1994 containing the advertisement of the said notice convening the said meeting directed to be held by the said order dated 23-03-94 (advertisement in the Government Gazette having been dispensed with), the affidavit of Shri Shantilal T. Shah filed the 15th day of April, 1994 showing the publication and dispatch of the notice convening the said meeting, the Report of the Chairman of the said Meeting dated 28-04-94 as to the result of the said meeting and upon hearing Shri Ashok L. Shah, advocate for the Petitioner and upon hearing the submissions of Shri Jayant K. Patel, Additional Standing Counsel for the Central Government and it appearing from the report that the proposed compromise or arrangement has been approved unanimously by the equity shareholders of the above Company.

This Court doth hereby sanction the compromise or arrangement set forth in paragraph 14 of the petition herein and in the Schedule hereto, and doth hereby declare that the same be binding on all the equity shareholders of the abovenamed Company and also on the said Company.

And this Court doth further order :

That the parties to the compromise or arrangement or other persons interested shall be at liberty to apply to this Court for any directions that may be necessary in regard to the working of the compromise or arrangement, and

That the said Company do file with the Registrar of Companies a certified copy of this order within thirty days from this date.

SCHEDULE

Scheme of Compromise or arrangement as sanctioned by the Court is attached hereto.

WITNESS BHUPINDER NATH KIRPAL Esquire Chief Justice at Ahmedabad aforesaid 26th day of September, one thousand nine hundred ninety four.

By the order of the Court

(Additional Registrar)

Dated this 30th day of September, 1994

Sealer

Dated this day of September, 1994

Order drawn by

(Ashok Lalbhai Shah)
Advocate for the Petitioner

**SCHEME OF AMALGAMATION
OF
SALVIGOR LABORATORIES LIMITED
WITH
AARTI ORGANICS LIMITED**

1. This Scheme of Amalgamation provides for amalgamation of Salvigor Laboratories Limited, a Company registered under the Companies Act, 1956 (hereinafter called "The Act") and having its registered office at 74, Matru Smruti, Road No. 4, Scheme No. 6, Sion (East), Bombay – 400 022, (hereinafter called "The Transferor Company") with Aarti Organics Limited a Company registered office at Plot Nos. 801, 801/23 GIDC Estate, Phase - III, Vapi - 396 195, Dist. Valsad, Gujarat (hereinafter called "The Transferee Company").
2. (a) The Authorised Share Capital of the Transferee Company is Rs. 6,00,00,000/- (Rupees Six Crores) divided into 60,00,000 Equity Shares of Rs. 10/- each. The Subscribed Capital of the Transferee Company is Rs. 3,90,05,000/- (Rupees Three Crores Ninety Lakhs Five Thousand only) comprising 39,00,500 Equity Shares of Rs. 10/- each. The paid up Share Capital of the Transferee Company as on 23rd day of September, 1993 is Rs. 3,89,67,000/-.
- (b) The Authorised Share Capital of the Transferor Company is Rs. 3,50,00,000/- (Rupees Three Crores Fifty Lakhs only) divided into 35,00,000 Equity Shares of Rs. 10/- each. The Subscribed Capital of the Transferor Company is Rs. 3,00,00,000/- (Rupees Three Crores only) comprising 30,00,000 Equity Shares of Rs. 10/- each. The paid up Share Capital of the Transferor Company as on 31st day of January, 1994 is Rs. 2,98,12,000/-.
3. The entire undertaking of the Transferor Company shall with effect from the commencement of business on 1st day of March, 1994 (hereinafter called "the Appointed Day") and without any further act or deed be deemed to have been transferred to and Vested in the Transferee Company pursuant to Section 394(2) of the Act for all the estate and interests of the Transferor Company and on the Appointed Day the Transferor Company shall be deemed to have been amalgamated with the Transferee Company.
4. For the purpose of this Scheme the undertaking of the Transferor Company shall include :
 - (I) all the assets of the Transferor Company as on the Appointed day, and
 - (II) all the liabilities of the Transferor Company as on the Appointed Day.
5. Without prejudice to the generality of Clause 4 hereof, with effect from the Appointed Day the entire undertaking of the Transferor Company including all its investments, reserves, properties, movable and immovable assets, including leases, tenancy rights, industrial and other licenses, permits, quotas, rights, modvat credit available under Central Excise and sale Act, 1944 and the notifications thereunder various exemptions/ incentives granted under different Schemes of State/Central Governments, benefits of all contracts and agreements and all other interests, rights and powers and authorities of every kind, nature and descriptions whatsoever (all of which are hereinafter collectively called "the said Undertakings") shall without any further act or deed, be and stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company pursuant to the provisions of Section 394 of the Act.
6. Without prejudice to the generality of Clause 4 hereof, with effect from the Appointed Day, all debts, obligations, liabilities and duties of the Transferor Company shall also be and stand transferred, or be deemed to have been transferred, or be deemed to have been transferred, without any further act or deed, to the Transferee Company so as to become, as from the Appointed Day, the debts, obligations, liabilities and duties of the Transferee Company and further that 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 Scheme. PROVIDED ALWAYS that nothing in this Clause shall or is intended to enlarge the security for any loan(s) or other in debentures created by the Transferor Company prior to the Appointed Day which shall be transferred to and vested in the Transferee Company by virtue of the Amalgamation and the Transferee Company shall not be required or obliged in any manner to create any further or additional security therefore after the Effective Date or otherwise.
7. This Scheme, although operative from the Appointed Day, shall become effective from the last of the following dates (hereinafter called "the Effective Date") namely :
 - (a) the dates on which the last of the hereinafter referred, sanctions, approvals, consents and orders shall be obtained or passed, and
 - (b) the dates on which certified copies of the Order(s) of the High Court under Section 391, 392 and 394 of the Act shall be filed with the Registrar of Companies.
8. All proceedings and actions by or against the Transferor Companies pending on the Effective Date and relating to the said Undertakings shall be continued and be

- enforced by or against the Transferee Company, as the case may be.
9. The Transferee Company may, at any time after the coming into effect of this scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of any other party or parties to any contract or arrangement to which the Transferor Company is a party or any writing as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall under the provisions of the Scheme be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to implement or carry out all such formalities or compliances required to be complied with on the part of the Transferor Company to be carried out or performed.
 10. With effect from the Appointed Day and upto and including the Effective date :—
 - (a) The Transferor Company shall be deemed to have been carrying on and to be carrying on all the business and activities and stand possessed of the properties so as to be transferred, for and on account of and in trust for the Transferee Company;
 - (b) all profits accruing to the Transferor Companies or losses arising or incurred by the Transferor Company shall for all purposes be treated as the profits or losses of the Transferee Company, as the case may be;
 - (c) The Transferor Company shall not alienate, charge or otherwise deal with the said undertakings or any part thereof except in the ordinary course of its business, without the prior consent of the Transferee Company;
 - (d) The Transferor Company shall not vary the existing terms and conditions of employment of its employees except in the ordinary course of business;
 - (e) The Transfer Company shall not declare any dividend for the period commencing from the Appointed Day upto and including the Effective Date without the prior written consent of the Transferee Company;
 - (f) The Transferor Company shall not issue or allot any right shares or bonus shares for the time being.
 11. Subject to the other provisions of the Scheme, all contracts, deeds, bonds, agreements, and other instruments of whatsoever nature to which the Transferor Company is a party subsisting or having effect on or before the Effective Date, shall be and remain in full force and effect against or in favour of the Transferee Company as the case may be and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had at all material times been a party thereto.
 12. Upon the transfer of the Undertaking of the Transferor Company pursuant to Clause 3 hereof and the amalgamation becoming effective in terms of this Scheme :
 - (a) The Transferee Company shall issue and allot to the shareholders of the Transferor Company (hereinafter called "the Transferor shareholders") in the Transferee Company equity shares in the proportion of One equity share of Rs. 10/- each in the Transferee Company credited as fully paid up for every Two equity shares of Rs. 10/- each fully paid up held by them in Transferor Company on such date after the Effective Date as the Board of Directors of the Transferee Company may determine. PROVIDED THAT those shareholders of the Transferor Company who are holding nontransferable equity shares for a specified lock-in period as mentioned therein shall be issued equity shares of the Transferee Company which also will have the same lock-in period for transfer thereof as mentioned in such shares of the Transferor Company. No fractional certificates shall be issued by the Transferee Company in respect of the fractional rights to which the Transferor Shareholders may be entitled to on issue and allotment of the shares by the Transferee Company as aforesaid. The Directors of the Transferee Company shall in their absolute discretion be entitled to ignore the fraction, if any.
 - (b) Save as aforesaid the said equity shares in the Transferee Company to be issued and allotted to the Transferor Shareholders shall rank *pari passu* in all respects with the existing equity shares in the Transferee Company except that they shall be eligible to dividend declared by the Transferee Company on or after the date of allotment of such shares on *pro rata* basis as may be decided by the Board of Directors of the Transferee Company.
 - (c) Members whose name shall appear in the Register of Members of the Transferor Company on such date (after the Effective date) as the Board of Directors of the Transferee Company may determine, shall surrender their share certificates for cancellation thereof to the Transferee Company. In default, upon the new shares in the Transferee Company being issued and allotted by it to the members of the Transferor Shareholders whose names shall appear

on the Register of Members of the Transferor Company on such date as aforesaid, the Share Certificates in relation to the shares held by them in the Transferor Company shall be deemed to have been cancelled.

13. The Transferee Company shall cause a Special Resolution to be passed pursuant to Section 81 (1A) of the Act for the offer and allotment of equity shares in the Transferee Company to the Transferor Shareholders in accordance with and subject to the provisions of this Scheme.
14. In the event of the Transferee Company issuing any shares or any bonds and debentures (non-convertible or partly or fully convertible) by way of rights or bonus to its shareholders on or after 1st March, 1994 and before the Effective Date, the Transferee Company shall reserve for allotment to the shareholders of the Transferor Company the number of such shares, bonds or debentures to which the shareholders of the transferor Company would be entitled in terms of such issue, if this Scheme of Amalgamation shall become effective as specified in Clause 18 hereof. The shares, bonds or debentures so reserved as aforesaid shall be allotted (in the case of bonus shares) or offered (in case of rights issue) to the shareholders of the Transferor Company only if this Scheme of Amalgamation becomes effective as specified in Clause 18 hereof and on the terms and conditions as those governing such allotment or issue to the shareholders of the Transferee Company save and except that the dates of acceptance, splitting, renunciation, payment and allotment and the date from which such share, bonds or debenture shall rank for dividend and interest shall be suitable fixed by the Board of Directors of the Transferee Company having due regard to similar dates fixed in respect of the issue or offer thereof to the shareholders of the Transferee Company.
15. The Transferee Company will, on such transfer, take over all such employees, if any, of the Transferor Company, as are willing to join the Transferee Company, on the same terms on which they are employed by the Transferor Company. The employees of the Transferor Company shall be entitled only to those benefits and perquisites to which they were entitled as employees of the Transferor Company even after the Scheme becoming finally effective. Their services with the Transferor Company, prior to such taking over, will not be treated as having been broken for the purpose of the Provident fund, Gratuity and other benefits but will be reckoned for all such purposes from the date of their respective appointments with the Transferor Company.
16. The Board of Directors of the Transferee Company have proposed to change its name to Aarti Industries Limited or such other name as may be made available by the Registrar of Companies. In the event of any such name being made available and approved in accordance with the provisions of the Companies Act, 1956, before the amalgamation, the Transferor Company, shall be amalgamated with the Transferee Company, with its changed name.
17. The Transferor Company, shall, with all reasonable despatch, apply to the High Court of Judicature at Bombay for sanctioning this Scheme of Amalgamation under Section 391 of the Act, and for on Orders under Section 394 of the Act, for carrying this Scheme into effect and for dissolution of the Transferor Company without winding up. The Transferee Company shall also, with all reasonable despatch, apply to the High Court of Gujarat at Ahmedabad for sanctioning this Scheme of Amalgamation under Section 391 of the Act, and for an Order under Section 394 of the Act.
18. The Transferor Company and the Transferee company through their respective Board of Directors may assent on behalf of all persons concerned to any modifications or amendments of this Scheme or to any conditions which the High Courts or any other authorities under law may deem fit to approve of or impose and solve all difficulties that may arise for carrying out the Scheme and to do all acts deeds, and things necessary for putting the Scheme into effect.
19. This Scheme is conditional upon and subject to the following approvals and the amalgamation shall be deemed to be effective on the date on which the last of such approvals shall have been obtained :
 - (a) The approval of an agreement to the Scheme by the requisite majorities as may be directed by the respective High Courts of Judicature at Bombay and Gujarat on the application made for directions for calling meetings for the purpose;
 - (b) The sanctions of the Scheme by the respective High Courts of Judicature at Bombay and Gujarat under Section 391 of the Act and the appropriate orders being made by the said High Court pursuant to Section 394 for the amalgamation under this Scheme and for the implementation thereof;
 - (c) The requisite approval of the Reserve Bank of India under the provisions of Foreign Exchange Regulations Act, 1973 or any amendments made thereto for the issue of shares in the Transferee

Company to the nonresident shareholders of the Transferor Company, if any, in accordance with the Scheme being obtained;

- (d) Such other sanctions or approvals as may be required under any statute not specifically referred to in this Scheme.
20. All costs, charges, and expenses of the Transferor Company and the Transferee Company respectively in relation to or in connection with this Scheme and of carrying out and completing the terms and provisions of this scheme and of and incidental to the completion of amalgamation of the said undertakings of Transferor Company in pursuance of this Scheme, shall be borne and paid by the Transferee Company alone.
21. In case this Scheme is not sanctioned by the said High Court for any reason whatsoever or for any other reason this Scheme can not be implemented before 31st March, 1995 or within such further period(s) as may be agreed

upon between the Transferor Company (by its Directors) and the Transferee Company (by its Directors), this Scheme shall become null and void and in that event no rights and liabilities shall accrue to or be incurred inter se by the parties in terms of this Scheme and each party shall bear their respective costs, charges and expenses in connection with the Scheme of Amalgamation.

TRUE COPY

ADVOCATE

TRUE COPY

For Deputy Registrar
This 1st day of Oct. 1994

O. No. 25011/98

Prepared by : HEMA H. PAREKH

Examined by: Sd/-

Applied on : 21/08/98
Ready on : 25/08/98
Delivered on :

Read by: Sd/-

Assistant
Decree Department

Section Officer
Decree Department
25/08/99

IN THE HIGH COURT OF GUJARAT AT AHMEDABAD
ORDER PASSED BY THE HIGH COURT IN THE CASE OF

1. AARTI INDUSTRIES LIMITED	}	
PLOT NOS. 801, 801/23,	}	
G.I.D.C. ESTATE, PHASE - III,	}	
VAPI – 396 195, DIST. VALSAD	} PETITIONER

VERSUS

1. "	}	
"	}	
"	} RESPONDENTS

Being COMPANY PETITION No. 3 of 98

in

COMPANY APPLICATION No. 351 of 97

Date of Decision : 17/08/98

Appearance :

Mr. KS JHAVERI for Petitioner

Mr. BHARAT T. RAO for Respondent No. 1

CORAM : MR. JUSTICE M. S. SHAH

Date of Order 17/08/98 & 18/08/98

ORAL ORDER

This petition is filed by Aarti Industries Ltd.,

in order to get sanction for the scheme of amalgamation of Mahaval Organic Ltd., with the Petitioner Company.

2. The petitioner-transferee Company is registered under the Companies Act, 1956 and is having its registered Office at Plot No. 801/23, G.I.D.C. Estate, Phases-III, Vapi – 396 195, District Valsad, Gujarat. The transferor Company Mahaval Organic Ltd. is also a Company incorporated under the Companies Act, 1956 having its registered office at Udyog Kshetra, 2nd Floor, Mulund, Goregaon Link Road, L.B.S. Marg, Mulund (East), Mumbai – 400 080.
3. The petitioner-transferee Company had earlier filed Company Application No. 351 of 1997 and as per the order passed in that application on 20-10-1997 the petitioner was directed to convene and hold meeting of the share holders for getting approval to the amalgamation scheme after issuing necessary advertisement and similarly to obtain approval of the secured creditors. As per the said order, the petitioner had convened meetings of share holders, secured creditors and the unsecured creditors. The unsecured creditors present at the meeting had unanimously approved and sanctioned the said scheme in the meeting held on 29-11-1997. The petitioner-transferee Company had also convened the meeting of the share holders and the share holders present at the meeting had also unanimously approved the amalgamation scheme on 29-11-1997. None of the secured creditors attended the meeting held on 29-11-1997 and, therefore, it would appear that there was no opposition from them to the scheme.

The details of the aforesaid meetings are given in paras, 16, 17 and 18 of this petition read with the reports dated 26-12-1997 at Annexures "H", "T" and "J" to the petition.

4. After filing of this petition, necessary advertisements were issued in the local daily Gujarati newspaper and an English daily but nobody has come forward to raise any objection against the amalgamation scheme which is the subject matter of this petition. Notice were also issued to the Official Liquidator as well as the Regional Director of Company Affairs, Western Region. No objections are filed on behalf of the Official Liquidator. Mr. R.T. Rao appearing for the Regional Director of Company Affairs, Western Region states that the Regional Director has no objection if the scheme is sanctioned. The Regional Director of Company Affairs has filed his no objection. The Bombay High Court has sanctioned the scheme of transferor Company by order dated 05-05-1998 in Company Petition No. 1005 of 1997 with Company Application No. 342 of 1997.
5. In view of all the above considerations, it is held that there are no grounds or circumstances to refuse to sanction the amalgamation scheme at Annexure "A" to this petitioner with effect from 01-04-1997. The Court accordingly allows this petition and sanctions the amalgamation scheme at Annexure "A" to this petition by which Mahaval Organic Ltd., is to amalgamate with the petitioner transferee company viz. Aarti Industries Ltd. with effect from 01-04-1997".

The Petition stands allowed in the above Terms.

The petitioner Company shall pay the fees for the learned Additional standing counsel for the Regional Director of Company Affairs quantified at Rs. 2,500/- (Rupees Two Thousand Five Hundred only) within one month from today.

TRUE COPY
For Deputy Registrar

Sd/- (27/08/1998)

**SCHEME OF AMALGAMATION
OF
MAHAVAL ORGANIC LIMITED
AND
AARTI INDUSTRIES LIMITED**

1. In this Scheme, unless inconsistent with the subject or context, the following words and/ or expressions shall have the following meanings :

- (a) "MOL" shall mean Mahaval Organic Limited, a Company incorporated under the Companies Act, 1956 and having its Registered Office at udyog Kshetra, IInd Floor, L.B.S. Marg, Mulund-Goregaon Link Road, Mulund (W), Mumbai 400 080, being the Transferor Company.
- (b) "AIL" shall mean Aarti Industries Limited, a Company incorporated under the Companies Act, 1956 and having its Registered Office at Plot Nos. 801, 801/23, Phase III, G.I.D.C. Vapi 396 195, Dist. Valsad, Gujarat, being the Transferee Company.
- (c) "The Act" shall mean the Companies Act, 1956 including any statutory modifications or re-enactment thereof for the time being in force.
- (d) "The Appointed Date" means the 1st April, 1997.
- (e) "The Record Date" shall mean date or dates to be fixed by the Board of Directors of AIL for the purpose of issue and allotment of equity shares under this Scheme.
- (f) "Scheme" or "The Scheme" means this Scheme of Amalgamation in its present form or with any modification(s) made under Clause 16 of this Scheme.
- (g) "UNDERTAKING" means and shall include :
 - (i) All the assets, properties and benefits of MOL as on the Appointed Date;
 - (ii) All the debts, liabilities, duties and obligations of MOL as on the Appointed Date;
 - (iii) Without prejudice to the generality of sub-clauses (i) & (ii) above, the Undertaking of MOL shall include all the MOL's reserves, movable and immovable assets and properties, real, corporeal and incorporeal, in possession or reversion, present and contingent, all other assets (whether tangible or intangible) of whatsoever nature, investments, lease and hire purchase contracts, rights, powers, authorities, allotments, approvals, consents,

letters of intent, industrial and other licences, registrations, contracts, engagements, arrangements, rights, titles, interests, benefits, and advantages of any nature whatsoever and wheresoever situate of, belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by MOL, including but without being limited to all patents, trade marks, trade names, copyrights and other industrial properties and rights of any nature whatsoever and licences, assignments, grants in respect thereof, privileges, liberties, easements, contracts, advantages, benefits, goodwill, quota rights, permits, approvals, authorisations, right to use and avail of telephone, telexes, facsimile and other communication facilities, connections, equipments and installations, utilities, electricity and electronic and all other services, of every kind, nature and description whatsoever, reserves, provisions, funds, benefit of all agreements, arrangements, deposits, advances, recoverables and receivables whether from government, semi-government, local authorities or any other persons etc. and all other rights, interests, claims and powers of every kind, nature and description of and arising to MOL, cash and bank balances, all earnest moneys and/or deposits including security deposits paid by MOL.

2. (a) The authorised, issued, subscribed and paid-up Share Capital of AIL is as under:

Authorised	(Rs.)
2,00,00,000 Equity Shares of Rs. 10/- each	20,00,00,000
Issued, Subscribed and Paid-up	10,80,10,000
1,08,01,000 Equity Shares of Rs. 10/- each	

- (b) The authorised, issued, subscribed and paid-up share capital of MOL is as under:

Authorised	(Rs.)
25,00,000 Equity Shares of Rs. 10/- each	2,50,00,000
Issued, Subscribed and Paid-up	
12,50,000 Equity Shares of Rs. 10/- each	1,25,00,000

3. (a) The undertaking of MOL shall with effect from the Appointed Date, subject to the provisions of the Scheme in relation to the mode of transfer and vesting, shall be transferred to and vested in and/or deemed to have been transferred to and vested in

AIL as a going concern free from all encumbrances, but subject to the subsisting charges as mentioned hereinafter, pursuant to Sections 391/394 and other relevant provisions of the Act for all the estate, rights, titles and interests of MOL therein and on the Appointed Date MOL shall be deemed to have been amalgamated with AIL;

- (b) The transfer/vesting as aforesaid shall be subject to existing charges/ hypothecation/mortgages (if any as may be subsisting) over or in respect of the said undertaking or any part thereof. Provided however, that any reference in any security documents or arrangements, to which MOL is party, to the assets of MOL which they have offered or agreed to be offered as security for any financial assistance or obligations, to the secured creditors of MOL, shall be construed as reference only to the assets pertaining to the undertaking of MOL as are vested in AIL by virtue of the Scheme to the end and intent that such securities, mortgages and charges shall not extend or be deemed to extend, to any of the assets or to any of the other units or divisions or undertaking(s) of AIL, unless specifically agreed to by AIL with such secured creditors and subject to the consents and approvals of the existing secured creditors of AIL;
 - (c) In respect of such of the assets of the undertaking as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and delivery, the same shall be so transferred by MOL, and shall become the property of AIL in pursuance of the provisions of Section 394 of the Act as its integral parts;
 - (d) In respect of such of the assets of the undertaking other than those referred to in sub-para (c) above, the same shall, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred and vested in AIL on the Appointed Date pursuant to the provisions of Section 394 of the Act;
 - (e) AIL may, at any time after the coming into effect of the Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of the secured creditors of MOL or in favour of any other party to any contract or arrangement to which MOL may be party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. AIL shall under the provisions of the Scheme be deemed to be authorised to execute any such writings on behalf of MOL and to implement or carry out all such formalities or compliances referred to above on the part of MOL to be carried out or performed.
4. (a) With effect from the Appointed Date, all debts, liabilities, duties and obligations of MOL shall also be and stand transferred or be deemed to be transferred, without further act, instrument or deed, to AIL, pursuant to the provisions of Section 394 of the Act so as to become the debts, liabilities, duties and obligations of AIL and further that 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 Clause;
 - (b) Upon the coming into effect of the Scheme, any loans or other obligations due between or amongst MOL and AIL shall stand discharged and there shall be no liability in that behalf.
 5. The Scheme, although effective from the Appointed Date, shall become operative from the last of the following dates or such other dates as the Court may direct (hereinafter called "the Effective Date") namely :
 - (a) the date on which the last of all the consents, permissions, sanctions, approvals, resolutions and orders as are hereinafter referred to have been obtained or passed; and
 - (b) the date on which certified copies of the Order(s) of the High Courts under Sections 391, 392 and 394 of the Act are filed with the Registrar of Companies.
 6. All suits, actions and proceedings of whatsoever nature by or against MOL pending and/ or arising on or before the Effective Date shall be continued and be enforced by or against AIL, as effectually as if the same had been pending and/or arising against AIL.
 7. Subject to the provisions of the Scheme, all contracts, deeds, bonds, agreements, arrangements, insurance policies and other instruments of whatsoever nature to which MOL is party or to the benefit of which MOL may be eligible and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect against or in favour of AIL as the case may be and may be enforced as fully and effectually as if, instead of MOL, AIL had been a party or beneficiary thereto. AIL shall/ may enter into and/or issue and/or execute deeds, writings or confirmation or enter into any tripartite arrangement, confirmations or novations, as the case may be.
 8. With effect from the Appointed Date upto the date on which this Scheme finally takes effect (viz., the Effective Date) :
 - (a) MOL shall carry on and be deemed to have carried on the business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of the said undertakings, for and on account of and in trust for AIL;

- (b) all profits or incomes accruing or arising to MOL or expenditure or losses arising or incurred by MOL shall for all purposes be treated as the profits or incomes or expenditure or losses of AIL, as the case may be;
- (c) MOL shall carry on their business activities with reasonable diligence, business prudence and shall not alienate, charge, mortgage, encumber or otherwise deal with the undertaking or any part thereof, except in the ordinary course of business or without the prior consent of AIL or pursuant to any preexisting obligation undertaken by MOL prior to the Appointed Date;
- (d) MOL shall not vary the existing terms and conditions of employment of its employees except in the ordinary course of business;
- (e) save as specifically provided in the Scheme, neither of MOL nor AIL shall make any change in their capital structure (paid-up capital) either by any increase (by a fresh issue of rights shares, equity or preference shares, bonus shares, convertible debentures or otherwise) or by any decrease, reduction, reclassification, sub-division or consolidation, re-organisation, or in any other manner, which may in any way affect the share exchange ratio prescribed hereunder, except by mutual consent of the respective Board of Directors of MOL and AIL.

Upon the transfers of the Undertaking of MOL pursuant to the Scheme and the amalgamation becoming effective in terms of the Scheme, the consideration in respect of such transfers shall, subject to the provisions of the scheme, be paid and satisfied by AIL in the manner following :

- (a) AIL shall issue and allot to the members of MOL equity shares in the proportion of 2 (Two) equity shares of Rs. 10/- each of AIL at par credited as fully paid-up for every 3 (Three) equity shares of Rs. 10/- each fully paid up held by them in MOL on the Record Date. The equity shares held by such members in MOL shall stand cancelled;
- (b) No Fractional Certificates shall be issued by AIL in respect of the fractional entitlements, if any, to which the members of MOL may be entitled on issue and allotment of the Equity Shares of AIL as aforesaid. The Directors of AIL shall instead consolidate all such fractional entitlements and thereupon issue and allot Equity Shares in lieu thereof to a Director or an Officer of AIL with the express understanding that such Director(s) or Officer(s) to whom such Equity Shares be allotted shall sell the same in the market at the best available price and pay to AIL, the net sale proceeds thereof, whereupon AIL shall

distribute such net sale proceeds to the members of MOL in proportion to their fractional entitlements;

- (c) Save as expressly provided otherwise in the Scheme, the equity shares in AIL to be issued and allotted to the members of MOL as aforesaid shall be subject to the Memorandum and Articles of Association of AIL and shall rank pari passu in all respects with the existing equity shares in AIL save and except that they shall be eligible for dividend from the Appointed Date;
 - (d) Members of MOL, if so required by AIL, shall surrender their share certificates for cancellation thereof to AIL. In default, upon the new shares in AIL being issued and allotted by it to the members of MOL on the Record Date, the Share Certificates in relation to the shares held by them in MOL shall be deemed to have been automatically cancelled and be of no effect and the Transferee Company may instead of requiring the surrender of the share certificates as above, directly issue and despatch the new share certificates of AIL in lieu thereof.
- 9A. MOL holds 6,600 equity shares of Rs. 10/- each fully paid up of AIL. The said shares shall be disposed off by MOL in the market at the prevailing market price and the sale proceeds thereof after deducting costs, charges and expenses incurred by MOL shall be held by it in trust for AIL.
9. (a) MOL and AIL shall be entitled to declare and pay dividends to their respective members for any financial year or any period prior to the Appointed Date. MOL shall obtain the consent of AIL before declaration of any dividend. MOL and AIL shall declare or pay such dividends only out of distributable profits earned by the respective companies prior to the Appointed Date and shall not transfer any amount from the reserves for the purpose of payment of dividend;
- (b) MOL shall not utilise the profits, if any, for any purpose including of declaring of paying any dividend in respect of the period falling on and after the Appointed Date;
 - (c) It is clarified , however, that the aforesaid provision in respect of declaration of dividend is enabling provision only and shall not be deemed to confer any right on any member of MOL or AIL to demand or claim any dividend which subject to the provisions of the Act, shall be entirely at the discretion of the Board of Directors of the respective companies and further approvals by their respective members.
10. AIL shall cause a Special Resolution to be passed pursuant to Section 81 (1A) of the Act for the issue and allotment of equity shares to the members of

MOL in accordance with and subject to the provisions of the Scheme.

11. In the event of AIL issuing any shares or any bonds and debentures (non-convertible or partly or fully convertible) by way of rights or bonus to its shareholders on or after the date of acceptance of the scheme by the respective Board of Directors of MOL and AIL, and before issue of shares under clause 9 hereof, AIL shall reserve for allotment to the members of MOL the number of such shares, bonds or debentures to which the members of MOL would be entitled in terms of such issue, if this Scheme of Amalgamation shall become effective as specified in the Scheme. The shares, bonds or debentures so reserved as aforesaid shall be allotted (in the case of bonus shares) or offered (in case of rights issue) to the members of MOL only if this Scheme of Amalgamation becomes effective as specified herein and on the terms and conditions as those governing such allotment or issue to the members of AIL save and except that the dates of acceptance, splitting, renunciation, payment and allotment and the date from which such share, bonds or debenture shall rank for dividend and interest shall be suitably fixed by the Board of Directors of AIL having due regard to similar dates fixed in respect of the issue or offer thereof to the shareholders of AIL.
12. (a) All employees of MOL in service on the date immediately preceding the Effective Date as are willing to join AIL, shall become the employees of AIL on such date without any break or interruption in service and on the terms and conditions not less favourable than those subsisting with reference to MOL as the case may be on the said date. The position, rank and designation of the employees of MOL would be decided by AIL;
- (b) In so far as the Provident Fund or any other Special scheme(s)/Fund(s) created or existing for the benefit of the Employees of MOL are concerned, upon the coming into effect of this Scheme, AIL shall, stand substituted for the MOL for all purposes whatsoever related to the administration or operation of such schemes or Funds or in relation to the obligation to make contributions to the said schemes/Funds in accordance with provisions of such schemes/Funds as per the terms provided in the respective Trust Deeds, to the end and intent that all the rights, duties, powers and obligations of MOL in relation to such schemes/ Funds shall become those of AIL. It is clarified that the services of the employees of the MOL will be treated as having been continuous for the purpose of the aforesaid schemes/Funds.
13. MOL and AIL shall, with all reasonable despatch, make applications/petitions under Sections 391 and 394 and other applicable provisions of the Act, to the High Court of Judicature at Mumbai and the High Court of Gujarat at Ahmedabad respectively for seeking sanction of the Scheme and for dissolution of MOL without winding up.
14. MOL and AIL through their respective Board of Directors may make or assent from time to time on behalf of all persons concerned to any modifications or amendments of the Scheme or of any conditions or limitations which the High Courts and/or any other authorities under law may deem fit to approve of or impose and to resolve all doubts or difficulties that may arise for carrying out the Scheme and to do and execute all acts, deed, matters and things necessary for putting the Scheme into effect.
15. The Scheme is specifically conditional upon and subject to :
 - (a) The approval of and agreement to the Scheme by the requisite majority of the respective members of and such classes of persons of MOL and AIL as may be directed by the High Court of Judicature at Mumbai and the High Court of Gujarat at Ahmedabad;
 - (b) The sanction of the Scheme by the High Court of Judicature at Mumbai and the High Court of Gujarat at Ahmedabad being obtained under Section 391 of the Act and the appropriate orders being made by the said High Courts pursuant to Section 394 and other applicable provisions of the Act for the amalgamation under the Scheme;
 - (c) The requisite approval of the Reserve Bank of India under the provisions of Foreign Exchange Regulation Act, 1973, if required for the issue and allotment of Shares by AIL to the nonresident members of MOL, if any, in accordance with the Scheme being obtained;
 - (d) Such other sanctions or approvals as may be required under any statute not specifically referred to in the Scheme.
16. All costs, charges and expenses of MOL and AIL respectively in relation to or in connection with the Scheme and incidental to the completion of amalgamation of the said undertaking of MOL with AIL in pursuance of the Scheme, shall be borne and paid by AIL.
17. In the event of any of the said sanctions and approvals referred to in the preceding Clause 16 above not being obtained and/or the Scheme not being sanctioned by the said High Courts and/or the order or orders not being passed as aforesaid before 31st December, 1997 or within such further period or periods as may be agreed upon between MOL and AIL who are hereby empowered and authorised, to agree to and extend the aforesaid period from time to time without any limitations in exercise of their powers through and by their respective Board of Directors, the Scheme shall become null and void and in that event no rights and liabilities shall accrue to or be incurred inter se by the parties in terms of the Scheme.

**IN THE HIGH COURT OF GUJARAT AT AHMEDABAD
(ORIGINAL JURISDICTION)**

**COMPANY PETITION. NO. 213 OF 2001
CONNECTED WITH
COMPANY APPLICATION NO. 204 OF 2001**

Section Officer
Decree Department,
Dtd. : 28/01/2002

O/U No. 42724/7 (Fls. 22)
Copying & Comp. Charges
Total : Rs. 1=00

In the matter of Companies Act, 1956

And

Copy Applied : 28/12/01
Copy Ready on : 28/01/02
Copy Delivered : 28/01/02

In the matter of Section 391 to Section 394
of the Companies Act, 1956

And

HIGH COURT OF GUJARAT
AHMEDABAD
CERTIFIED TRUE COPY

In the matter of Scheme of Amalgamation of Alchemie
Organics Limited with Aarti Industries Limited

M/s. Aarti Industries Limited,

}

A Company incorporated under The Companies Act, 1956

}

And having its registered office

}

At Plot Nos. 801, 802/23, G. I. D. C. Estate, Phase III,

}

Vapi – 396 195. Dist. Valsad, Gujarat

}

PETITIONER

BEFORE THE HONOURABLE**MR. JUSTICE C. K. BUCH****DATE :****28/12/2001****ORDER ON PETITION**

The above petition coming on for hearing on 28th day of December, **2001**, **UPON READING** the said petition, the order dated 30/07/2001 in **Company Application No. 204 of 2001** whereby the Petitioner was directed to convene the meeting of the Shareholders, Unsecured Creditors and Secured Creditors of the above Company for the purpose of considering, and if thought fit, approving, with or without modification, the compromise or arrangement proposed to be made between the said Company and its shareholders in the matter of **Amalgamation of Alchemie Organics Limited with Aarti Industries Limited** and annexed to the Affidavit of Mr. Rashesh C. Gogri, filed on 16th July, 2001 and the cutting of "Gujarat Mitra" newspaper dated 18th August 2001 in Gujarati language at Surat and the cutting of the "Indian Express" newspaper dated 18th August 2001 in English language at Vadodara, each containing the advertisement of the said Notice convening the said meetings directed to be held by the said order dated 30th July, 2001 the affidavit of Mr. Rashesh C. Gogri filed on 3rd September, 2001 showing the publication and despatch of the notices convening the said meetings, the report of the Chairman of the said meetings dated 26th September, 2001 as to the result of the said meetings, and upon reading the Affidavit of Mr. Ashish Kantawala dated 11/12/2001 annexing therewith the cutting of "Gujarat Mitra" newspaper dated 15th November, 2001 in Gujarati language at Surat and the cutting of the "Indian Express" newspaper dated 15th November, 2001 in English language at Vadodara, each containing the advertisement of Notice of Petition and upon hearing Shri V. K. Bhatt, Advocate for M/s. Nanavati & Nanavati, Advocates for the petitioner Company and upon hearing Ms. P. J. Davawala, Additional Standing Counsel appearing for the Central Government and it appearing from the report and the consent letters that the proposed compromise or arrangement has been approved unanimously by the members, unsecured creditors and secured creditors.

This Court doth hereby sanction the compromise or arrangement set forth in Annexure - "A" of the petition herein and in the Schedule hereto, and doth hereby declare the same to be binding on the Shareholders, unsecured creditors and secured creditors of the above-named company and also on the said Company.

AND THIS COURT DOTH FURTHER ORDER that the parties to the compromise or arrangement or other persons interested shall be at liberty to apply to this

Court for any directions that may be necessary in regard to the working of the compromise or arrangement, and

That the said Company do file with the Registrar of Companies a certified copy of this order within thirty days from the date of obtaining the same, and

THIS COURT DOTH FURTHER ORDER the payment of Rs. 3,500/- in aggregate as the cost of this petition awardable to Ms. P. J. Davawala, Additional Central Government Standing Counsel.

SCHEDULE

Scheme of Compromise or Arrangement as sanctioned by the Court, Dated 28th December, 2001.

SCHEME OF AMALGAMATION**BETWEEN****ALCHEMIE ORGANICS LIMITED AND ITS****MEMBERS****AND****AARTI INDUSTRIES LIMITED AND ITS MEMBERS****1. DEFINITIONS :**

In this Scheme, unless inconsistent with the subject or context, the following words and/ or expressions shall have the following meanings :

- (a) "ALOL" shall mean Alchemie Organics Limited, a Company incorporated under the Companies Act, 1956 and having its Registered Office at K-18, MIDC, Tarapur, Thane 401 506, being the Transferor Company.
- (b) "AIL" shall mean Aarti Industries Limited, a Company incorporated under the Companies Act, 1956 and having its Registered Office at Plot Nos. 801, 801/23, Phase III, G.I.D.C., Vapi 396 195, Dist. Valsad, Gujarat, being the Transferee Company.
- (c) "The Act" shall mean the Companies Act, 1956 including any statutory modifications or re-enactment thereof for the time being in force.
- (d) "The Appointed Date" means the 1st April, 2001 or such other date as the High Court Bombay may direct.
- (e) "The Record Date" shall mean date or dates to be fixed by the Board of Directors of AIL for the purpose of issue and allotment of equity shares under this Scheme.

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(f) "Scheme" or "The Scheme" means this Scheme of Amalgamation in its present form or with any modification(s) made under Clause 12 of this Scheme.

(g) "UNDERTAKING" means and shall include :

- (i) All the assets, properties and benefits of ALOL as on the Appointed Date;
- (ii) All the debts, liabilities, duties and obligations of ALOL as on the Appointed Date;
- (iii) Without prejudice to the generality of sub-clauses (i) & (ii) above, the Undertaking of ALOL shall include all the ALOL's reserves, movable and immovable assets and properties, real, corporeal and incorporeal, in possession or reversion, present and contingent, including lease-hold rights and all other assets (whether tangible or intangible) of whatsoever nature, investments, lease and hire purchase contracts, rights, powers, authorities, allotments, approvals, consents, letters of intent, industrial and other licences, registrations, contracts, engagements, arrangements, rights, titles, interests, benefits, and advantages of any nature whatsoever and wheresoever situate of, belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by ALOL, including but without being limited to all patents, trade marks, trade names, copyrights and other industrial properties and rights of any nature whatsoever and licences, assignments, grants in respect thereof, privileges, liberties, easements, contracts, advantages, benefits, goodwill, quota rights, permits, approvals, authorisations, right to use and avail to telephones, telexes, facsimile and other communication facilities, connections, equipments and installations, utilities, electricity and electronic and all other services, of every kind, nature and descriptions whatsoever, reserves, provisions, funds, benefit of all agreements, arrangements, deposits, advances, recoverables and receivables whether from government, semi-government, local authorities or any other persons etc. and all other rights, interests, claims and powers of every kind, nature and description of and arising to ALOL, cash and bank balances, all earnest moneys and/or deposits including security deposits paid by ALOL.

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SHARE CAPITAL :

(a) The authorised, issued, subscribed and paid-up Share Capital of AIL is as under :

Authorised	(Rs.)
2,00,00,000 Equity Shares of Rs. 10/- each	20,00,00,000

Issued, Subscribed and Paid-up	
1,16,22,379 Equity Shares of Rs. 10/- each	11,62,23,790

(b) The authorised, issued, subscribed and paid-up Share Capital of ALOL is as under :

Authorised	(Rs.)
50,00,000 Equity Shares of Rs. 10/- each	5,00,00,000

Issued, Subscribed and Paid-up	
45,77,460 Equity Shares of Rs. 10/- each	4,57,74,600

Out of the above, 25,27,350 Equity Shares of Rs. 10/- each being 55.21% are held by AIL.

TRANSFER OF UNDERTAKING :

(a) The undertaking of ALOL shall, with effect from the Appointed Date, subject to the provisions of the Scheme in relation to the mode of transfer and vesting, shall, without any further act or deed, be transferred to and vested in and/or deemed to have been transferred to and vested in AIL as a going concern free from all encumbrances, but subject to the subsisting or other charges as mentioned hereinafter, pursuant to Sections 391/394 and other relevant provisions of the Act for all the estate, rights, titles and interests of ALOL therein and on the Appointed Date ALOL shall be deemed to have been amalgamated with AIL;

(b) The transfer/vesting as aforesaid shall be subject to existing charges/hypothecation/mortgages if any as may be subsisting and agreed to be created over or in respect of the said undertaking or any part thereof. Provided however, that any reference in any security documents or arrangements, to which ALOL is party, to the assets of ALOL which they have offered or agreed to be offered as security for any financial assistance or obligations, to the secured creditors of ALOL, shall be construed as reference only to the assets pertaining to the undertaking of

ALOL as are vested in AIL by virtue of the Scheme to the end and intent that such securities, mortgages and charges shall not extend or be deemed to extend, to any of the assets or to any of the other units or divisions or undertaking(s) of AIL, unless specifically agreed to by AIL with such secured creditors and subject to the consents and approvals of the existing secured creditors of AIL;

PROVIDED ALWAYS THAT the Scheme shall not operate to enlarge the security for any loan, deposit or facility created or made available to ALOL which shall vest in AIL by virtue of this Scheme and AIL shall not be obliged to create any further or any additional security therefore after this scheme has become effective or otherwise.

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- (c) In respect of such of the assets of the undertaking as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and delivery, the same shall be so transferred by ALOL, and shall become the property of AIL in pursuance of the provisions of Section 394 of the Act as its integral part. Such delivery and/or transfer shall be made on a date to be mutually agreed upon by the respective Board of Directors of ALOL and AIL.
- (d) In respect of such of the assets of the undertaking other than those referred to in sub-para (c) above, the same shall, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred and vested in AIL on the Appointed Date pursuant to the provisions of Section 394 of the Act;
- (e) With effect from the Appointed Date, all debts, liabilities, duties and obligations of ALOL shall also be and stand transferred or be deemed to be transferred, without further act, instrument or deed, to AIL, pursuant to the provisions of Section 394 of the Act so as to become the debts, liabilities, duties and obligations of AIL and further that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contact or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this Clause;
- (f) Upon the coming into effect of the Scheme, any loans or other obligations due between or amongst ALOL and AIL shall stand discharged and there shall be no liability in that behalf.

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- (g) AIL may, at any time after the coming into effect of the Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of the secured creditors of ALOL or in favour of any other party to any contract or arrangement to which ALOL may be party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. AIL shall under the provisions of the Scheme be deemed to be authorised to execute any such writings on behalf of ALOL and to implement or carry out all such formalities or compliances referred to above on the part of ALOL to be carried out or performed.

4. CONTRACT, DEEDS, BONDS AND OTHER INSTRUMENTS:

Subject to the provisions of the Scheme, all contracts, deeds, bonds, agreements, arrangements, insurance policies and other instruments of whatsoever nature to which ALOL is party or to the benefit of which ALOL may be eligible and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect against or in favour of AIL as the case may be and may be enforced as full and effectually as if, instead of ALOL, AIL had been a party or beneficiary thereto. AIL shall/ may enter into and/or issue and/or execute deeds, writings or confirmation or enter into any tripartite arrangement, confirmations or novations, as the case may be.

5. OPERATIVE DATE OF THE SCHEME :

The Scheme, although operative from the Appointed Date, shall become effective from the last of the following dates or such other dates as the Court may direct (hereinafter called "the Effective Date") namely:

- (a) the date on which the last of all the consents, permissions, sanctions, approvals, resolutions and orders as are hereinafter referred to have been obtained or passed; and
- (b) the date on which certified copies of the Order(s) of the High Courts under Sections 391, 392 and 394 of the Act are filed with the Registrars of Companies.

6. LEGAL PROCEEDINGS :

All suits, actions and proceedings of whatsoever nature by or against ALOL pending and/or arising on or before the Effective Date shall be continued and be enforced by or against AIL, as effectually as if the same had been pending and/or arising against AIL.

7. CONDUCT OF BUSINESS BY TRANSFEROR COMPANIES TILL EFFECTIVE DATE/TRANSFER DATE :

With effect from the Appointed Date up to the date on which this Scheme finally takes effect (vis., the Effective Date) :

- (a) ALOL shall carry on and be deemed to have carried on the business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of the said undertakings, for and on account of and in trust for AIL;
- (b) all profits or incomes accruing or arising to ALOL or expenditure or losses arising or incurred by ALOL shall for all purposes be treated as the profits or incomes or expenditure or losses of AIL, as the case may be;
- (c) ALOL shall carry on their business activities with reasonable diligence, business prudence and shall not alienate, charge, mortgage, encumber or otherwise deal with the undertaking or any part thereof, except in the ordinary course of business or without the prior consent of AIL or pursuant to any pre-existing obligation undertaken by ALOL prior to the Appointed Date;
- (d) ALOL shall not vary the existing terms and conditions of employment of its employees except in the ordinary course of business;
- (e) save as specifically provided in the Scheme, neither of ALOL nor AIL shall make any change in their capital structure, (paid-up capital) either by any increase (by a fresh issue of rights shares, equity or preference shares, bonus shares, convertible debentures or otherwise) or by any decrease, reduction, reclassification, sub-division or consolidation, re-organisation, or in any other manner, which may in any way affect the share exchange ratio prescribed hereunder, except by mutual consent of the respective Board of Directors of ALOL and AIL.

8. ISSUE OF SHARES BY THE TRANSFeree COMPANY :

Upon the transfers of the Undertaking of ALOL pursuant to the Scheme and the amalgamation becoming effective in terms of the Scheme, the consideration in respect of such transfers shall, subject to the provisions of the Scheme, be paid and satisfied by AIL in the manner following :

- (a) AIL shall issue and allot to the members of ALOL equity shares in the proportion of 1 (One) equity share of Rs. 10/- each of AIL at par credited as fully paid-up for every 4 (Four) equity shares of Rs. 10/- each fully paid up held by them in ALOL on

the Record Date. The equity shares held by such members in ALOL shall stand cancelled.

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- (b) No such allotment shall be made in respect of the Equity Shares of ALOL which are held by AIL and the same shall be cancelled;
- (c) No Fractional Certificates shall be issued by AIL in respect of the fractional entitlements, if any, to which the members of ALOL may be entitled on issue and allotment of the Equity Shares of AIL as aforesaid. The Directors of AIL shall instead consolidate all such fractional entitlements and thereupon issue and allot Equity Shares in lieu thereof to a Director or an Officer of AIL with the express understanding that such Director(s) or Officer(s) to whom such Equity Shares be allotted shall sell the shares so allotted and distribute the net sale proceeds to those members of ALOL who are entitled to such fractions in the proportion to which they are so entitled;
- (d) Save as expressly provided otherwise in the Scheme, the equity shares in AIL to be issued and allotted to the members of ALOL as aforesaid shall be subject to the Memorandum and Articles of Association of AIL and shall rank pari passu in all respect with the existing equity shares in AIL save and except that they shall be eligible for dividend from the Appointed Date;
- (e) Members of ALOL, if so required by AIL, shall surrender their share certificates for cancellation thereof to AIL. In default, upon the new shares in AIL being issued and allotted by it to the members of ALOL on the Record Date, the Share Certificates in relation to the shares held by them in ALOL shall be deemed to have been automatically cancelled and be of no effect and the Transferee Company may instead of requiring the surrender of the share certificates as above, directly issue and despatch the new share certificates of AIL in lieu thereof.

9. DIVIDENDS, PROFITS, BONUS/RIGHTS SHARES :

- (a) ALOL shall not declare any dividend for the period commencing from and after 1st April, 2001 without the written consent of AIL.
- (b) ALOL shall not issue or allot any rights shares or bonus shares out of its authorised or unissued share capital for the time being.
- (c) It is clarified, however, that the aforesaid provision in respect of declaration of dividend is enabling provision only and shall not be deemed to confer any right on any member of ALOL to demand or claim any dividend which subject to the provisions of the Act, shall be entirely at the discretion of the Board of Directors of ALOL.

10. TRANSFER OF ALOL EMPLOYEES :

- (a) All expenses of ALOL in service on the date immediately preceding the Effective Date as are willing to join AIL, shall become the employees of AIL on such date without any break or interruption in service and on the terms and conditions not less favourable than those subsisting with reference to ALOL as the case may be on the said date. The position, rank and designation of the employees of ALOL would be decided by AIL;
- (b) In so far as the Provident Fund or any other Special scheme(s)/Fund(s) created or existing for the benefit of the Employees of ALOL are concerned, upon the coming into effect of this Scheme, AIL shall, stand substituted for the ALOL for all purposes whatsoever related to the administration or operation of such schemes or Funds or in relation to the obligation to make contributions to the said schemes/Funds in accordance with provisions of such schemes/Funds as per the terms provided in the respective Trust Deeds, to the end and intent that all the rights, duties, powers and obligations of ALOL in relation to such schemes/Funds shall become those of AIL. It is clarified that the service of the employees of the ALOL will be treated as having been continuous for the purpose of the aforesaid schemes/Funds.

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accordance with and subject to the provisions of the Scheme by Special Resolution of the AIL pursuant to Section 81(1A) of the said Act.

- (b) The approval of and agreement to the Scheme by the requisite majority of the respective members of and such classes of persons of ALOL and AIL as may be directed by the High Court of Judicature at Bombay and the High Court of Gujarat at Ahmedabad;
- (c) The sanctions of the Scheme by the High Court of Judicature at Bombay and the High Court of Gujarat at Ahmedabad being obtained under Section 391 of the Act and the appropriate orders being made by the said High Courts pursuant to Section 394 and other applicable provisions of the Act for the amalgamation under the Scheme.

11. APPLICATION TO HIGH COURT :

ALOL and AIL shall, with all reasonable despatch, make applications/petitions under Sections 391 and 394 of the Act, to the High Court of Judicature at Bombay and the High Court of Gujarat at Ahmedabad respectively for seeking sanction of the Scheme and for dissolution of ALOL without winding up.

12. MODIFICATION/AMENDMENT TO THE SCHEME :

ALOL and AIL through their respective Board of Directors may make or assent from time to time on behalf of all persons concerned to any modifications or amendments of the Scheme or of any conditions or limitations which the High Courts and/or any other authorities under law may deem fit to approve of or impose and to resolve all doubts or difficulties that may arise for carrying out the Scheme and to do and execute all acts, deed, matters and things necessary for putting the Scheme into effect.

13. SCHEME CONDITIONAL ON APPROVALS/SANCTIONS :

The Scheme is specifically conditional upon and subject to :

- (a) The approval to the issue and allotment of equity shares in the AIL to the ALOL shareholders in

14. APPROVALS/SANCTIONS IN GENERAL :

ALOL and/or AIL shall also obtain such other consents or approvals as may be required under any statute or contract not specifically referred to in Clause 13 of the Scheme including the approval of the Reserve Bank of India pursuant to the provisions of Foreign Exchange Management Act, 1999, to the extent necessary to issue and allot Shares in AIL to the non-resident shareholders of ALOL.

15. EXPENSES CONNECTED WITH THE SCHEME :

All costs, charges and expenses of ALOL and AIL respectively in relation to or in connection with the Scheme and incidental to the completion of amalgamation of the said undertaking of ALOL with AIL in pursuance of the Scheme, shall be borne and paid solely by AIL.

16. EFFECT OF NON RECEIPT OF APPROVALS/SANCTIONS :

In the event of any of the said sanctions and approvals not being obtained and/or the Scheme not being sanctioned by the said High Courts and/or the order or orders not being passed as aforesaid before 31st March, 2002 or within such further period or periods as may be agreed upon between ALOL and AIL who are hereby empowered and authorised, to agree to and extent the aforesaid period from time to time without any limitations in exercise of their powers through and by their respective Board of Directors, the Scheme shall become null and void and each party shall bear and pay its respective costs, charges and expenses for and/or in connection with the Scheme.

WITNESS DEVDATTA MADHAV DHARMADHIKARI, ESQUIRE, THE CHIEF JUSTICE at Ahmedabad this 28th day of December, Two Thousand One.

BY THE ORDER OF THE COURT

HIGH COURT OF GUJARAT
AHMEDABAD
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Sd/-

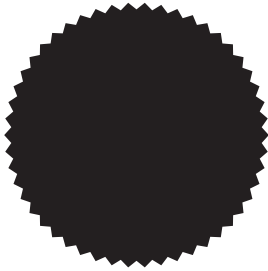
M. G. GULABANI
JOINT REGISTRAR

This 11th day of January, 2002

Sd/-

D. B. DHOLAKIA
DEPUTY REGISTRAR

This 15th day of January, 2002



TRUE COPY
ASST. REGISTRAR
THIS : 28/01/2002

ORDER DRAWN BY :

Sd/-

(M/s. Nanavati & Nanavati)
ADVOCATE FOR THE PETITIONER

Ambica Chambers, 2nd Floor,
Near Old High Court, Navrangpura,
Ahmedabad – 380 009
Phone : 7542424, 8542425, 7542426

IN THE HIGH COURT OF GUJARAT AT AHMEDABAD

(ORIGINAL JURISDICTION)

COMPANY PETITION NO. 134 OF 2009

CONNECTED WITH

COMPANY APPLICATION NO. 166 OF 2009

Section Officers

Decree Department

Dated: 10/09/2009

U/o. No.27476109 (Fls.48)
Comparing & Copies Charges
Total: Rs. 24=00

In the matter of the Companies Act, 1956;
And

In the matter of Sections 391 to 394 of the Companies Act, 1956;
And

Copy applied on: 02/09/2009
Copy ready on: 10/09/2009
Copy Delivered on: 10/09/2009

In the matter of Aarti Industries Limited;
And

HIGH COURT OF GUJARAT
AHMEDABAD
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In the matter of Scheme of Amalgamation of Surfactant
Specialities Limited (Surfactant) and Avinash Drugs
Limited (Avinash) – **Transferor Companies** with Aarti
Industries Limited (AIL) – Transferee Company;

Aarti Industries Limited, a Company incorporated
under the Companies Act, 1956 and having its
Registered Office at Plot Nos. 801, 801/23, GIDC
Estate, Phase III, Vapi – 396 195, Dist. Valsad,
Gujarat.

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..... **PETITIONER**
(Transfree Company)

**BEFORE THE HONOURABLE MR. JUSTICE JAYANT
PATEL**

DATED: 1st SEPTEMBER, 2009

**ORDER ON PETITION UNDER SECTION 391 OF
COMPANIES ACT, 1956**

The above Petition coming for hearing on 1st day of September, 2009 **AND UPON READING** the said Petition, the Order dated the 13th day of April 2009 in Company Application No. 166 of 2009 filed by the Petitioner Company whereby the Petitioner Company was ordered to convene a meetings of its Equity Shareholders, Secured Creditors (including debenture holders) and Unsecured Creditors for the purpose of considering and, if thought fit, approving, with or without modification, the arrangement embodied in the Scheme of amalgamation of Surfactant Specialities Limited (Surfactant) and Avinash Drugs Limited (Avinash) – Transferor Companies with Aarti Industries Limited (AIL), the Transferee Company, **AND UPON READING** the Affidavit of Mr. Chandrakant Vallabhaji Gogri, the Chairman appointed by this Court for the meetings of Equity Shareholders, Secured Creditors (including debenture holders) and Unsecured Creditors of the Petitioner Company, filed on the 29th day of April, 2009, showing the publication and dispatch of the notices convening the said meeting, the Affidavits dated the 27th day of May, 2009 of Mr. Shantilal Tejshi Shah, Vice Chairman of the Petitioner Company, and the Chairman of the said meetings and the Report/s of the Chairman of the said meetings, dated the 27th day of May, 2009, as to the result of the said meetings and it appearing that the proposed Scheme of Amalgamation has been approved unanimously by the Equity Shareholders, Secured Creditors (including debenture holders) as well as the Unsecured Creditors of the Petitioner Company, *present and voting, at the said meeting, in person or by proxy*, **AND UPON READING** the Order dated the 22nd day of June, 2009, admitting the petition, the Affidavit of Shri Ashish Kantawala, Manager and Authorised Signatory of the Petitioner Company, dated the 7th day of July, 2009, showing publication of the notice of hearing of this petition in newspapers on 2nd July, 2009 viz. Times of India (Ahmedabad edition), and Gujarat Samachar (Surat Edition) **AND** the Affidavit of Shri Ashish Kantawala, Manager and Authorised Signatory of the Petitioner Company, dated the 7th day of July, 2009, proving the service of the notice of hearing of the Petition upon the Regional Director, Western Region, Department of Company Affairs, Central Government **AND UPON READING** the Affidavit dated 6th day of August, 2009 filed by Deputy Registrar of Companies on behalf of the

Regional Director, giving their 'No objection' to the Petition **AND UPON HEARING** Mr. Nandish Chudgar Advocate of M/s. Nanavati Associates, Advocates for the Petitioner Company and Mr. Sheikh appearing for the Central Government instructed by the Regional Director / Registrar of Companies, Gujarat and no other person or persons entitled to appear at the hearing of the petition appearing this day to show cause against the same, **THIS COURT DOTH HEREBY SANCTION** the Scheme of Amalgamation as set forth in Exhibit 'A' to the Petition and in Schedule-A annexed hereto **AND THIS COURT DOTH DECLARE** the Scheme of Amalgamation to be binding on the Transferor Companies, the Transferee Company and all their respective shareholders and creditors and all concerned person with effect from the 1st day of April, 2008, which is the Appointed Date.

AND THIS COURT DOTH ORDER that the Petitioner Company shall file a certified copy of this Order with the Registrar of Companies, Gujarat within 30 (Thirty) days from the date of receipt of this Order for registration under Section 391 and Section 394 of the Companies Act, 1956 and upon receipt of the certified copy of the order passed by the Hon'ble Bombay High Court sanctioning the Scheme in the petition filed by the Transferor Companies, file relating to the said three companies shall be consolidated by the Registrar of Companies, Gujarat.

AND THIS COURT DOTH ORDER that petitioner company to pay cost of the Central Government amounting to Rs. 3,500/- to Mr. Iqbal Sheikh by Account Payee Cheque.

AND THIS COURT DOTH FURTHER ORDER that the Petitioner Company shall be at liberty to apply to this Hon'ble Court as and when occasion may arise for any directions that may be necessary.

SCHEDULE 1

Copy of the Scheme of Amalgamation

HIGH COURT OF GUJARAT, AHMEDABAD
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**SCHEME OF AMALGAMATION
OF
AVINASH DRUGS LIMITED
AND
SURFACTANT SPECIALITIES LIMITED
WITH
AARTI INDUSTRIES LIMITED**

PART I - GENERAL

1. This Scheme provides for amalgamation of Avinash Drugs Limited (subsidiary of Aarti Industries Limited) and Surfactant Specialities Limited as going concerns with Aarti Industries Limited pursuant to Sections 391 to 394 and other applicable provisions of the Companies Act, 1956.

2. **DEFINITIONS**

In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meanings :

"The Act" means the Companies Act, 1956, and shall include any statutory modifications or re-enactment thereof for the time being in force.

"The Appointed Date" means **1st April, 2008**, the date with effect from which this Scheme of Amalgamation shall be applicable.

"Effective Date" or "coming into effect of this Scheme" means the date on which the certified copies of the Orders of the High Courts at Bombay and Gujarat at Ahmedabad or any other competent authority under Section 391 to 394 of the Act sanctioning the Scheme are filed with the respective Registrar of Companies, Maharashtra and Gujarat;

"Avinash" means Avinash Drugs Limited, a company incorporated under the Companies Act, 1956 and having its Registered Office at Udyog Kshetra, 2nd, floor, Mulund Goregaon Link Road, L. B. S. Marg, Mulund(W), Mumbai 400 080.

"Surfactant" means Surfactant Specialities Limited, a company incorporated under the Companies Act, 1956 and having its Registered Office at Udyog Kshetra, 2nd, floor, Mulund Goregaon Link Road, L. B. S. Marg, Mulund(W), Mumbai 400 080.

"Aarti" or "the Transferee Company" means Aarti Industries Limited, a company incorporated under the Companies Act, 1956 and having its Registered Office at

Plot Nos. 801, 801/23, Phase III, G.I.D.C., Vapi 396 195, Dist. Valsad, Gujarat.

"The Record Date" means date or dates, if any, to be fixed by the Board of Directors or duly authorised Director or Committee of Directors of the Board of Directors of **Aarti** for the purpose of issue and allotment of equity shares under this Scheme.

"Scheme" or "the Scheme" or "this Scheme" means this Scheme of Arrangement in its present form or with any modification(s)/amendment(s), if any, as may be approved, imposed or directed by the High Courts or any other appropriate authority sanctioning this Scheme.

"The Transferor Companies" means '**Avinash**' and '**Surfactant**' or any one or both of them as the context requires.

"Undertakings" means and shall include :

- (i) all the undertakings, the entire business, all the assets and properties (whether movable or immovable and tangible or intangible) of the Transferor Companies as on the Appointed Date;
- (ii) all the debts, liabilities, duties and obligations of the Transferor Companies as on the Appointed Date;
- (iii) Without prejudice to the generality of sub-clauses (i) & (ii) above, the Undertakings of the Transferor Companies shall include all the Transferor Companies' reserves, movable and immovable assets and properties, real, corporeal and incorporeal, in possession or reversion, present and contingent, including but without being limited to land and buildings, lease-hold rights, all fixed and movable plant and machinery, vehicles, fixed assets, capital work-in-progress, current assets, investments, if any, provisions, and all other assets (whether tangible or intangible) of whatsoever nature, investments, lease and hire purchase contracts, rights, claims, powers, authorities, allotments, credits, approvals, consents, letters of intent, industrial and other licences, registrations, contracts, engagements, arrangements, rights, titles, interests, benefits, and advantages of any nature whatsoever and where so ever situate of, belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Transferor Companies, including but without being limited to all patents, trade marks, trade names, copyrights and other industrial rights and intellectual properties, technology, know-how, applications for copyrights, patents, trade names, trade marks or like and rights of any nature whatsoever, and licences, registrations, assignments, grants in respect thereof, privileges, liberties, easements, contracts, advantages, benefits, goodwill, all quota rights, permissions, approvals, authorisations, right to

use and avail of telephones, telexes, facsimile and other communication facilities, connections, equipments and installations, utilities, water, electricity and electronic and all other services connections, of every kind, nature and descriptions whatsoever, reserves, provisions, funds, benefit of all agreements, arrangements, deposits, advances, recoverables and receivables and all other rights, interests, claims and powers of every kind, nature and description of and belonging to or in ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by and arising to the Transferor Companies whether in India or abroad.

PART II - SHARE CAPITAL

3. SHARE CAPITAL

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- (a) The share capital of **Aarti** as on 1st April, 2008 is as under :

Authorised	(Rs.)
9,00,00,000 Equity Shares of Rs.5/- each	45,00,00,000

Issued, Subscribed and Paid-up

7,28,09,424 Equity Shares of Rs.5/- each	36,40,47,120
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- (b) The share capital of **Avinash** as on 1st April, 2008 is as under :

Authorised	(Rs.)
5,00,000 Equity Shares of Rs.100/- each	5,00,00,000

Issued, Subscribed and Paid-up

4,30,000 Equity Shares of Rs.100/- each	4,30,00,000
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Out of the above, 3,70,000 Equity Shares of Rs. 100/- each aggregating 86.05% are held by **Aarti**.

- (c) The share capital of Surfactant as on 1st April, 2008 is as under :

Authorised	(Rs.)
1,25,00,000 Equity Shares of Rs. 10/- each	12,50,00,000

Issued, Subscribed and Paid-up

1,00,00,002, Equity Shares of Rs.10/- each	10,00,00,020
--	--------------

Out of the above, 35,10,396 Equity Shares of Rs. 10/- each aggregating 35.10% are held by **Aarti**.

PART III – TRANSFER AND VESTING

4. MERGER OF THE TRANSFEROR COMPANIES WITH AARTI

- (a) With effect from the Appointed Date, the entire business and undertakings of the Transferor Companies, shall, without any further act or deed, but subject to the existing charges, if any, affecting the same be transferred to and vested in and managed by and/or deemed to have been transferred to and vested in and managed by the Transferee Company/ **Aarti** as a going concern pursuant to Section 394 and other applicable provisions of the Act for all the estate, rights, titles and interests of the Transferor Companies therein and on the Appointed Date the Transferor Companies shall be deemed to have been amalgamated with the Transferee Company/ **Aarti**.

PROVIDED ALWAYS THAT the Scheme shall not operate to enlarge the security for any loan, deposit or facility created by or availed of by the Transferor Companies which shall vest in **Aarti** by virtue of the amalgamation and **Aarti** shall not be obliged to create any further or additional security therefore after the amalgamation has become effective or otherwise.

- (b) With effect from the Appointed Date, in respect of such of the assets of the undertakings as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and delivery, the same shall be and stand transferred to and vested in, and shall become the property of **Aarti** in pursuance of the provisions of Section 394 of the Act as its integral part.
- (c) In respect of such of the assets of the undertakings other than those referred to in sub-para (b) above, the same shall, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred and vested in **Aarti** on the Appointed Date pursuant to the provisions of Section 394 of the Act. The mutation of the title to the immovable properties in favour of **Aarti** shall be made and duly recorded by the appropriate authorities pursuant to the sanction of the Scheme and the Scheme becoming effective in accordance with the terms hereof.
- (d) With effect from the Appointed Date, all secured and unsecured debts (whether in rupees or in foreign currency), all liabilities, duties and obligations of the Transferor Companies along with any charge, encumbrance, lien or security thereon (hereinafter also referred to as "**the Liabilities**") shall also be and stand transferred or be deemed to be transferred,

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without further act, instrument or deed, to the Transferee Company, pursuant to the provisions of Section 394 of the Act so as to become the debts, liabilities, duties and obligations of **Aarti** and further that 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 Clause;

- (e) Upon the coming into effect of this Scheme, any loans or other obligations due between or amongst the Transferor Companies and **Aarti** shall stand discharged and there shall be no liability in that behalf.

- (f) **Aarti** may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of the secured creditors of the Transferor Companies or in favour of any other party to any contract or arrangement to which the Transferor Companies may be parties or any writings as may be necessary to be executed in order to give formal effect to the above provisions. **Aarti** shall under the provisions of the Scheme be deemed to be authorised to execute any such writings on behalf of the Transferor Companies and to implement or carry out all such formalities or compliances referred to above on the part of the Transferor Companies to be carried out or performed.

- (g) The transfer and vesting of the Undertakings and the liabilities of the Transferor Companies to the Transferee Company under this Clause 4 and the continuance of the contracts or proceedings by or against the Transferee Company under Clauses 5 and 6 hereof shall not affect any transactions contracts or proceedings relating to the Undertakings and the liabilities already concluded or discharged by the Transferor Companies in the ordinary course of business on and after the Appointed date to the end and intent all such transactions, contracts or proceedings already concluded or discharged by the Transferor Companies are deemed to have been for and on account of the Transferee Company.

- (h) All estates, assets, rights, registrations, title, interests and authorities accrued to and/or acquired by the Transferor Companies in relation to or in connection with the Undertakings after the Appointed Date and prior to the Effective Date shall have been deemed to have been accrued to and/or acquired for and on behalf of the Transferee Company and shall, upon the coming into effect of this Scheme, pursuant to the provisions of Section 394 of the Act, without any further act, instrument

or deed be and stand transferred to or vested in or be deemed to have been transferred to or vested in the Transferee Company to that extent and shall become the estates, assets, right, title, interests and authorities of the Transferee Company.

- (i) Upon the coming into effect of this Scheme, all the benefits, reliefs, unutilized deposits or credits under the Income Tax, VAT/Sales Tax laws, VAT/Sales Tax set off and /or deferment, unutilized MODVAT/ CENVAT/ Service Tax credits or like etc. to which the Transferor Companies are entitled to in terms of the various statutes and/or Schemes and/or awards by judicial /quasi judicial bodies (such as Arbitration, BIFR, Tribunal awards and the like) of Union and State Governments and Statutory authorities, shall be available to and vest in the Transferee Company.

5. CONTRACT, DEEDS, BONDS AND OTHER INSTRUMENTS

Subject to the other provisions of the Scheme, all contracts, deeds, bonds, agreements, arrangements, insurance policies and other instruments of whatsoever nature to which the Transferor Companies is/are parties or to the benefit of which the Transferor Companies may be eligible and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect against or in favour of the Transferee Company as the case may be and may be enforced as fully and effectually as if, instead of the Transferor Companies, the Transferee Company had been a party or beneficiary thereto. The Transferee Company may enter into and/or issue and/or execute deeds, writings or confirmation or enter into any tripartite arrangement, confirmations or novations, to which one or both of the Transferor Companies will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required. Further, the Transferee Company shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of the Transferor Companies and to implement or carry out all formalities required on the part of the Transferor Companies to give effect to the provisions of this Scheme.

6. LEGAL PROCEEDINGS

All legal proceedings including suits, writ petitions, actions and proceedings of whatsoever nature by or against the Transferor Companies pending and/or arising on or before the Effective Date shall be continued and be enforced by or against the Transferee Company in the manner and to the same extent as it would or might have been continued and enforced by or against that respective Transferor Companies as if the Scheme had not been made. On and from the Effective Date, the Transferee Company shall and may initiate any legal proceedings for and on behalf of the Transferor Companies.

7. TRANSACTIONS BETWEEN APPOINTED DATE AND EFFECTIVE DATE

With effect from the Appointed Date up to the Effective Date :

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- (a) The Transferor Companies shall carry on and be deemed to have carried on the business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of the said undertakings, for and on account of and in trust for **Aarti**;
- (b) All profits or incomes accruing or arising to the Transferor Companies or expenditure or losses arising or incurred by the Transferor Companies shall for all purposes be treated as the profits or incomes or expenditure or losses of **Aarti**, as the case may be;
- (c) The Transferor Companies shall carry on their business activities with reasonable diligence, business prudence and shall not sell, alienate, charge, mortgage, encumber or otherwise deal with or dispose of the assets comprising the undertaking or any part thereof or undertake any financial commitments of any nature whatsoever, except in the ordinary course of business or without the prior consent of **Aarti** or pursuant to any pre-existing obligation undertaken by the Transferor Companies prior to the Appointed Date;
- (d) **Aarti** shall be entitled, pending the sanction of the Scheme, to apply to any Government and all other agencies, departments and authorities concerned as may be necessary under any law for such consents, approvals, sanctions and registration which **Aarti** may require to carry on the business of the Transferor Companies and to give effect to the Scheme.
- (e) The Transferor Companies shall not undertake any new business or substantially expand its existing business except by and with the consent of the Board of Directors of the Transferee Company.
- (f) The Transferor Companies shall not vary the existing terms and conditions of employment of its employees except in the ordinary course of business;
- (g) The Transferor Companies shall not alter their capital structure either by issue of shares or convertible securities (on a rights basis or by way of bonus shares or otherwise), or by any decrease, reduction, reclassification, sub-division, consolidation, re-organisation, or in any other manner, which may in any way affect the share exchange ratios prescribed hereunder, except by and with the consent of the Board of Directors of the Transferee Company.

- (h) Nothing contained in this clause restrains the Transferee Company to issue further capital or change its capital structure without any limitations.

8. EMPLOYEES OF THE TRANSFEROR COMPANIES

- (a) All the permanent employees of the Transferor Companies, who are in service on the date immediately preceding the Effective Date shall, on and from the Effective Date become and be engaged as the employees of the Transferee Company, without any break or interruption in service as a result of this amalgamation and transfer and on the terms and conditions not less favourable than those on which they are engaged by the Transferor Companies immediately preceding the Effective Date;
- (b) In so far as the Provident Fund, Gratuity Fund, Superannuation Fund or any other Special Funds or Trusts created or existing for the benefit of the employees of the Transferor Companies are concerned, upon the Scheme becoming effective, The Transferee Company shall, stand substituted for the Transferor Companies for all purposes whatsoever related to the administration or operation of such Funds or Trusts or in relation to the obligation to make contributions to the said Funds or Trusts in accordance with provisions of such Funds or Trusts as per the terms provided in the respective Trust Deeds, to the end and intent that all the rights, duties, powers and obligations of the Transferor Companies *in relation to such Funds or Trusts shall become those of the Transferee Company*. It is clarified that the services of the employees of the Transferor Companies will be treated as having been continuous for the purpose of the aforesaid Funds or provisions.

PART IV – REORGANISATION OF CAPITAL

9. ISSUE OF SHARES BY THE TRANSFEE COMPANY

- (a) Upon coming into effect of this Scheme and in consideration of the transfer of and vesting of the Undertakings and the Liabilities of the Transferor Companies in **Aarti** in terms of this Scheme, the Transferee Company/**Aarti** shall without any further application, act, instrument or deed, issue and allot to the equity shareholders of the Transferor Companies whose names are recorded in the Register of Members ("**the Members**"), on a Record Date, equity shares in the manner following :
 - (i) **Aarti** shall issue and allot to the members of **Avinash** equity shares in the proportion of

70(Seventy) equity shares of Rs.5/- each of **Aarti** at par credited as fully paid-up for every 100(One Hundred) equity shares of Rs.100/- each fully paid up held by them in **Avinash** on the Record Date;

- (ii) **Aarti** shall issue and allot to the members of **Surfactant** equity shares in the proportion of 13 (Thirteen) equity shares of Rs.5/- each of **Aarti** at par credited as fully paid-up for every 100(One Hundred) equity shares of Rs.10/- each fully paid up held by them in **Surfactant** on the Record Date.;
- (iii) Equity shares of **Avinash** and **Surfactant**, if any, held by **Aarti** on the Record Date shall be cancelled and shall be deemed to have been cancelled without any further act or deed, and no shares of **Aarti** are required to be issued in lieu thereof.
- (iv) For the purpose of allotment of equity shares to the members of **Avinash** and **Surfactant**, fractional entitlements, if any, shall be rounded off to the nearest integer.

Note : The above ratios in which the shares of the Transferee Company are to be allotted to the members of the Transferor Companies by the Transferee Company are referred to in this Scheme as "**the Share Exchange Ratios**".

- (b) Equity shares issued and allotted by **Aarti** in terms of this Scheme to the members of **Surfactant** and **Avinash** shall be subject to the provisions of the Memorandum and Articles of Association of **Aarti** and shall rank pari passu in all respects with the existing equity shares of **Aarti**, including in respect of dividend, if any, that may be declared by **Aarti**, on or after the Effective Date.
- (c) Equity shares of **Aarti** issued in terms of this Scheme, shall, subject to applicable regulations and obtaining the requisite approvals from all the relevant regulatory authorities pertaining to the listing, be listed on the relevant stock exchanges in India where the existing equity shares of **Aarti** are listed as on the Effective Date.
- (d) The issue and allotment of shares by the Transferee Company to the members of **Surfactant** and **Avinash** i.e. the Transferor Companies as provided in this Scheme is an integral part of thereof and shall be deemed to have been carried out without requiring any further act on part of the Transferee Company or its shareholders and as if the procedure laid down under Section 81(1A) and any other applicable provisions of the Act and such other statutes and regulations as may be applicable were duly complied with.

- (e) The shares to be issued to the members of **Surfactant** and **Avinash** i.e. the Transferor Companies as aforesaid shall be issued in dematerialized form by **Aarti** i.e. the Transferee Company, unless otherwise notified in writing by the shareholders of the Transferor Companies to the Transferee Company on or before the Record Date. In the event that the Transferee Company has received notice from any member of the Transferor Companies that the shares are to be issued in the certificate form or if any such member has not provided the requisite details relating to his account with depository participation or other confirmations as may be required, then the Transferee Company shall issue the shares in certificate form to such members.
- (f) In the event of the Transferee Company issuing any shares or any bonds or debentures (non-convertible or partly or fully convertible) by way of rights or bonus to its shareholders after the Appointed Date but before coming in to effect of this Scheme, the Transferee Company shall reserve for issue and allotment to the members of the Transferor Companies, such number of shares, bonds or debentures, as the case may be, to which the members of the Transferor Companies would be entitled in terms of such issue/s subject to coming in to effect of this Scheme. The shares, bonds or debentures so reserved as aforesaid shall be allotted (in case of bonus shares) or offered (in case of rights issue) to the members of the Transferor Companies only upon coming into effect of this Scheme as specified in clause 13 hereof and on the terms and conditions as those governing such allotment or issue to the members of the Transferee Company save and except that the dates of acceptance, splitting, renunciation, payment and allotment and the date from which such shares, bonds or debentures shall rank for dividend and interest and such other issues arising there from shall be suitably fixed by the Board of Directors or duly authorised Committee of the Board of Directors of the Transferee Company having due regard to similar dates fixed in respect of the issue or offer thereof to the shareholders of the Transferee Company and the applicable laws/ regulations.

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10. COMBINATION OF AUTHORISED CAPITAL

Upon this Scheme becoming effective, the authorised share capital of the Transferee Company shall automatically stand increased without any further act, instrument or deed on the part of the Transferee Company including payment of stamp duty and fees payable to Registrar of Companies, by the authorised share capital of Transferor Companies amounting to

Rs. 17,50,00,000 (Rupees Seventeen Crores Fifty Lacs) comprising of 1,25,00,000 (One Crore Twenty Five Lacs) equity shares of Rs.10/- each and 5,00,000 (Five Lacs) equity shares of Rs.100/- each and the Memorandum of Association of the Transferee Company (relating to the authorised share capital) shall without any further act, instrument of deed be and stand altered modified and amended, and the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under Sections 16, 94 and other applicable provisions, if any, of the Act would be required to be separately passed as the case may be and for this purpose the stamp duties and fees paid on the authorised capital of the Transferor Companies shall be utilized and applied to the increased authorised share capital of the Transferee Company and there would be no requirement for any further payment of stamp duty and/or fee by the Transferee Company for increase in the authorized share capital to that extent. Upon coming into effect of this Scheme and consequent amalgamation of Avinash Drugs Limited and Surfactant Specialties Limited into Aarti Industries Limited, the authorized capital of the Transferee Company will be as under:

Authorised Capital	(Rupees)
12,50,00,000 Equity Shares of Rs. 5/- each	62,50,00,000
Total	62,50,00,000

It is clarified that the approval of the members of the Transferee Company to the Scheme shall be deemed to be their consent/approval also to the alteration of the Memorandum of the Transferee Company as may be required under the Act, and Clause V of the Memorandum of Association of the Transferee Company shall respectively stand substituted by virtue of this Scheme to read as follows:

Clause V of the Memorandum of Association of the Transferee Company:

- 'V. The Authorised Share Capital of the Company is Rs. 62,50,00,000 (Rupees Sixty Two Crores Fifty Lacs) divided in to 12,50,00,000 Equity Shares of Rs.5/- each. Any shares of the original or increased capital may, from time to time be issued with such terms, conditions, restrictions and guarantees, or any rights of preference whether in respect of dividend or of repayment of capital or both or any other special privileges or advantage over any shares previously issued or then about to be issued, or with deferred or qualified rights to any provisions or conditions and with any special rights or limited rights, or without any rights of voting and generally on such terms as the Company may from time to time determine. The rights of the holders of any class of

shares, for the time being forming part of the capital of the Company, may be modified, affected, varied, extended or surrendered either with the consent in writing of the holders of three fourths of the issued shares of the class or with the sanction of a special Resolution passed at a separate meeting of the holders of those shares.

PART V – GENERAL TERMS AND CONDITIONS

11. APPLICATION TO HIGH COURTS

- The Transferor Companies shall, with all reasonable despatch, make all applications/petitions under Sections 391 to 394 and other applicable provisions of the Act, to the High Court of Judicature at Bombay for sanctioning of the Scheme and for its dissolution without winding up under the provisions of the law, and obtain all approvals as may be required under the law.
- The Transferee Company shall, with all reasonable despatch, make all applications/petitions under Sections 391 to 394 and other applicable provisions of the Act, to the High Court of Gujarat at Ahmedabad for sanctioning of the Scheme under the provisions of the law, and obtain all approvals as may be required under the law.

12. DISSOLUTION OF THE TRANSFEROR COMPANIES

On and from the Effective Date, the Transferor Companies shall stand dissolved without being wound up.

13. SCHEME CONDITIONAL ON APPROVALS/ SANCTIONS

The Scheme is conditional upon and subject to :

- The Scheme being (i) approved by the requisite majority of the members and creditors (where applicable) of the Transferor Companies and the Transferee Company as may be directed by the Hon'ble High Courts referred to in Clause 11 and /or any other competent authority and (ii) sanctioned by the said Hon'ble High Courts and /or any other competent authority, as may be applicable;
- The requisite consent, approval or permission of the Central Government or any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme; and
- The certified copies of the orders of the High Courts referred to in this Scheme or such other competent authority, as may be applicable, sanctioning this Scheme being filed with the Registrar of Companies, Maharashtra and the Registrar of Companies, Gujarat.

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14. ACCOUNTING TREATMENT

- (a) With effect from the Appointed Date and upon the Scheme becoming effective, the unabsorbed depreciation and losses of the Transferor Companies shall be treated as the unabsorbed depreciation and losses of the Transferee Company as on the Appointed Date and the Transferee Company shall be entitled to carry forward the losses and unabsorbed depreciation of the Transferor Companies and to revise its tax returns and including any loss, returns, related tax deduction certificates and to claim refund, advance tax credits, etc. accordingly.
- (b) All the assets and liabilities of the Transferor Companies transferred to the Transferee Company under the Scheme shall be recorded in the books of account of the Transferee Company at the book value as recorded in the books of account of the Transferor Companies.
- (c) All inter-company balances will stand cancelled.
- (d) With effect from the Appointed Date and subject to the provisions hereof and such other corrections and adjustments as may, in the opinion of the Board of Directors of the Transferee Company, be required and except to the extent required otherwise by law, the difference between the amount recorded as new equity shares issued by the Transferee Company on amalgamation and the amount of share capital of each of the Transferor Companies shall, after adjustments of miscellaneous expenditure (to the extent not written off) and debit balances in the Profit and Loss Accounts of the Transferor Companies, if any, be adjusted against the Amalgamation Reserve appearing in the books of the Transferee Company.
- (e) If considered appropriate for the purpose of application of uniform accounting methods and policies between the Transferor Companies and the Transferee Company, the Transferee Company may make suitable adjustments and reflect the effect thereof in the Amalgamation Reserve and/or General Reserve of the Transferee Company.

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15. OPERATIVE DATE OF THE SCHEME

The Scheme, although operative from the Appointed Date, shall become effective from the Effective Date.

16. MODIFICATION / AMENDMENT TO THE SCHEME etc.

- (a) The Transferor Companies and the Transferee Company by their respective Board of Directors or any committee or person duly authorized by the Board of Directors in this regard may, in their full

and absolute discretion, (i) modify, vary or withdraw this Scheme prior to the Effective Date in any manner at any time; and (ii) agree to and accept any conditions or limitations that the High Courts or any other appropriate authorities may deem fit to direct or impose and to resolve all doubts or difficulties that may arise for carrying out this Scheme and to do and execute all acts, deeds, matters and things necessary for bringing this Scheme into effect

- (b) For the purpose of giving effect to the Scheme or to any modifications or amendments thereof the Board of Directors of the Transferee Company or any committee or person duly authorized by the Board of Directors of the Transferee Company in this regard may determine and give such directions 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.

17. SEVERABILITY

- (a) In the event of withdrawal by any one of the Transferor Companies from the Scheme, the Scheme shall stand automatically modified to the effect that all references pertaining to the party or the Transferor Companies withdrawing from the Scheme appearing wherever in the Scheme shall stand automatically deleted or amended without any further act, instrument or deed and neither the remaining Transferor Company nor the Transferee Company shall be obliged to obtain fresh approval of their respective Board of Directors and Members or Creditors or any of them on their behalf. For the removal of doubts, it is hereby clarified that withdrawal by any one of the Transferor Companies from the Scheme shall not prejudicially affect the implementation of the Scheme between the remaining parties and in such circumstances, the Scheme shall remain in full force and effect and be implemented by and between the remaining Transferor Company and the Transferee Company as if the Transferor Company withdrawing from the Scheme was never a party to the Scheme in that behalf.

- (b) If any part or provision of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decisions of the Transferor Companies and the Transferee Company, affect the validity or implementation of the other parts and/or provisions of this Scheme.

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18. EFFECT OF NON-RECEIPT OF APPROVALS/ SANCTIONS

In the event of any of the approvals or conditions enumerated in the Scheme not being obtained or complied, or for any reasons, this Scheme can not be implemented in its present form, then the Board of Directors of the Transferor Companies and the Transferee Company, who are hereby empowered and authorised, shall mutually waive or modify such conditions as they consider appropriate to give effect, as far as possible, to this Scheme and failing such mutual agreement or in case this Scheme is not sanctioned by the High Courts referred to in this Scheme or such other competent authority, this Scheme shall become null and void and in that event

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. In such case each Company shall bear its own costs or as may be mutually agreed for and/or in connection with the Scheme.

19. EXPENSES CONNECTED WITH THE SCHEME

All costs, charges and expenses, including any taxes and duties of the Transferor Companies and the Transferee Company respectively in relation to or in connection with this Scheme and incidental to the completion of amalgamation of the Transferor Companies in pursuance of this Scheme shall be borne and paid solely by the Transferee Company.



WITNESS K. S. RADHAKRISHNAN ESQUIRE THE CHIEF JUSTICE at Ahmedabad aforesaid this 1st day of September, Two Thousand Nine.

BY THE ORDER OF THE COURT

Sd/-

B. J. DHANDHA

IN-CHARGE REGISTRAR (JUDICIAL)

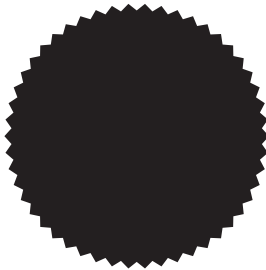
Sealer

Sd/-

DEPUTY REGISTRAR

This 9th day of September, 2009

HIGH COURT OF GUJARAT
AHMEDABAD
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ORDER DRAWN BY :

Sd/-

(Nandish Chudgar)

ADVOCATE FOR THE PETITIONER

Partner, M/s. Nanavati Associates,
Advocates for Petitioner Company, 41,
Premier House, Opp. Gurudwara Near
Thaltej Cross Roads, Bodakdev, P.O.
Ahmedabad – 380 054

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SD/-
ASST. REGISTRAR
DATED : 10/09/2009

**IN THE HIGH COURT OF GUJARAT AT AHMEDABAD
(ORIGINAL JURISDICTION)**

COMPANY PETITION NO. 250 OF 2012

CONNECTED WITH

COMPANY APPLICATION NO. 333 OF 2012

<p align="center">SECTION OFFICER DECREE DEPARTMENT DATED : 03-05-2013</p>

<p align="center">U / O : 9547 / 13 (FLS.32) Comparing & Copies Charges Total Rs. 111/-</p>
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In the matter of the Companies Act, 1956;
And

Copy Applied on	:	25-03-2013
Copy Ready on	:	03-05-2013
Copy Delivered on	:	03-05-2013

In the matter of Sections 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956;
And

<p align="center">HIGH COURT OF GUJARAT AHMEDABAD CERTIFIED COPY</p>

In the matter of a Scheme of Arrangement between Anushakti Chemicals and Drugs Limited (ACDL) - Demerged Company and Aarti Industries Limited (AIL) - Resulting Company and their respective shareholders and creditors;

Aarti Industries Limited, a
Company incorporated under
the Companies Act, 1956 and
having its Registered Office at
Plot Nos. 801, 801/23,
GIDC Estate, Phase III,
Vapi, Dist. Valsad,
Gujarat 396 195

}
}
}
}
}
}
}
}

..... **PETITIONER COMPANY
(Resulting Company)**

**CORAM : HONOURABLE
MR. JUSTICE R. M. CHHAYA
ORDER ON PETITION
Date : 08 - 03 - 2013**

The above petition came up for hearing on 08-03-2013. **UPON READING** the said petition, the order dated 22-10-2012 passed in Company Application No. 333 of 2012, filed by the petitioner company, whereby the petitioner company was ordered to convene meeting of the equity share holders of the company for the purpose of considering, and if thought fit, approving, with or without modification, the arrangement embodied in the Scheme of Arrangement of the petitioner company with Anushakti Chemicals and Drugs Limited (ACDL) and their respective shareholders and creditors, and whereas the meetings of the Secured and Unsecured Creditors were ordered to be dispensed with **AND** the Report dated 05-12-2012 of the Chairman of the meeting of equity shareholders as to the result of the said meeting and it appears that the proposed Scheme of Arrangement has been approved by the requisite majority of the equity shareholders of the Petitioner Company **AND UPON READING** the affidavit verifying the petition of Mr. Ashish Kantawala, the authorized signatory of the petitioner Company filed on 19-12-2012 **AND UPON READING** the order dated 21-12-2012 of this Court admitting the petition, the affidavit dated 24-01-2013 of Mr. Ashish Kantawala, the authorised signatory of the petitioner Company showing publication of the notice of the hearing of this petition in "The Times of India" - English daily (Ahmedabad edition) and Gujarat Samachar - Gujarati daily (Surat edition) dated 07-01-2013 respectively **AND** the affidavit dated 04-01-2013 of Mr. Shaileshbhai Muljibhai Shah, the clerk of Advocate of the petitioner showing service of notice of the hearing of the petition to The Regional Director, Western Region, Ministry of Corporate Affairs, Central Government, Ahmedabad **AND UPON CONSIDERING** the affidavit dated 19-02-2013 of Mr. Kashmir Lal Khambhoj, Regional Director, North-Western Region, Ministry of Corporate Affairs, Ahmedabad inter alia stating that there is no objection to the proposed Scheme **AND UPON HEARING** Mr. Nandish Cudgar, Advocate for M/s. Nanavati Associates, Advocates for the petitioner Company **AND UPON HEARING** Mr. Iqbal A. Shaikh, Ld. Senior Central Government Counsel appearing

for the Central Government as instructed by the Regional Director, Ministry of Corporate Affairs, Govt. of India, and it appears from the report of the Regional Director that the Affairs of the Company have not been conducted in a manner prejudicial to the interest of its members or to the public interest and no other person or persons entitled to appear at the hearing of the petition appearing this day to show cause against the same.

This Court doth hereby sanction the Scheme of Arrangement set forth in **Annexure - 'H'** of the petition herein, and in the Schedule hereof and doth hereby declare the same to be binding on the Petitioner Company and all the members and creditors of the Petitioner Company and hereby approves the said Scheme of Arrangement with effect from the appointed date i.e. 01-04-2012.

And this Court doth further order that parties to the arrangement or other persons interested shall be at liberty to apply to this court for any direction that may be necessary in regard to the working of the arrangement, and

That the said Company do file with the Registrar of Companies, Gujarat a certified copy of this order within 30 days from the receipt of the same for registration under Section 391 of the Companies Act, 1956 and

This Court doth further order that the petitioner Company shall be at liberty to apply this Hon'ble Court as and when the occasion may arise for any directions that may be necessary.

This court doth further order that petitioner Company to pay cost of the Central Government amounting to Rs. 7,500/- to Mr. Iqbal A. Shaikh Ld. Senior Central Government Counsel.

SCHEDULE

Scheme of Arrangement as sanctioned by the Court

Dated this 8th day of March, 2013

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**SCHEME OF ARRANGEMENT
BETWEEN
ANUSHAKTI CHEMICALS AND DRUGS LIMITED
AND
AARTI INDUSTRIES LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS AND
CREDITORS**

PREAMBLE

This Scheme of Arrangement ("Scheme") is presented under Sections 391 to 394 read with Sections 100 to 103 and other relevant provisions of the Companies Act, 1956 for the demerger and transfer of Manufacturing Business Undertaking (as defined hereafter) of Anushakti Chemicals and Drugs Limited ("ACDL" and/or "the Demerged Company") to Aarti Industries Limited ("AIL" and/or "the Resulting Company") on a going concern basis, pursuant to the relevant provisions of the Companies Act, 1956. This Scheme also provides for reduction, reorganization of capital and various other matters consequential or otherwise integrally connected therewith.

RATIONALE FOR THE SCHEME

- (i) ACDL or the Demerged Company is an associate company of AIL i.e. the Resulting Company. ACDL is mainly engaged into manufacturing of various Speciality Chemicals with applications into end-user segments of Performance Chemicals, Agrochemicals and Pharmaceuticals with manufacturing units at Bhachau in the State of Gujarat, Tarapur and Dombivali in the State of Maharashtra.
- (ii) As ACDL and AIL are manufacturing some common products which include Benzene Derivatives like Chloro Benzenes and Nitro Chloro Benzenes Methanol & Aniline Compounds, Sulphuric Acid and allied products, operational and marketing synergies will be derived by demerging manufacturing business undertaking of ACDL and transferring to AIL.
- (iii) The Scheme will be in the interest and benefit of both the companies and all its stakeholders as it would help:
 - (a) realignment and consolidation of all manufacturing undertaking/activities of ACDL with that of AIL;
 - (b) to derive synergies arising out of consolidation of business, such as, enhancement of net worth of combined business to capitalise on future growth potential;

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- (c) in enhancement in earnings and cash flow visibility;
- (d) in unlocking of value for the shareholders of both the Companies;
- (e) to increase volumes of its existing range of products and lead to spread overall as well as products /markets specific risks with increased range of products mix;
- (f) divide risk in Business Operations to some extent and more value addition as a part of larger business;
- (g) to achieve economies of scale, administrative and operational rationalization, organizational efficiencies and optimal utilization of resources which would help improving contributions;

PARTS OF THE SCHEME

This Scheme of Arrangement is divided into the following parts:

- (a) Part I deals with the definitions and share capital;
- (b) Part II deals with demerger of Manufacturing Business Undertaking of ACDL into AIL;
- (c) Part III deals with the Remaining Undertaking of the Demerged Company;
- (d) Part IV deals with the issue of shares by the Resulting Company and reorganization of capital;
- (e) PART V deals with the accounting treatment;
- (f) PART VI deals with general terms and conditions applicable to this Scheme.

PART – I

DEFINITIONS AND SHARE CAPITAL

In this Scheme (as defined hereunder), unless inconsistent with the subject or context, the following expressions shall have the following meanings:

1. DEFINITIONS

- 1.1 **"Act" or "the Act"** means the Companies Act, 1956 or any statutory modification or reenactment thereof for the time being in force.
- 1.2 **"ACDL" or "The Demerged Company"** means Anushakti Chemicals and Drugs Limited, a Company incorporated under the Companies Act, 1956 and having its registered office at Udyog Kshetra, 2nd Floor, L B S Marg, Mulund Goregaon Link Road, Mulund (West), Mumbai– 400 080, Maharashtra.

- 1.3 **"AIL" or "The Resulting Company "** means Aarti Industries Limited, a Company incorporated under the Companies Act, 1956 and having its registered office at Plot No. 801, 801/23 GIDC Estate, Phase III, Vapi 396195, Gujarat.
- 1.4 **"Appointed Date"** means the **1st April, 2012** or such other date as may be fixed or approved by the appropriate High Court or such other competent authority.
- 1.5 **"Court" or "High Court"** means and include the High Court of Judicature of Bombay and/or High Court of Gujarat at Ahmedabad and shall also include the National Company Law Tribunal, if and when applicable;
- 1.6 **"Effective Date"** means the last of the dates on which the certified copies of the orders sanctioning this Scheme, passed by the High Court, or such other competent authority, as may be applicable, are filed with the Registrar of Companies by the Demerged Company and the Resulting Company;

Reference in the Scheme to the date of **"coming into effect of this Scheme"** or **"upon the Scheme becoming effective"** or **"effectiveness of the Scheme"** shall be construed accordingly.

- 1.7 **"Manufacturing Business Undertaking" or "Demerged Undertaking"** shall mean the manufacturing unit of ACDL with its business, activities and operations including R&D centre being carried on by ACDL, the Demerged Company, on a going concern basis, including the manufacturing and/ or allied activities comprising all the assets (moveable and immoveable) and liabilities, which relate thereto or are necessary there for, other than the Remaining Business or Remaining Undertaking, and shall mean and include (without limitations) :

- (a) all assets and properties, wherever situated, leasehold or freehold, including the right to use such asset and property, whether movable or immovable, tangible or intangible, all plant and machinery, land, buildings, capital work in progress, current assets (including inventories, sundry debtors, bills of exchange, loans and advances, etc.), stocks and stores, furniture, office equipment, applications, gadgets, accessories, vehicles, fixtures, computer installations, electricals, appliances, accessories, pertaining to or relating to

Manufacturing Business Undertaking or the Demerged Undertaking;

- (b) All the debts (whether secured or unsecured), liabilities (including contingent liabilities), duties, obligations of the Demerged Company of every kind, nature and description whatsoever and howsoever accruing or arising out of, and all loans and borrowings raised or incurred and utilized for its businesses, activities and operations pertaining to or relating to Manufacturing Business Undertaking or the Demerged Undertaking;
- (c) All agreements, arrangements, rights, contracts, engagements, powers, authorities, allotments, approvals, entitlements, quotas, permits, industrial and other licenses including but without being limited to State and Prohibition Excise Department Alcohol License along with quotas thereof, consents, letters of intent, registrations, subsidies, tax credits, incentives or schemes of Central/ State Governments, quality certifications, product registrations (both Indian and foreign), powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity, water and other services, grants, engagements, and all other privileges and benefits of every kind, nature and description whatsoever relating to Manufacturing Business Undertaking or the Demerged Undertaking;
- (d) All deposits and balances with Government, Semi-Government, local and other authorities and bodies, customers and other persons, earnest moneys and/ or security deposits paid or received by the Demerged Company, directly or indirectly in connection with or in relation to Manufacturing Business Undertaking or the Demerged Undertaking;
- (e) All intellectual property rights including patents, patent applications, trademarks, trade names, copyrights, technology, know-how, Drug Master Files, applications for copyrights, records, files, papers, data and documents relating to the Demerged Company's business, activities and operations pertaining to Manufacturing Business Undertaking or the Demerged Undertaking; and

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- (f) All employees including temporary employees, if any, of the Demerged Company as on the Effective Date substantially engaged in or in relation to the business, activities and operations and as may be determined by the Board of Directors of ACDL pertaining to Manufacturing Business Undertaking or the Demerged Undertaking;
- (g) All record, files, papers, engineering and process information, computer programs, manuals, data catalogues, quotations, sales and advertising materials, customers and suppliers information and other records, whether in physical form or electronic form in connection with or relating to Manufacturing Business Undertaking of the Demerged Company.
- (h) For the purpose of this Scheme it is clarified that liabilities pertaining to or relating to the Demerged Undertaking shall mean and include:
- (i) All present and future debts, liabilities, duties and obligations, including contingent liabilities as on the Appointed Date, which arise out of the activities or operations of the Demerged Undertaking.
- (ii) specific loans and borrowings as on the Appointed Date raised, incurred and /or utilized solely for the activities or operations of or pertaining to the Demerged Undertaking.
- (iii) the liabilities other than those referred to in sub-clauses (i) and (ii) above, being the amounts general or multipurpose borrowings of the Demerged Company as on the Appointed Date shall be allocated to the Demerged Undertaking in the same proportion in which the book value of assets transferred under this clause bears to the total value of assets of the Demerged Company immediately before giving effect to this Scheme.
- (i) It is intended that the definition of Demerged Undertaking under this clause would enable the transfer of all property, assets and liabilities of the Demerged Undertaking to the Resulting Company pursuant to this Scheme.

- (j) Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the Demerged Undertaking shall be mutual agreement between the Demerged Company and the Resulting Company through their authorized representatives.

1.8

"Remaining Business" or "Remaining Undertaking"

means all the businesses and all properties, assets, investments and liabilities of the Demerged Company other than the Manufacturing Business Undertaking.

1.9

"Scheme" or "the Scheme" or "this Scheme"

means this Scheme of Arrangement in its present form as submitted to the High Court or this Scheme with such modification(s), if any made, as provided in this Scheme;

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 described to them under the Act, the Securities Contract Regulation Act, 1956, the Depositories Act, 1996 and 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.
Date when the Scheme comes into operation

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the High Court or made as per Clause 18 of the Scheme, shall be effective from the Appointed Date, but shall be operative from the Effective Date.

3.
SHARE CAPITAL

3.1

The Share Capital of ACDL as on 31st March, 2012 is as under:

Share Capital	Rupees
Authorized Share Capital	
3,13,15,160 Equity Shares of Rs. 10/- each	31,31,51,600
3,00,000 5% Non-Cumulative Redeemable Preference Shares of Rs. 10/- each	30,00,000
Total	31,61,51,600

Issued, subscribed and paid-up
Share Capital

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3,13,15,160 Equity Shares of Rs. 10/- each fully paid up	31,31,51,600
3,00,000 5% Non-Cumulative Redeemable Preference Shares of Rs. 10/- each fully paid up	30,00,000
Total	31,61,51,600

Subsequent to the above balance sheet date, the ACDL has redeemed the said Preference Shares and as on the date of the Scheme being approved by the Board of Directors of ACDL i.e. 30th August, 2012, the authorized, issued, subscribed and paid-up share capital of ACDL is as under:

Share Capital	Rupees
Authorized Share Capital	
3,13,15,160 Equity Shares of Rs. 10/- each	31,31,51,600
3,00,000 5% Non-Cumulative Redeemable Preference Shares of Rs. 10/- each	30,00,000
Total	31,61,51,600

Issued, subscribed and paid-up Share Capital

3,13,15,160 Equity Shares of Rs. 10/- each fully paid up	31,31,51,600
Total	31,31,51,600

As on the date of approval of this Scheme, AIL holds 1,55,29,136 Equity Shares of Rs. 10/- each fully paid up in ACDL which is 49.59% of the Paid up capital of ACDL.

- 3.2 The Share Capital of AIL as on 31st March, 2012 is as under:

Share Capital	Rupees
Authorized Share Capital	
125,000,000 Equity Shares of Rs. 5/- each fully paid up	62,50,00,000
Issued, subscribed and paid-up Share Capital 79,120,073 Equity Shares of Rs. 5/- each fully paid up	39,56,00,365

Subsequent to the above balance sheet date and till the date of the Scheme being approved by the Board of Directors of AIL, there has been no change in the authorized, issued, subscribed and paid-up capital of AIL. Further, equity shares of AIL are listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

As on the date of approval of this Scheme, ACDL holds 19,33,247 Equity Shares of Rs. 5/- each fully paid up in AIL which is 2.44 % of the Paid up Capital of AIL.

PART II

DEMERGER OF MANUFACTURING BUSINESS

UNDERTAKING OF ACDL INTO AIL

4 TRANSFER OF MANUFACTURING BUSINESS UNDERTAKING

- 4.1 Upon this Scheme becoming effective and with effect from the Appointed Date, all properties, assets, liabilities forming part of Manufacturing Business Undertaking of the Demerged Company shall stand transferred to and vested in or deemed to be transferred to and vested in the Resulting Company under the provisions of Section 391 to 394 of the Act and in accordance with Section 2(19AA) of the Income Tax Act, 1961, without any further act, deed, matter or thing, be and stand transferred to and vested in and shall be deemed to be transferred to and vested in the Resulting Company on a going concern basis.

- 4.2 Upon the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all immovable property (including land, buildings and any other immovable property) of the Manufacturing Business Undertaking of the Demerged Company, whether freehold or leasehold, and any documents of title, rights and easements in relation thereto, shall stand vested in the Resulting Company, without any act or deed done by the Demerged Company and without any approval or acknowledgement of any third party. With effect from the Appointed Date, the Resulting Company shall be entitled to exercise all rights and privileges and be liable to pay all taxes and charges, and fulfill all obligations, in relation or applicable to such immovable properties. The mutation/ substitution of the title to such immovable properties shall be made and duly recorded in the name of the Resulting Company by the appropriate authorities pursuant to the sanction of the Scheme by the Court and the Scheme becoming effective in accordance with the terms hereof. The Demerged Company shall take all steps as may be necessary to ensure that lawful, peaceful and unencumbered possession, right, title, interest of its immovable property is given to the Resulting Company.

- 4.3 Upon the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all the assets of the Manufacturing Business Undertaking of the Demerged Company as are movable in nature

or are otherwise capable of transfer by manual delivery or by endorsement and delivery, shall stand vested in the Resulting Company, and shall become the property and an integral part of the Resulting Company. The vesting pursuant to this sub-clause shall be deemed to have occurred by manual delivery or endorsement and delivery, as appropriate to the property being vested, and the title to such property shall be deemed to have transferred and vested accordingly. No stamp duty shall be payable on the transfer of such movable properties upon its transfer and vesting in the Resulting Company.

4.4 In respect of movables other than those dealt with in Clause 4.3 above including sundry debts, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, development rights, advances paid to any parties for acquisition of development rights, earnest money and deposits with any Government, quasi government, local or other authority or body or with any company or other person, the same shall on and from the Appointed Date stand transferred to and vested in the Resulting Company without any notice or other intimation to the debtors (although the Resulting Company may, without being obliged, and if it so deems appropriate, at its sole discretion, give notice in such form as it may deem fit and proper, to each person, debtor, or deposittee, as the case may be, that the said debt, loan, advance, balance or deposit stands transferred and vested in the Resulting Company.

4.5 Upon the coming into effect of this Scheme and with effect from the Appointed Date, all liabilities relating to and comprised in the Manufacturing Business Undertaking including all secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, liabilities (including contingent liabilities), duties and obligations and undertakings of the Demerged Company of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilized for Manufacturing Business Undertaking, to the extent they are outstanding on the Effective Date, shall, stand transferred to and vested in or deemed to be transferred to and vested in the Resulting Company under the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing. After the Effective Date, the Resulting Company undertakes to meet, discharge and satisfy the said liabilities to the exclusion of the Demerged Company. Provided however

that no debts, liabilities, loans raised and used or liabilities and obligations incurred or dues and obligations shall have been assumed by the Demerged Company in relation to the Demerged Undertaking after the Appointed Date without the prior written consent of the Resulting Company other than in the ordinary course of business.

4.6 The transfer and vesting as aforesaid shall be subject to subsisting charges, if any, in respect of any assets of Manufacturing Business Undertaking of Demerged Company.

PROVIDED always that the Scheme shall not operate to enlarge the security for any loan, deposit or facility availed of by the Demerged Company and the Resulting Company shall not be obliged to create any further or additional security thereof after the Effective Date or otherwise.

Without prejudice to the provisions of the foregoing clauses and upon coming into effect of this Scheme, the Demerged Company and the Resulting Company shall execute any instruments or documents or do all the acts and deeds as maybe required, including the filing of necessary particulars and, if required, also to file modification(s)/satisfaction of charge(s), as may be necessary, with the Registrar of Companies to give formal effect to the above provisions, if required.

4.7 All staff, workmen and employees as detailed under sub-clause (f) of Clause 1.7 above in relation to the Demerged Company shall stand transferred to the Resulting Company, without any further act or deed to be done by the Demerged Company or the Resulting Company.

4.8 All items as detailed under sub-clause (g) of Clause 1.7 in relation to the Demerged Company shall stand transferred to or vested in the Resulting Company, without any further act or deed done by the Demerged Company or the Resulting Company.

4.9 Pursuant to the Scheme becoming effective, the Resulting Company shall, if so required under any law or otherwise, execute deeds of confirmation or other writings or arrangement with any party to any contract or arrangement relating to Manufacturing Business Undertaking to which the Demerged Company is a party in order to give formal effect to the above provisions. The Resulting Company shall, be deemed to be authorized to execute any such writings on behalf of the Demerged Company to carry out or perform all such formalities or compliances referred to above on part of the Demerged Company.

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- 4.10 Upon the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all existing and future incentives, un-availed credits and exemptions, benefit of carried forward losses and other statutory benefits, including in respect of income tax (including Minimum Alternative Tax), excise (including Modvat / Cenvat), customs, VAT, sales tax, service tax etc relating to the Manufacturing Business Undertaking to which the Demerged Company is entitled to shall be available to and shall statutorily vest in the Resulting Company without any further act, assurance or deed.
- 4.11 Pursuant to this Scheme becoming effective, the Resulting Company shall be entitled to secure the record of the change in the legal ownership upon the vesting of the assets of the Demerged Company relating to Manufacturing Business Undertaking in accordance with the provisions of Sections 391 to 394 of the Act. The Demerged Company and the Resulting Company shall be jointly and severally authorised to execute any writings and / or carry out any formalities or compliance in this regard,
- 4.12 All the licenses, permits, quotas, approvals (including, but not limited to, environmental approvals, statutory and regulatory approvals), permissions, registrations, incentives, MAT Credit entitlement, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Demerged Company and all rights and benefits that have accrued or which may accrue to the Demerged Company, whether before or after the Appointed Date, relating to Manufacturing Business Undertaking shall, under the provisions of Sections 391 to 394 of the Act and all other applicable provisions, if any, without any further act, instrument or deed, cost or charge be and stand transferred to and vest in or be deemed to be transferred to and vested in and be available to the Resulting Company so as to become as and from the Appointed Date licenses, permits, quotas, approvals, permissions, registrations, incentives, MAT Credit entitlement, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, liberties, special status and other benefits or privileges of the Resulting Company shall remain valid, effective and enforceable on the same terms and conditions.

- 4.13 The Resulting Company may, at its discretion, but shall not be compulsorily required to, file relevant intimations, for the record of the statutory authorities signifying the transfer of the assets / properties including, but not limited to, permissions, approvals, consents, sanctions, remissions, special reservations, incentives, concessions and other authorizations of the Demerged Company relating to the Manufacturing Business Undertaking.

- 4.14 Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the Manufacturing Business Undertaking of the Demerged Company or whether it arises out of the activities or operations of Manufacturing Business Undertaking of the Demerged Company shall be decided by mutual agreement between the Board of Directors of the Demerged Company and the Resulting Company.

4.15 **COMPLIANCE WITH SECTION 2(19AA) of the INCOME-TAX ACT, 1961**

The provisions of this Scheme as they relate to demerger of the Manufacturing Business Undertaking into and with the Resulting Company have been drawn up to comply with the conditions relating to "demerger" as defined under Section 2(19AA) of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section of the Income-tax Act, 1961, at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the Income-tax Act, 1961, shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the Income-tax Act, 1961. Such modification will, however, not affect the other parts of the Scheme.

5. LEGAL PROCEEDINGS

- 5.1 If any suit, appeal or other proceedings of whatever nature by or against the Demerged Company relating to the Manufacturing Business Undertaking is pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of this demerger or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against the Resulting Company in the same manner and to the same extent as it would or

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might have been continued, prosecuted and enforced by or against the Demerged Company as if the Scheme had not been made.

- 5.2 On and from the Effective Date, the Resulting Company shall, and may, if required, initiate, continue any legal proceedings in relation to the Manufacturing Business Undertaking of the Demerged Company. The Demerged Company and the Resulting Company shall make relevant applications in that behalf and the Demerged Company and the Resulting Company shall co-operate with each other in respect of any such legal and other proceedings.

6. CONTRACTS, DEEDS OTHER INSTRUMENTS

- 6.1 Subject to the other provisions of the Scheme, all contracts, deeds, bonds, agreements and other instruments of whatsoever nature relating to Manufacturing Business Undertaking to which the Demerged Company is a party, or the benefit to which the Demerged Company may be eligible, subsisting or operative immediately on or before the Effective Date, shall be in full force and effect against or in favor of the Resulting Company and may be enforced as fully and effectively as if instead of the Demerged Company, the Resulting Company had been a party or beneficiary thereto. Further, Resulting Company shall be deemed to be authorized to execute any such deeds, writings or confirmations on behalf of the Demerged Company and to implement or carry out all formalities required on the part of the Demerged Company, to give effect to the provisions of this Scheme.
- 6.2 As a consequence of the demerger of the Manufacturing Business Undertaking of the Demerged Company into Resulting Company in accordance with or pursuant to this Scheme, the recording of change in name in the records of the statutory or regulatory authorities from the Demerged Company to the Resulting Company, whether pertaining to any license, permit, approval or any other matter, or whether for the purposes of any transfer, registration, mutation or any other reason, shall be carried out by the concerned statutory or regulatory or any other authority.

7. STAFF, WORKMEN, AND EMPLOYEES

- 7.1 Upon the Scheme becoming effective, all staff, workmen and employees on the payrolls of the Demerged Company relating to Manufacturing

Business Undertaking, in service on the Effective Date shall be deemed to have become staff, workmen, and employees of the Resulting Company on such date without any break or interruption in their service and on the terms and conditions of their employment not less favorable than those subsisting with reference to the Demerged Company as on the said date.

- 7.2 Any question that may arise as to whether any staff, workman or employee belongs to or does not belong to the Manufacturing Business Undertaking of the Demerged Company, shall be mutually decided by Board of Directors of the Demerged Company and the Resulting Company or committee(s) thereof.

- 7.3 It is expressly provided that, on the Scheme becoming effective, the Provident Fund, Gratuity Fund, Superannuation Fund or such other Special Fund, if any, or Trusts (hereinafter collectively referred as 'Funds') created for the benefit of the staff, workmen and employees of the Manufacturing Business Undertaking of the Demerged Company shall, with the approval of the concerned authorities, become Funds of the Resulting Company, or shall be transferred to or merged with other similar funds of the Resulting Company for all purposes whatsoever in relation to the administration or operation of such Funds or in relation to the obligation to make contributions to the said Funds in accordance with the provisions thereof as per the terms provided in the respective Trust Deeds, if any, to the end and intent that all rights, duties, powers and obligations of the Demerged Company in relation to such Funds shall become those of the Resulting Company.

- 7.4 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.

- 7.5 It is further clarified that the Resulting Company shall be entitled to effect transfer of the staff, workmen and employees of the Manufacturing Business

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Undertaking of the Demerged Company in ordinary and usual course of business and as per business prudence and further to re-assess and /or re-allocate any activities being undertaken by staff, workmen and employees of the Manufacturing Business Undertaking of the Demerged Company.

8. CONDUCT OF BUSINESS UNTIL EFFECTIVE DATE

8.1 With effect from the Appointed Date up to the Effective Date:

8.1.1 The Demerged Company shall carry on, and be deemed to have carried on its business, operations or activities, and shall be deemed to have held and stood possessed of and shall hold and stand possessed of the assets, properties, liabilities relating to Manufacturing Business Undertaking on behalf of and / or in trust for the Resulting Company.

8.1.2 All profits or income accruing or arising to the Demerged Company, or losses arising or expenditure incurred by it, shall for all purposes be treated as, and be deemed to be treated as, the profits or income or losses or expenditure, as the case may be, of the Resulting Company.

8.1.3 All assets howsoever acquired by the Demerged Company for carrying on its business, operations or activities and the liabilities relating to the Manufacturing Business Undertaking shall be deemed to have been acquired and are also contracted for and on behalf of the Resulting Company.

8.1.4 All income taxes, VAT, Excise, Service Tax, duties and levies etc. paid in relation to the Manufacturing Business Undertaking of the Demerged Company for and in relation to the period from the Appointed Date shall be deemed to be and treated as paid for and on behalf of the Resulting Company and the Resulting Company shall be entitled to the credit of the same without any further act, assurance or deed.

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8.2 The Resulting Company shall also be entitled, pending sanction of the Scheme, to apply to the Central Government, State Government, and all other agencies, department and statutory authorities concerned, wherever necessary, for such consents, approvals and sanctions which the Resulting Company may require including the registration, approvals, exemptions, relieves, etc., as may be required / granted under any law for the time being in force for carrying on business of Manufacturing Business Undertaking of the Demerged Company.

8.3 With effect from the Appointed Date and until the Effective Date, the Demerged Company undertakes that it will preserve and carry on the business of the Demerged Undertaking with reasonable diligence and business prudence and shall not undertake financial commitments or sell, transfer, alienate, charge, mortgage, or encumber the Demerged Undertaking or any part thereof save and except in each case:

- (a) if the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with the High Court; or
- (b) if the same is expressly permitted by this Scheme; or
- (c) if the prior written consent of the board of directors of the Resulting Company has been obtained.

9. SAVING OF CONCLUDED TRANSACTIONS

9.1 The vesting of the Manufacturing Business Undertaking into the Resulting Company under Clause 4 above and the continuance of proceedings by or against the Demerged Company under Clause 5 above shall not affect any transaction or proceedings already concluded by the Demerged Company on or after the Appointed Date till the Effective Date, to the end and intent that Resulting Company accepts and adopts all acts, deeds, and things done and executed by the Demerged Company in respect thereto as done and executed on behalf of itself.

PART III
REMAINING UNDERTAKING OF THE DEMERGED
COMPANY

10. Remaining undertaking to continue with the Demerged Company.

10.1 The Remaining Undertaking 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.

10.2 (a) All legal, taxation or other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to the Remaining Undertaking (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Undertaking) shall be continued and enforced by or against the Demerged Company after the Effective Date. The Resulting Company shall not in any event be responsible or liable in relation to any such legal, taxation or other proceeding against the Demerged Company, which relate to the Remaining Undertaking.

(b) If proceedings are taken against the Resulting Company in respect of the matters referred to in sub clause (a) above, it shall defend the same in accordance with the advice of the Demerged Company and at the cost of the Demerged Company, and the latter shall reimburse and indemnify the Resulting Company against all liabilities and obligations incurred by the Resulting Company in respect thereof.

10.3 With effect from the Appointed Date and up to and including the Effective Date:

(a) the Demerged Company shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Undertaking for and on its own behalf;

(b) all profits accruing to the Demerged Company thereon or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to

the Remaining Undertaking shall, for all purposes, be treated as the profits or losses, as the case may be, of the Demerged Company; and

(c) all assets and properties acquired by the Demerged Company in relation to the Remaining Undertaking on and after the Appointed Date shall belong to and continue to remain vested in the Demerged Company.

PART IV
ISSUE OF SHARES BY THE RESULTING COMPANY
AND
REORGANIZATION OF CAPITAL

The provisions of this Part IV shall operate notwithstanding anything to the contrary in this Scheme.

11. ISSUE OF SHARES BY THE RESULTING COMPANY

11.1. Upon the coming into effect of this Scheme and in consideration of the demerger by way of transfer and vesting of the Manufacturing Business Undertaking of ACDL in AIL pursuant to Part II of this Scheme, AIL shall, without any further application, act, instrument or deed, issue and allot shares, credited as fully paid up, to the extent indicated below to the shareholders of ACDL holding fully paid-up shares in ACDL and whose names appear in the Register of Members of ACDL on the Effective Date, or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Directors of AIL, in the following manner:

'3 (Three) fully paid Equity Shares of Rs. 5/- each of AIL shall be issued and allotted to the Equity Shareholders of ACDL for every 5 (Five) fully paid up Equity Shares held by them in ACDL. ("Share Entitlement Ratio").'

No equity shares will be issued against equity shares held by AIL in ACDL.

11.2 Where equity shares of the Resulting Company are to be allotted to heirs, executors or administrators or successors, as the case may be, of deceased equity shareholders of the Demerged Company, the concerned heirs, executors, administrators or successors shall be obliged to produce evidence of title, satisfactory to the Board of Directors of the Resulting Company.

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- 11.3 In the event that the Resulting Company restructures its equity share capital by way of share split / consolidation / issue of bonus shares during the pendency of the Scheme, the Share Exchange Ratio shall be adjusted accordingly to take into account the effect of any such corporate actions.
- 11.4 The equity shares issued and allotted by the Resulting Company in terms of this Scheme shall be subject to the provisions of the Memorandum and Articles of Association of the Resulting Company and shall, rank *pari passu* with the then existing equity shares of the Resulting Company, in all respects including dividends, bonus and rights entitlements.
- 11.5 For the purpose of allotment of equity shares to the members of ACDL as per Clause 11.1, fractional entitlements, if any, shall be rounded off to the nearest integer.
- 11.6 In so far as the issue of equity shares by the Resulting Company pursuant to this Scheme, each of the shareholders of the Demerged Company holding shares in physical form shall have the option, exercisable by notice in writing by them to the Resulting Company on or before the Record Date, to receive, the equity shares of the Resulting Company either in certificate form or in dematerialized form, in lieu of their shares in the Demerged Company in accordance with the terms hereof. In the event that such notice has not been received by the Resulting Company in respect of any of the member of the Demerged Company, the shares of the Resulting Company shall be issued to such members in physical form. Those of the members of the Demerged Company who exercise the option to receive the shares in dematerialized form shall be required to have an account with a depository participant and shall provide full details thereof and such other confirmations as may be required in the notice provided by such shareholder to the Resulting Company. It is only thereupon that the Resulting Company shall issue and directly credit the demat/dematerialized securities account of such member with the equity shares of the Resulting Company. The physical share certificates representing the equity shares of the Demerged Company shall stand automatically and irrevocably cancelled on the issue of equity shares by the Resulting Company in terms of this Scheme.
- 11.7 In the event of there being any pending share transfer, whether lodged or outstanding, of any shareholder of the Demerged Company, the Board of Directors or any Committee thereof of the Resulting Company shall be empowered even subsequent to the effective date to effectuate such transfer as if such changes in the Registered holders were operative from the effective date, in order to remove any difficulties arising to the transfer of shares after the Scheme becomes effective.
- 11.8 The equity shares to be issued by the Resulting Company to the members of Demerged Company pursuant to Clause 11.1 of the Scheme, in respect of any shares in Demerged Company which are held in abeyance under the provisions of Section 206A of the Act or otherwise pending allotment or settlement of dispute, by order of court or otherwise, be held in abeyance by the Resulting Company.
- 11.9 For the purpose of issue of equity shares to the shareholders of the Demerged Company, the Resulting Company shall, if and to the extent required, apply for and obtain the required statutory approvals and approvals of the other concerned regulatory authorities for the issue and allotment by the Resulting Company of such equity shares.
- 11.10 The New Equity Share Capital of the Resulting Company issued in terms hereof shall, subject to payment of the appropriate fee and approval of the respective stock exchange(s), be listed on recognised stock exchange(s) in India, where the shares of the Resulting Company are already listed. The Resulting Company shall enter into such arrangements and give such confirmations and/ or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the said stock exchanges.
- 11.11 Approval to the Scheme given by the shareholders of the Resulting Company shall be deemed to be the due compliance of the provisions of Section 81(1A) and the other relevant and applicable provisions of the Act for the issue and allotment of the equity shares by the Resulting Company to the shareholders of the Demerged Company as provided in the Scheme. The issue and allotment of New Equity Shares in the Resulting Company to the members of the Demerged Company as provided in this Scheme shall thus be deemed to have been carried out in compliance with the procedure laid down under Section 81(1A) and other applicable provisions, if any, of the Act and it is clarified that no separate approvals shall need to be obtained by the Resulting Company in this regard.

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- 11.12 The New Equity Shares in the Resulting Company allotted pursuant to the Scheme shall remain frozen in the depositories system till listing / trading permission is given by the designated stock exchanges.
- 11.13 Unless otherwise determined by the Board of Directors or any committee thereof of the Demerged Company and the Board of Directors or any committee thereof of the Resulting Company, issuance of equity shares in terms of Clause 11.1 above shall be done within 90 days from the Effective Date.
- 11.14 The cost of acquisition of the equity shares of the Resulting Company in the hands of the shareholders of the Demerged Company shall be the amount which bears to the cost of acquisition of equity shares held by the shareholder in the Demerged Company the same proportion as the net book value of the assets transferred in the demerger to the Resulting Company bears to the net worth of the Demerged Company immediately before the demerger hereunder.
- 11.15 The period for which the equity share(s) in the Demerged Company were held by the shareholders shall be included in determining the period for which the equity shares in the Resulting Company issued in terms of Clause 11.1 above are held by the respective shareholder in the Resulting Company.

12. REORGANIZATION OF CAPITAL

- 12.1 As an integral part of this Scheme and upon coming into effect of this Scheme, the issued, subscribed and paid up capital of the Demerged Company shall be reduced by Rs. 15,65,75,800/-, being no longer represented by assets of the Demerged Company, and such reduction shall be effected by reducing the face value and the paid up value of the equity shares of the Demerged Company from Rs. 10/- per share to Rs. 5/- per share fully paid.
- 12.2 Since the demerger by way of transfer and vesting of the Manufacturing Business Undertaking of ACDL in AIL pursuant to Part II of this Scheme does not involve either diminution of liability in respect of unpaid share capital or payment to any member of any paid up share capital, the reduction of share capital pursuant to the Scheme shall be deemed to be effected and sanctioned as an integral part of this Scheme itself and to that extent the approval granted by the members to the Scheme shall be deemed to include the approval under Section 100 and other applicable provisions of the Act.

- 12.3 The reduction, if any, in the face value of issued, subscribed and paid-up share capital of the Demerged Company shall be effected as an integral part of the Scheme in accordance with the provisions of Sections 100 to 103 of the Act and the Order of the High Court sanctioning the Scheme shall be deemed to be also the Order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Act will not be applicable.
- 12.4 Notwithstanding the reduction as mentioned in Clause 12, ACDL shall not be required to add "and reduced" as a suffix to its name and ACDL shall continue in its existing name.
- 12.5 The share certificates of the Demerged Company in relation to the shares held by its equity shareholders shall, without any further application, act, instrument or deed be deemed to have been automatically cancelled pursuant to the reorganisation of capital and new share certificates in respect of equity shares with reduced face value and paid up value will be issued by the Demerged Company to its equity shareholders whose names appear in the Register of Members of ACDL on the Effective Date.

13. AMENDMENT TO THE MEMORANDUM OF ASSOCIATION

- 13.1 Upon the coming into effect of this Scheme, as an integral part of this Scheme, the authorized share capital of Rs. 31,61,51,600/- of ACDL shall, without any further act or deed, be automatically stand altered, reclassified and divided into Equity Shares of Rs. 5/- each. Consequently, Clause V of the Memorandum of Association of ACDL (relating to Authorised Share Capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, in the manner set out below and be replaced by the following Clause :

'V. The Authorised Share Capital of the Company is Rs. 31,61,51,600/- (Rupees Thirty one crore sixty one lakh fifty one thousand six hundred only) divided into 6,32,30,320 (Six Crore Thirty Two Lakhs Thirty Thousand Three Hundred and Twenty) Equity Shares of Rs. 5/- each.

The Company has power, from time to time, to increase or reduce its capital and to divide the shares in the capital for the time being into several classes and to attach thereto

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respectively such preferential, deferred, qualified or special rights, privileges, conditions or restrictions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions or restrictions in such manner as may for the time being be permitted by the Articles of Association of the Company or the legislative provisions for the time being in force in that behalf.'

13.2 Upon the coming into effect of this Scheme, ACDL shall file necessary forms of notice of alteration of authorised share capital with the Registrar of Companies, Maharashtra at Mumbai in accordance with applicable law in this regard.

13.3 It is clarified that approval of members granted to this Scheme shall be deemed to be their consent/ approval to the alteration of Memorandum of Association of ACDL as per Clause 13.1 pursuant to Sections 16, 94 and 394 and applicable provisions of the Act, as the case may be and shall not be required to pass separate resolutions for the same.

14. DIVIDEND

14.1 For the avoidance of doubt it is hereby clarified that nothing in this Scheme shall prevent the Resulting Company from declaring and paying dividends, whether interim or final, to its equity shareholders as on the respective record date for the purpose of dividend.

14.2 In the event that the Resulting Company declares any dividend between the date of filing of the Scheme and the record date fixed for the purpose (Record Date) then in such an event, the shareholders of the Demerged Company who are entitled to receive shares of the Resulting Company pursuant to clause 11.1 above (the Demerged Company shareholders) shall, on the Record Date, also be eligible to receive an amount representing such dividend proportionate to the shares they are entitled to receive. For this purpose, the Resulting Company shall, at the time of declaration of dividend to its shareholders as aforesaid, reserve the amount required for payment of dividend to the Demerged Company shareholders. The Board of Directors of the Resulting Company will declare the aforesaid reserved amount as dividend to the Demerged Company shareholders after the Record Date and the amount set apart will be appropriated towards such declaration. For the avoidance of doubt it is clarified that no interest shall be payable by the Resulting Company

to the Demerged Company shareholders in relation to such amount to be applied towards payment of such dividend.

14.3 The Demerged Company shall not, without the prior written approval of the Resulting Company, make any declaration of dividend between the date of filing of this Scheme and the Effective Date. Until the effectiveness of the Scheme, the holders of equity shares of the Demerged Company and the Resulting Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing respective rights under their respective Articles of Association.

14.4 It is clarified that the aforesaid provisions in respect of declaration of dividends, whether interim or final, are enabling provisions only and shall not be deemed to confer any right on any member of the Demerged Company and/or the Resulting Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Directors of the Demerged Company and the Resulting Company and subject, wherever necessary, to the approval of the shareholders of the Demerged Company and the Resulting Company, respectively.

15. FUND RAISING BY ISSUE OF SHARES / OTHER INSTRUMENTS BY RESULTING COMPANY

15.1 For the avoidance of doubt it is hereby clarified that nothing in this Scheme shall prevent the Resulting Company from raising funds by issue of new equity shares and / or preference shares and / or any convertible / non-convertible instruments.

PART V

ACCOUNTING TREATMENT

16. ACCOUNTING TREATMENT

16.1 In the books of Resulting Company

16.1.1 The Resulting Company shall, upon the Scheme becoming effective, record the assets and liabilities of the Manufacturing Business Undertaking of the Demerged Company vested in it pursuant to this Scheme, at the respective book values thereof as appearing in the books of the Demerged Company, in accordance with the provisions of Section 2(19AA) of the Income Tax Act, 1961, at the close of business of the day immediately preceding the Appointed Date.

- 16.1.2 The Resulting Company shall credit to its share capital account, the aggregate face value of the Equity Shares issued by it pursuant to Clause 11.1 of this Scheme.
- 16.1.3 Upon the Scheme being effective, the inter se amounts of loans, advances and/ or other payables/receivables, as the case may be, of the Demerged Undertaking and the Resulting Company will stand cancelled and there shall be no further obligation/outstanding in that behalf.
- 16.1.4 The excess or deficit, if any, remaining after recording the aforesaid entries, shall be adjusted, by the Resulting Company to its Capital Reserve Account or Goodwill, as the case may be.
- 16.1.5 If considered appropriate for the purpose of application of uniform accounting methods and policies between the Demerged Company and the Resulting Company, the Resulting Company may make suitable adjustments and adjust the effect thereof in the Capital Reserve Account of the Resulting Company.

16.2 In the books of Demerged Company

- 16.2.1 Upon the Scheme becoming effective, the book value of assets and liabilities pertaining to the Demerged Undertaking shall be reduced from the book values of the assets and liabilities appearing in the books of ACDL.
- 16.2.2 Upon the Scheme being effective, the inter se amounts of loans, advances and/or other payables/receivables, as the case may be, of the Demerged Undertaking and the Resulting Company will stand cancelled and there shall be no further obligation/outstanding in that behalf.
- 16.2.3 The difference remaining after recording the aforesaid entries and further adjusting the reduction in the equity share capital referred to in Clause 12 above to the extent of Rs. 15,65,75,800/-, shall be debited to the Profit and Loss Account of the Demerged Company.

16.3 Accounting Standards

- 16.3.1 The accounting treatment specified under the Scheme would be in accordance with the accounting standards prescribed under Section 211 (3C) of the Companies Act, 1956 and where the Scheme prescribes a different treatment, the same shall be ignored in order to be compliant with the applicable accounting standard(s).

PART VI

GENERAL TERMS AND CONDITIONS

17. SCHEME CONDITIONAL ON APPROVAL/ SANCTIONS

17.1 The Scheme is 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 and the Resulting Company as may be directed by the High Court.
- (b) The sanction of the High Court under Sections 391 to 394 of the said Act in favor of the Demerged Company and the Resulting Company under the said provisions and to the necessary Order under Section 394 of the said Act being obtained.
- (c) Certified or authenticated copy of the Order of the High Court sanctioning the Scheme being filed with the Registrar of Companies, by the Demerged Company and the Resulting Company.

17.2 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.

17.3 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

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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.

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18. APPLICATION TO THE HIGH COURT

- 18.1 The Demerged Company and the Resulting Company shall, with all reasonable dispatch, make and file all necessary applications and petitions before the High Court for the sanction of this Scheme under Sections 391 to 394 of the Act and each of them shall apply for all necessary approvals as may be required under law.

19. Modification of Scheme

- 19.1 The Demerged Company and the Resulting Company, with the approval of their respective Boards of Directors, may consent, from time to time, on behalf of all persons concerned, to any modifications/amendments or additions/deletions to the Scheme which may otherwise be considered necessary, desirable or appropriate by the said Boards of Directors to resolve all doubts or difficulties that may

arise for carrying out this Scheme and to do and execute all acts, deeds matters, and things necessary for bringing this Scheme into effect or agree to any terms and / or conditions or limitations that the Hon'ble Court or any other authorities under law may deem fit to approve of, to direct and or impose. The aforesaid powers of the Board of Directors of the Demerged Company and the Resulting Company to give effect to the modification/amendments to the Scheme may be exercised by their respective Boards of Directors or any person authorized in that behalf by the concerned Board of Directors subject to approval of the Hon'ble Court or any other authorities under applicable law.

20. Costs, Charges etc.

- 20.1 All costs, charges and expenses incurred (including stamp duty) in relation to or in connection with or incidental to this Scheme or the implementation thereof shall, except as expressly otherwise agreed, be borne and paid by the Resulting Company. The Resulting Company shall be eligible for deduction of expenditure incurred as per Section 35DD of the Income Tax Act, 1961.



ORDER ON COMPANY PETITION NO. 250 OF 2012

WITNESS BHASKAR BHATTACHARYA Esquire, the **CHIEF JUSTICE** at Ahmedabad aforesaid this 8th day of March Two Thousand Thirteen

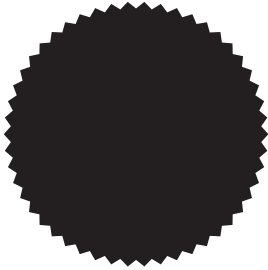
By the Order of the Hon'ble Court

Sd/-
Registrar (Judicial)
This 2nd day of May, 2013

**HIGH COURT OF
GUJARAT AHMEDABAD
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Sealer

Sd/-
Deputy Registrar
This 2nd day of May 2013



Order drawn by :

Sd/-
(Nandish Chudgar)
Advocate / Partner
M/s. Nanavati Associates
'B' Block, Satyam Corporate Square
Behind Rajpath Club, Bodakdev,
Ahmedabad – 380 054.

**TRUE COPY
SD/-
ASSISTANT REGISTRAR
DATED : 03-05-2013**

Date : 25-03-2013
12-04-2013

O/13703/2013

Prepared By : ANJALI
 Applied on : 29-04-2013
 Prepared on : 29-04-2013
 Notified on : 30-04-2013
 Delivered on : 30-04-2013

CHARGE : 15

Read By : Sd/- 30-04-2013

Examined By : Sd/- 30-04-2013

**HIGH COURT OF GUJARAT
 AHMEDABAD
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Section Officer
 Decree Department
 DATED : 30-04-2013

**IN THE HIGH COURT OF GUJARAT AT AHMEDABAD
 ORDER PASSED BY THE COURT IN THE CASE OF**

1. AARTI INDUSTRIES LTD }
 PLOT NOS. 801, 801/23, GIDC ESTATE }
 PHASE III, VAPI, }
 DIST. VALSAD, GUJARAT 396 195 } **PETITIONER(S)**

VERSUS

1. .. }
 .. }
 .. }
 .. } **RESPONDENT(S)**

Being COMPANY PETITION No. 250 of 2012

Appearance on Record :
 NANAVATI ASSOCIATES as ADVOCATE for the Petitioner(s) No. 1
 MR. PS CHAMPANERI as ADVOCATE for the Respondent(s) No. 1

COURTS ORDER :

CORAM :
 HONOURABLE MR. JUSTICE R. M. CHHAYA
 Date of Decision: 24-04-2013

(COPY OF ORDER ATTACHED HEREWITH)

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IN THE HIGH COURT OF GUJARAT AT AHMEDABAD

COMPANY PETITION NO. 250 of 2012

In

COMPANY APPLICATION NO. 333 OF 2012

=====

AARTI INDUSTRIES LTD (Petitioner(s))

Versus

..... Respondent(s)

=====

Appearance:

MR. NANDISH Y CHUDGAR, ADVOCATE for NANAVATI ASSOCIATES for the Petitioner(s) No. 1

MR. PS CHAMPANERI, ASSISTANT SOLICITOR GENERAL OF INDIA for the Respondent(s) No. 1

=====

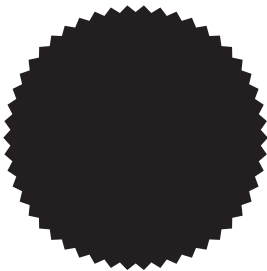
CORAM : HONOURABLE MR. JUSTICE R. M. CHHAYA

Date : 24-04-2013

ORDER BELOW THE NOTE FOR SPEAKING TO MINUTES DATED 17-04-2013

In Para 8 of the order dated 08-03-2013, it is mentioned that "An affidavit dated 23-01-2013 has been filed on behalf of the petitioner Company" The said date is 24-01-2013, as is indicative from Page-212 of the paper book.

Considering the aforesaid and in view of the statement made in the note for speaking to minutes, the same is allowed. The aforesaid date be read as 24-01-2013. Accordingly, the note for speaking to minutes dated 17-04-2013 stands disposed of.



**SD/-
(R. M. CHHAYA)**

**TRUE COPY
SD/-
ASSISTANT REGISTRAR
DATED : 30-04-2013**

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ORDER ON PETITION COMP 116 OF 2015

IN THE HIGH COURT OF GUJARAT AT AHMEDABAD**(ORIGINAL JURISDICTION)****COMPANY PETITION NO. 116 OF 2015****CONNECTED WITH****COMPANY APPLICATION NO. 329 OF 2014**
SD/-
"CORRECTED BY"
SD/-
09-09-2015
SECTION OFFICER'S
DECREE DEPARTMENT
DT.: 09-09-2015

Copy Applied on	:	10-08-2015
Copy Ready on	:	09-09-2015
Notified on	:	09-09-2015
Copy delivered on	:	09-09-2015
Sent by	:	
Regd. By Post	:	
Dy. S.O.	:	SD/-

D/O No. : 27312 (P) - 21
Comparing & Copies Charges
Total Rs. 85/-

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In the matter of the Companies Act, 1956

And

In the matter of Sections 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956

And

In the matter of Scheme of Amalgamation

BETWEEN

Gogri & Sons Investments Private Limited

And

Alchemie Leasing and Financing Private Limited

And

Anushakti Holdings Limited

And

Anushakti Chemicals and Drugs Limited (the Transferor Companies)

WITH

Aarti Industries Limited
(the Transferee Company)
And their respective Shareholders

AARTI INDUSTRIES LIMITED, a
Company incorporated under the
Companies Act, 1956 and having its
registered office at Plot Nos. 801,
801/23, GIDC Estate, Phase III, Vapi,
Dist. Valsad, Gujarat 396 195.

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..... **PETITIONER**
..... **(TRANSFEE COMPANY)**

ORDER ON PETITION COMP 116 OF 2015

BEFORE HONOURABLE MR. JUSTICE VIPUL M.

PANCHOLI

DATE: 31st JULY, 2015

ORDER ON PETITION

THE ABOVE Petition coming on for hearing on 31 day of July, 2015, **UPON READING** the said petition, the order dated 24th day of December, 2014 in the Company Application No. 329 of 2014 filed by the Petitioner Company whereby the Honourable Court dispensed with the meeting of its Secured Creditors and Unsecured Creditors, and the Petitioner Company was ordered to convene separate meetings of its Equity Shareholders for the purpose of considering, and if thought fit, approving, with or without modification, the arrangement proposed to be made between the said Transferee Company and **Gogri & Sons Investments Private Limited, Alchemie Leasing and Financing Private Limited, Anushakti Holdings Limited, And Anushakti Chemicals and Drugs Limited (the Transferor Companies)** and annexed to the Affidavit dated 30th day of January, 2015 of Mr. Rajendra Vallabhaji Gogri, Chairman and Managing Director of the Applicant Company showing the publication in the **"Times of India"**, an English daily, Ahmedabad Edition dated the 19th day of January, 2015, and **"Gujarat Samachar"**, a Gujarati daily, Surat Edition dated the 20th day of January, 2015 each containing the advertisement of the notice convening the said meetings directed to be held by the said Order dated the 24th day of December, 2014, and dispatch of the notices convening the said meetings, the Reports of the Chairman of the said meetings dated the 3rd day of March, 2015 as to the result of the said meetings of Equity Shareholders of the Petitioner Transferee Company and it appearing that the proposed Scheme of Amalgamation has been approved unanimously by the Equity Shareholders of the Petitioner Transferee Company **AND UPON READING** the Order dated the 21 day of April, 2015 admitting the Petition, the Affidavit dated the 29th day of June, 2015 of Mr. Sunil Mavji Dedhia, Authorized Signatory of the petitioner company, showing publication of the notice of hearing of this Petition in **"Times of India"**, an English daily, Ahmedabad Edition dated the 18th day of May, 2015 and **"Gujarat Samachar"**, a Gujarati daily, Surat Edition dated the 18th day of May, 2015 **AND UPON READING** the Affidavit dated 21 day of July, 2015 filed by Shri Shambhu Kumar Agarwal, Regional Director, Ministry of Corporate Affairs, North-Western Region Ahmedabad, stated that the they have received no complaint and/or representation in

respect to the proposed Scheme, and that there are no other objections other than the ones raised in Paras 2(c), 2(d) and 2(e) **AND UPON HEARING** Mr. Nandish Chudgar, assisted by Mr. Raheel Patel, Advocates for M/s. Nanavati Associates for the Petitioner Company, Mr. Kshitij Amin, Advocate for Mr. Devang Vyas, Assistant Solicitor General appearing for the Central Government instructed by the Regional Director and it is not prejudicial to the interest of the shareholders of the Petitioner Company and public at large.

This Court doth hereby sanction the Scheme of Amalgamation as set forth in **Annexure - "Q"** of the petition herein and in the Schedule hereto and doth hereby declare the same to be binding with effect from the Appointed date (i.e. 01/04/2015) on the Petitioner Company, the Transferor Companies and all their respective shareholders, Creditors and AIL concerned persons;

And this Court doth further order that the amendment in the Scheme is allowed and accordingly, the "Appointed Date" as mentioned in the Scheme shall be 01.04.2015;

And this Court doth further order that the Petitioner Company shall within 30 days after the date of sealing of the order to be made herein or within such other time as may be permitted by this Honourable Court cause a certified copy thereof to be delivered to the Register of Companies, Gujarat at Ahmedabad for registration;

ORDER ON PETITION COMP 116 OF 2015

And this Court doth further order that liberty is reserved to the petitioner Company and all other persons interested in this Petition to apply to this Honourable Court herein as and when occasion may arise for any direction that may be necessary.

This Court doth further order payment of Rs. 10,000/- as the cost of this petition awardable to Mr. Devang Vyas, Assistant Solicitor General for the Central Government.

SCHEDULE

Scheme of Amalgamation as Sanctioned by the Court Dated this 31 July, 2015.

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SCHEME OF AMALGAMATION

BETWEEN

GOGRI & SONS INVESTMENTS PRIVATE LIMITED

AND

ALCHEMIE LEASING AND FINANCING PRIVATE LIMITED

AND

ANUSHAKTI HOLDINGS LIMITED

AND

ANUSHAKTI CHEMICALS AND DRUGS LIMITED

AND

AARTI INDUSTRIES LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS

PREAMBLE

This Scheme of Amalgamation is presented under Section 391 to 394 read with Sections 100 to 103 and other applicable provisions of the Companies Act, 1956 for amalgamation of Gogri & Sons Investments Private Limited (hereinafter referred to as "GSIPL") and Alchemie Leasing And Financing Private Limited (hereinafter referred to as or "ALFPL") and Anushakti Holdings Limited (hereinafter referred to as or "AHL") and Anushakti Chemicals And Drugs Limited hereinafter referred to as or "ACDL") with Aarti Industries Limited (hereinafter referred to as "Transferee Company" or "AIL").

PARTS OF THE SCHEME

This Scheme of Amalgamation is divided into the following parts:

- (1) PART I deals with the definitions, share capital and description of GSIPL, ALFPL, AHL, ACDL and AIL;
- (2) PART II deals with the amalgamation of GSIPL, ALFPL, AHL, ACDL with AIL;
- (3) PART III deals with general terms and conditions applicable to this Scheme of Amalgamation.

PART I
DEFINITIONS AND SHARE CAPITAL
1. DEFINITIONS

In the Scheme, unless inconsistent with the meaning or context the following expressions shall have the following meaning:

- 1.1 "Act" means the Companies Act, 1956 and shall include any statutory modification(s), re-enactment(s) or amendment(s) thereof for the time being in force and also mean and refer to corresponding Sections of Companies Act, 2013 as and when such corresponding Sections are notified in the Official Gazette by the Central Government;
- 1.2 "Appointed Date": Appointed Date means 1st April 2015
- 1.3 "Companies" means collectively GSIPL, ALFPL, AHL, ACDL and AIL;
- 1.4 "Effective Date" means the last of the dates on which all the conditions and matters referred to in clause 20 hereof have been fulfilled;

- 1.5 "High Court" or "Court" means the High Court of Judicature of Bombay and / or High Court of Gujarat at Ahmedabad to which this Scheme of Amalgamation in its present form is submitted for sanctioning of the Scheme under Sections 391 to 394 of the Act, and shall include National Company Law Tribunal, if and when applicable;
- 1.6 "AIL Shares" means 2,16,34,702 (Two crore sixteen lakhs thirty four thousand seven hundred and two) equity shares of Rs. 5/- (Rupees Five) each of AIL in aggregate held by the Transferor Companies in AIL which represent approximately 24.42% of the fully paid up share capital of AIL and such additional equity shares which the Transferor Companies may acquire in AIL prior to the Effective Date;
- 1.7 "Record Date" means the date fixed by the Board of Directors or a Committee thereof of the Transferee Company for the purpose of determining the members of the Transferor Companies to whom New Equity Shares will be allotted pursuant to this Scheme.
- 1.8 "Scheme" or "the Scheme" or "this Scheme" means this Scheme of Amalgamation in its present form as submitted to the High Court with such modification(s), if any made, as per clause 19 of the Scheme, as approved or directed by the said Court or such other competent authority, as may be applicable;
- 1.9 "GSIPL" means Gogri & Sons Investments Private Limited, a company incorporated under the Act and having its registered office at Antariksha, 6th floor, Murar Road, Mulund, Mumbai-400080 Maharashtra;
- 1.10 "ALFPL" means Alchemie Leasing And Financing Private Limited, a company incorporated under the Act and having its registered office at Antariksha, 6th floor, Murar Road, Mulund (West), Mumbai-400080 Maharashtra;
- 1.11 "AHL" means Anushakti Holdings Limited, a company incorporated under the Act and having its registered office at Gala No. 202, Udyog Kshetra Industrial Premises, Co-op. Soc. Ltd. Plot No. 71, Nahur, LBS Marg, Mulund (W), Mumbai-400080, Maharashtra;
- 1.12 "ACDL" means Anushakti Chemicals and Drugs Limited, a company incorporated under the Act and having its registered office at Udyog Kshetra, 2nd Floor, L B S Marg, Mulund Goregaon Link Road, Mulund (West), Mumbai-400 080 Maharashtra;
- 1.13 "Transferor Companies" means GSIPL, ALFPL, AHL and ACDL or any one or all of them as the context requires;

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- 1.14 "Transferee Company" or "AIL" means Aarti Industries Limited, a company incorporated under the Act and having its registered office at Plot No. 801, 801/23 GIDC Estate, Phase III, Vapi 396195, Gujarat;

- 1.15 Any reference in the Scheme to "upon the Scheme becoming effective" or "on the scheme becoming effective" or "effectiveness of the Scheme" shall mean the Effective Date.

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

2. DESCRIPTION OF THE COMPANIES

- 2.1 GSIPL is a private limited company registered with the Reserve Bank of India as a non deposit taking non banking financial company. GSIPL is a promoter group company in AIL. Presently, GSIPL is engaged in the business of acquiring and holding investments in the shares of AIL for the purposes other than trading of such securities. As on the 31 March, 2014, GSIPL held 58,33,773 equity shares of Rs. 5/- each fully paid up being approximately 6.59% of the total share capital of AIL. The entire share capital of GSIPL is held by the promoters of GSIPL, who are inter alia also the promoters of AIL.

- 2.2 ALFPL is a private limited company registered with the Reserve Bank of India as a non deposit taking non banking financial company. ALFPL is a promoter group company in AIL. Presently, ALFPL is engaged in the business of acquiring and holding investments in the shares of AIL for the purposes other than trading of such securities. As on the 31st March, 2014, ALFPL held 51,84,098 equity shares of Rs. 5/- each Fully paid up being approximately 5.85% of the total share capital of AIL. The entire share capital of ALFPL is held by the promoters of ALFPL, who are inter alia also the promoters of AIL,

- 2.3 AHL is a public limited company and was incorporated on 21st August, 2002 as a Private Limited Company under the name of Anushakti Chemicals and Drugs Private Limited. The Company was, later on, converted into Public Limited Company under the applicable provisions of the Companies Act, 1956 and consequently name was changed to Anushakti Chemicals and Drugs Limited on 28' July, 2004. The name of the

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Company was later changed to Anushakti Holdings Limited with effect from 30th August, 2011. AHL is an associate of and a promoter group company in AIL. Presently, AHL is engaged in the business of acquiring and holding investments in the shares of AIL for the purposes other than trading of such securities. As on the 31st March, 2014, AHL held 70,22,301 equity shares of Rs. 5/- each fully paid up being approximately 7.93% of the total share capital of AIL. Promoters / promoter group companies of AIL hold in aggregate approximately 40.81% in the share capital of AHL. AIL holds approximately 49% in the share capital of AHL.

2.4 ACDL is a public limited company and was incorporated on 25th August, 1992 under the name of Alchemic Drugs Pvt. Ltd. was converted into Public Company on 1st August, 1994. The name of the Company was changed to Aarti Healthcare Ltd. on 29th May, 2000. The name of the Company was later changed to Anushakti Chemicals and Drugs Limited with effect from 11th November, 2011. ACDL is an associate of and a promoter group company in AIL. Presently, ACDL is engaged in the business of acquiring and holding investments in the shares of AIL for the purposes other than trading of such securities. As on the 31st March, 2014, ACDL held 35,94,530 equity shares of Rs. 5/- each fully paid up being approximately 4.06 % of the total share capital of AIL. Promoters/promoter group companies of AIL hold in aggregate approximately 40.37% in the share capital of ACDL. AIL holds approximately 49.59% in the share capital of ACDL.

2.5 AIL is a public limited company whose equity shares are listed on the BSE Limited and the National Stock Exchange of India Limited. AIL is engaged, inter alia, in the business of manufacturing, buying, selling and exporting of chemicals covering Organic and Inorganic chemicals, Agro Chemicals, Bulk Pharmaceuticals and Speciality Chemicals. As on 31st March, 2014, the promoters of AIL, which inter alia also include promoters of the Transferor Companies, hold 60.88% of entire share capital of AIL and the remaining 39.12% of the share capital of AIL is held by the general public.

3. SHARE CAPITAL

3.1 The share capital of GSIPL as on 31st March, 2014 is as follows:

Particulars	Amount in Rupees (Rs.)
Authorised Capital	
53,000 Equity Shares of Rs. 100/- each	53,00,000
Issued, subscribed and paid-up capital	
52,845 Equity Shares of Rs. 100/- each	52,84,500

Subsequent to the above balance sheet date and till the date of the scheme being approved by the Board of Directors of GSIPL, there has been no change in the authorized, issued, subscribed and paid-up capital of GSIPL.

3.2 The share capital of ALFPL as on 31st March, 2014 is as follows:

Particulars	Amount in Rupees (Rs.)
Authorised capital	
430,000 Equity Shares of Rs. 10/- each	43,00,000
Issued, subscribed and paid-up capital	
4,20,060 Equity Shares of Rs. 10/- each	42,00,600

Subsequent to the above balance sheet date and till the date of the Scheme being approved by the Board of Directors of ALFPL, there has been no change in the authorized, issued, subscribed and paid-up capital of ALFPL.

3.3 The share capital of AHL as on 31st March, 2014 is as follows:

Particulars	Amount in Rupees (Rs.)
Authorised capital	
2,00,00,000 Equity Shares of Rs. 10/- each	200,00,000
Issued, subscribed and paid-up capital	
80,56,000 Equity Shares of Rs. 10/- each	180,560,000

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Subsequent to the above balance sheet date and till the date of the Scheme being approved by the Board of Directors of AHL, there has been no change in the authorized, issued, subscribed and paid-up capital of AHL.

The share capital of ACDL as on 31st March, 2014 is as follows:

Particulars	Amount in Rupees (Rs.)
Authorised capital	
63,230,320 Equity Shares of Rs. 5/- each	316,151,600
Issued, subscribed and paid-up capital	
31,315,160 Equity Shares of Rs. 5/- each	156,575,800

Subsequent to the above balance sheet date and till the date of the Scheme being approved by the Board of Directors of ACDL, there has been no change in the authorized, issued, subscribed and paid-up capital of ACDL.

- 3.5 The share capital of AIL as on March 31, 2014 is as follows:

Particulars	Amount in Rupees (Rs.)
Authorised capital	
12,50,00,000 Equity Shares of Rs. 5/- each	62,50,00,000
Issued, subscribed and paid-up capital	
8,85,91,687 Equity Shares of Rs. 5/- each	44,29,58,435

Subsequent to the above balance sheet date and till the date of the Scheme being approved by the Board of Directors of AIL, there has been no change in the authorized, issued, subscribed and paid-up capital of AIL.

PART II

AMALGAMATION OF GSIPL, ALFPL, AHL, ACDL WITH AIL

4. RATIONALE FOR THE SCHEME

It is proposed to amalgamate GSIPL, ALFPL, AHL, ACDL i.e. the Transferor Companies into AIL by this Scheme, as a result of which the promoter shareholders of the Transferor Companies, who are inter alia also the promoters of AIL shall directly hold shares

in AIL and the following benefits shall, inter alia, accrue to the Companies and to the respective shareholders and stakeholders of the Companies:

- (a) The merger will result in the promoter group of AIL directly holding shares in AIL, which will lead not only to simplification of the shareholding structure and reduction of shareholding tiers but also demonstrate the promoter groups direct commitment to and engagement with AIL.
- (b) There will be a positive impact on earnings per share of AIL to the extent that no equity shares would be issued by AIL in consideration of this Scheme to the extent of proportionate shareholding of AIL in the equity shares of AHL (i.e. approximately 49%) and ACDL (i.e. approximately 49.59%). Further, consequent reduction of capital of AIL would result in increased shareholders value in the long term.
- (c) The merger of the Transferor Companies with AIL will result in an increase in the public float of AIL, which will form part of public shareholding and not that of promoter group. That will in turn increase the trading stock of the shares of AIL.
- (d) Increase, in the public float and trading stock of the shares of AIL will positively impact the liquidity of the shares of AIL.

5. TRANSFER AND VESTING

- 5.1 With effect from the Appointed Date and upon the Scheme becoming effective, the entire business and whole of the undertaking(s) of the Transferor Companies including all the properties and assets, present or future or contingent or of whatsoever nature, if any, shall under the provisions of Section 391 and 394 of the Act and pursuant to the order of the High Court sanctioning this Scheme and without any further act or deed be transferred and/or deemed to be transferred to and vested with AIL so as to become the properties of AIL.
- 5.2 With effect from the Appointed Date and upon the Scheme becoming effective, all debts, liabilities, obligations, charges, liens, mortgages, contingent liabilities, taxes and duties of the Transferor Companies and other obligations of whatsoever nature, if any, shall under the provisions of Section 391 and 394 of the Act and pursuant to the order of the High Court sanctioning this Scheme and without any further act, instrument or deed be transferred or be deemed to be transferred to and vest in and be assumed by AIL so as to become the debts, liabilities, contingent liabilities, duties and obligations of AIL on the same terms and conditions as were applicable to the Transferor Companies.

- 5.3 Further, this clause of the Scheme has been drawn up to comply with the conditions relating to "Amalgamation" as specified under tax laws, including Section 2(1B) of the Income-tax Act, 1961 or any statutory modification(s), re-enactment(s) or amendment(s) thereof for the time being in force. If any term(s) or provision(s) of the Scheme is /are inconsistent with the provisions of Section 2(1B) of the Income tax Act, 1961, the provisions of Section 2(1B) of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent necessary to comply with Section 2(1B) of the Income-tax Act, 1961, such modifications will, however, not affect the other clauses of the Scheme.
- 5.4 With effect from the Appointed Date and upon the Scheme becoming effective, subject to applicable law, any statutory licenses, permissions, approvals, registration and/or consents, if any, held by the Transferor Companies shall stand vested in AIL (save and except as otherwise specified in this Scheme) without any further acts, deeds, matters or things and shall be appropriately registered with the statutory authorities concerned in favour of the AIL. The benefit of all statutory and regulatory licenses, permissions, approvals, registration of the Transferor Companies shall vest in and become available to the AIL pursuant to the Scheme. Provided that any statutory licenses, permissions, approvals, registration and/or consents held by the Transferor Companies that are not required by AIL will, if required by applicable laws, be cancelled or surrendered by the Transferor Companies and/or AIL.

6. CONSIDERATION

- 6.1 Upon the Scheme becoming effective and consequent amalgamation of the Transferor Companies with AIL, in terms of this Scheme, AIL shall, subject to the provisions of sub-clause 6.2 without any application or deed, issue and allot equity shares, credited as fully paid up, in consideration of this Scheme, to the extent indicated below, to the members of the Transferor Companies holding fully paid-up equity shares of the Transferor Companies and whose names appear in the Register of Members of the Transferor Companies on the Record Date, or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Directors of the Transferor Companies and/or AIL in the following proportions:

- (i) 58,33,773 fully paid up equity shares of Rs. 5/- each of AIL shall be issued and allotted as are held by GSIPL in AIL on 1st April, 2014 i.e. 58,33,773 fully paid up equity shares of Rs. 5/- each to all the equity shareholders of GSIPL collectively, in proportion to the number of equity shares held by them in GSIPL;
- (ii) 51,84,098 fully paid up equity shares of Rs. 5/- each of AIL shall be issued and allotted as are held by ALFPL in AIL on 1st April, 2014 i.e. 51,84,098 fully paid up equity shares of Rs. 5/- each to all the equity shareholders of ALFPL collectively, in proportion to the number of equity shares held by them in ALFPL;
- (iii) 35,81,743 fully paid up equity shares of Rs. 5/- each of AIL shall be issued and allotted in consideration of this Scheme, upon cancellation of 70,22,301 fully paid up equity shares of Rs. 5/- each of AIL held by AHL in AIL on 1st April, 2014 to all the equity shareholders (other than AIL) of AHL collectively, in proportion to the number of equity shares held by them in AHL (i.e. approximately 49%);
- (iv) 18,12,009 fully paid up equity shares of Rs. 5/- each of AIL shall be issued and allotted in consideration of this Scheme, upon cancellation of 35,94,530 fully paid up equity shares of Rs. 5/- each of AIL held by ACDL in AIL on 1st April, 2014 to all the equity shareholders (other than AIL) of ACDL collectively, in proportion to the number of equity shares held by them in ACDL (i.e. approximately 49.59%);
- (v) In the event the Transferor Companies hold more than 2,16,34,702 fully paid up equity shares of Rs. 5/- each held in AIL in aggregate as on 1st April, 2014, without incurring any additional liability, such additional number of equity shares of AIL, if any, shall be issued and allotted in consideration of this Scheme, as may be held by the Transferor Companies in AIL, upon cancellation thereof, in addition to 2,16,34,702 equity Shares held by the Transferor Companies in AIL in aggregate on 1st April, 2014, excluding such number of additional equity shares of AIL as are held by AHL and ACDL to the extent of proportionate shareholding of AIL in the equity shares of AHL (i.e. approximately 49%) and ACDL (i.e. approximately 49.59%) to all the equity shareholders (other than AIL) of the respective Transferor Companies

collectively, in proportion to the number of equity shares held by them in the respective Transferor Companies;

(New equity shares to be issued as above are hereinafter referred to as "New Equity Shares")

It is clarified that any positive net assets of the Transferor Companies as on the Appointed Date including all taxes paid and/or refunds /credits/claims receivable by the Transferor Companies, net of any adjustment(s) of any demand or liability thereof, if any, in respect of period prior to the Appointed Date, other than the investment in the AIL Shares, will not affect / alter the share exchange ratio as provided above and shall be treated as the asset or refunds/credit/claims, as the case may be, of the Transferee Company.

6.2 No equity shares would be issued by AIL in consideration of this Scheme upon cancellation of equity shares of Rs. 5/- each of AIL held by AHL and ACDL to the extent of proportionate shareholding of AIL in the equity shares of AHL (i.e. approximately 49%) and ACDL (i.e. approximately 49.59%).

6.3 The new Equity Shares issued and allotted pursuant to the sub-clause 6.1 would be deemed to be issued and allotted from the Appointed Date for all purposes.

6.4 The New Equity Shares to be issued to the members of the Transferor Companies as per sub-clause 6.1 shall be subject to the Memorandum of Association and Articles of Association of AIL. The New Equity Shares shall rank pari passu in all respects, including dividend, with the existing equity shares of AIL.

6.5 In respect of fractional entitlement to a shareholder, the same shall be rounded to the nearest integer.

6.6 Upon New Equity Shares being issued and allotted by AIL to the members of the Transferor Companies in accordance with sub-clause 6.1 above, the investment held by the Transferor Companies in the equity share capital of all i.e. AIL Shares shall, without any further application, act, instrument or deed stand cancelled.

6.7 The shares or the share certificates, if any, in relation to the equity shares held by the Transferor Companies in AIL shall, without any further application, act, Instrument Of deed, be deemed to have been automatically cancelled and be of no effect, and the shares held by the Transferor Companies in dematerialized form shall be extinguished, on and from such issue and allotment of New Equity shares.

6.8 The New Equity Shares to be issued by AIL shall be issued in dematerialized form by AIL. The members of the Transferor Companies shall be required to have an account with

a depository participant and shall be required to provide details thereof to AIL as may be required.

6.9 The New Equity Shares of AIL shall be listed and / or admitted to trading on the National Stock Exchange of India Limited and the BSE Limited and on such other stock exchanges on which the existing equity shares of AIL are Listed at that time ("Stock Exchanges"). AIL shall enter into such arrangements and give such confirmations and / or undertakings as may be, necessary in accordance with the applicable laws or regulations for complying with the formalities of the Stock Exchanges. On such formalities being fulfilled the Stock Exchanges shall list and/or admit the New Equity Shares for purpose of trading.

6.10 AIL shall, if and to the extent required, apply for and obtain any approvals from concerned regulatory authorities for the issue and allotment by AIL of New Equity Shares to the members of the Transferor Companies in terms of and under the Scheme.

6.11 The issue and allotment of New Equity Shares to the members of the Transferor Companies pursuant to the sub-clause 6.1 above is an integral part of this Scheme.

6.12 The approval of this Scheme by the members of the Transferor Companies shall be deemed to be due compliance with the applicable provisions of the Act including Section 62(1)(c) of the Companies Act, 2013, if applicable, for the issue and allotment of New Equity Shares by AIL to the members of the Transferor Companies, as provided in the Scheme and for this purpose no separate resolution under applicable provisions of the Act shall be required to be passed by shareholders of the Transferee Company.

7. CANCELLATION OF EQUITY SHARES OF AIL HELD BY THE TRANSFEROR COMPANIES

7.1 On the Scheme becoming effective and with effect from the Appointed Date, the investment held by the Transferor Companies in the equity share capital of AIL shall stand cancelled. Accordingly, the share capital of AIL shall stand reduced to the extent of face value of shares held by the Transferor Companies in AIL and so cancelled.

7.2 Such reduction of share capital of AIL as provided in Sub-clause 7.1 above shall be effected as an integral part of the Scheme and the Orders of the Court sanctioning the Scheme shall be deemed to be an Order under Section 102 of the Companies Act, 1956 and provisions, of the Companies Act, 2013, if applicable, confirming such reduction of share capital of AIL and no separate sanction under the Sections 100 to 103 and other applicable provisions

of the Act will be necessary. AIL shall not be required to add the words "and reduced" as a suffix to its name consequent upon such reduction.

8. MERGING OF AUTHORISED SHARE CAPITAL

8.1 Upon the Scheme coming into effect, the authorised share capital of all the Transferor Companies of Rs. 52,57,51,600/- (Rupees Fifty two crore fifty seven lakh fifty one thousand six hundred only) shall stand combined/consolidated with the authorised share capital of AIL and the authorised share capital of AIL shall, without any further act, deed or action, stand increased, post amalgamation, to Rs. 115,07,51,600/- (Rupees One hundred fifteen crore seven lakh fifty one thousand six hundred only) and such increased authorised share capital be divided into 23,01,50,320 equity shares of Rs. 5/- (Rupees Five only) each.

8.2 Clause V of the Memorandum of Association of AIL shall be amended by deleting the clause and replacing it by the following:

"The Authorised share capital of the Company is Rs. 115,07,51,600/- (Rupees One hundred fifteen crore seven lakh fifty one thousand six hundred only) divided into 23,01,50,320 equity shares of Rs. 5/- (Rupees Five only) each. Any shares of the original or increased capital may, from time to time be issued with such terms, conditions, restrictions and guarantees, or any rights of preference whether in respect of dividend or of repayment of capital or both or any other special privileges or advantage over any shares previously issued or then about to be issued, or with deferred or qualified rights to any provisions or conditions and with any special rights or limited rights, or without any rights of voting and generally on such terms as the Company may from time to time determine. The rights of the holders of any class of shares, for the time being forming part of the capital of the Company, may be modified, affected, varied, extended or surrendered either with the consent in writing of the holders of three fourths of the issued shares of the class or with the sanction of a special Resolution passed at a separate meeting of the holders of those shares."

8.3 It is hereby clarified that this increase in authorised share capital of AIL shall be effected as an integral part of this Scheme without any further act or deed on the part of AIL and the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, AIL shall not be obliged to follow the procedure or filing as

required under Section 13, 61 or any other applicable provisions of the Companies Act, 2013. It is further clarified that no registration fee and stamp duty shall be payable by AIL on account of this amendment or merging of authorised share capital.

9. CONDUCT OF BUSINESS TILL THE EFFECTIVE DATE

9.1 With effect from the Appointed Date and up to and including the Effective Date, the Transferor Companies shall carry on its business with utmost prudence for and on behalf of and in trust of AIL.

9.2 With effect from the Appointed Date and up to and including the Effective Date, the Transferor Companies shall not sell, transfer or alienate, charge, mortgage or encumber or otherwise deal with or dispose of any of its undertaking(s) or any part thereof save and except in each case:

- (a) if the same is in the ordinary course of business of the Transferor Companies as carried on by the Transferor Companies as on the date of filing this Scheme with the High Court; or
- (b) if the same is expressly permitted by this Scheme; or
- (c) if the prior written consent of the Board of Directors of AIL has been obtained.

Notwithstanding the above, the Transferor Companies will not, in any event, transfer or otherwise dispose of or create any form of encumbrance in any manner over the equity shares held by the Transferor Companies in AIL.

9.3 Upon the Scheme becoming effective, AIL the contracts or arrangements, if any, entered into by the Transferor Companies with its shareholders relating to the operations and management of the Transferor Companies, if any, shall be deemed to be terminated qua the Transferor Companies and AIL the rights and obligations of the shareholders of the Transferor Companies qua Transferor Companies under such shareholders or other contracts or arrangement and any obligations of the Transferor Companies towards its shareholders shall get extinguished.

For the avoidance of doubts, it is clarified that there are no outstanding claims or liabilities owed against any of the Transferor Companies by any of its respective shareholders, in relation to the aforementioned shareholders agreements or other contracts or arrangements with its shareholders, if any.

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- 9.4 Subject to Sub-clause 9.5 of this Scheme, any income and other available cash (including money market or mutual fund investments, fixed deposits with banks etc., if any) of the Transferor Companies shall be utilized in accordance with clause 10 of this Scheme.
- 9.5 Any income, profits or other funds of the Transferor Companies will first be utilized to meet any current or expected liabilities of the Transferor Companies, including any tax liabilities, if any, before they are utilized for other purposes, including but not limited to, utilization in accordance with clause 10 of this Scheme.
- 9.6 Save and except as otherwise specified in this Scheme, any income or profit accruing or arising to the Transferor Companies or expenditure or losses arising or incurred or suffered by the Transferor Companies pertaining to the businesses and undertaking(s) of the Transferor Companies from the Appointed Date till the Effective Date shall for all purposes be treated as the income or profits or losses or expenditures as the case may be of AIL. All Taxes (including income Tax, Service Tax, Value Added Tax etc.) or liabilities paid or payable by the Transferor Companies in respect of the operations and / or the profits of the business before the Appointed Date shall be on account of the Transferor Companies and/or promoter shareholders of the Transferor Companies only. All Taxes (including Income Tax, Service Tax, Value Added Tax etc.), paid or payable, whether by way of deduction at source, advance tax or otherwise, by the Transferor Companies, in respect of the profits or activities or operations of business after the Appointed Date, the same shall be deemed to be paid or payable on behalf of AIL and shall, in AIL proceedings, be dealt with accordingly.
- 9.7 With effect from the Appointed Date and upto and including the Effective Date, in the event AIL distributes dividend (including interim dividend) or issues bonus shares or offers rights shares to its shareholders, the Transferor Companies shall be entitled to receive such dividend and bonus shares, and subscribe to such rights shares offered by AIL subject to sub-clause 6.2 of this Scheme.

10. DIVIDEND, ACQUISITION OF ADDITIONAL SHARES OF AIL

- 10.1 Until the Effective Date, the Transferor Companies may utilize its income / available cash if any, for the following purposes
- (a) for declaration or payment of dividend, whether interim or final, to its shareholders; and / or

- (b) for further acquisition of equity shares of AIL, including by way of purchases on floor of Stock Exchanges; and / or
- (c) for meeting its expenses or liabilities in the ordinary course of business or for the purposes specified in the Scheme.

10.2 Until the Effective Date, the holders of shares of the respective Transferor Companies shall, save as expressly provided otherwise in the Scheme, continue to enjoy their existing rights under the Articles of Association of the respective Transferor Companies including the right to receive dividends.

10.3 It is clarified that the aforesaid provisions in respect of declaration of dividends and/or further acquisition of equity shares of AIL, including by way of purchases on floor of Stock Exchanges are enabling provisions only and shall not be deemed to confer any right on any member of the Transferor Companies to demand or claim dividend which, subject to the provisions of the Act, shall be entirely at the discretion of the Board of Directors of the Transferor Companies.

10.4 It is clarified that upon amalgamation of the Transferor Companies with AIL in terms of this Scheme, AIL will issue and allot such additional number of equity shares of AIL to the equity shareholders (other than AIL) of the Transferor Companies as on the Record Date in accordance with Sub-clause 6.1 of the Scheme, in lieu of the additional equity shares of AIL, if any, acquired by the Transferor Companies in accordance with Sub-clause 10.1 of the Scheme. Further, such additional shares of AIL, if any, acquired by the Transferor Companies in accordance with Sub-clause 10.1 of the Scheme shall also stand cancelled upon amalgamation of the Transferor Companies with AIL in accordance with the Sub-clause 7.1 of the Scheme and issuance of New Equity Shares by AIL to the equity shareholders (other than AIL) of the Transferor Companies as on the Record Date, in accordance with the Sub-clause 6.1 of the Scheme.

11. EMPLOYEES

Upon the Scheme becoming effective, AIL staff, workmen and permanent employees of the Transferor Companies, if any, who are in service on the Effective Date shall be deemed to have become staff, workmen and employees (as the case may be) of AIL with effect from the Appointed Date without any break or interruption in their service, on same terms and conditions on which they are engaged

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as on the Effective Date and the terms and conditions of their employment with AIL shall in no event be less favourable than those applicable to them with reference to the Transferor Companies on the Effective Date.

12. CONTRACTS, DEEDS, RESOLUTIONS ETC.

Subject to other provisions contained in this Scheme all contracts deeds, understandings, bonds, guarantees, agreements, instruments and writings and benefits of whatsoever nature, if any, to which the Transferor Companies are parties and subsisting or having effect on the Effective Date, shall remain in full force and effect against or in favour of AIL and may be enforced by or against AIL as fully and effectually as if, instead of the Transferor Companies, AIL had been a party thereto.

13. LEGAL PROCEEDINGS

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13.1 If any suit, appeal or other proceedings of whatsoever nature by or against the Transferor Companies are pending, the same shall not abate or be discontinued or be in any way prejudicially affected by reason of the amalgamation of the Transferor Companies with AIL or anything contained in this Scheme, but the said Suit, appeal, or other legal proceedings, as the case may be, may be continued, prosecuted and enforced, as the case may be, by or against AIL and to the same extent as it would be or might have been continued, prosecuted and enforced by or against the Transferor Companies, as if this Scheme has not been made. In the event that the legal proceedings referred to herein require the Transferor Companies and/or AIL to be jointly treated as parties thereto, AIL shall be added as party to such proceedings.

13.2 On and from the Effective Date. AIL may, if required, initiate any legal proceedings in relation to the rights, title, interest, obligations or liabilities or any nature whatsoever, whether under contract or law or otherwise, of the Transferor Companies and to the same extent as would or might have been initiated by the Transferor Companies.

14. ACCOUNTING TREATMENT

14.1 The Transferee Company shall abide by the Accounting standard (AS) - 14 issued by The Institute of Chartered Accountants of India and / or as prescribed and applicable under the Act.

14.2 All assets and liabilities recorded in the books of the Transferor Companies shall be recorded by

the Transferee Company at their respective book values as appearing in the books of the Transferor Companies on the Appointed Date using the pooling of interest method.

HIGH COURT OF GUJARAT
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14.3 The equity shares of the Transferee Company held by the Transferor Companies shall get cancelled in accordance with sub-clause 7.1 of the Scheme and as a result the equivalent share capital of the Transferee Company and the book value of investments held by the Transferor Companies in the Transferee Company recorded as per sub-clause 14.2 above shall stand cancelled.

14.4 The face value of New Equity Shares issued by the Transferee Company pursuant to sub-clause 6.1 shall be credited to the share capital account of the Transferee Company.

14.5 The difference between the value of net assets of the Transferor Companies transferred to AIL and recorded as per sub-clause 14.2 above, and the consideration issued by AIL (pursuant to sub-clause 6.1 above) shall be adjusted in reserves as per AS 14.

14.6 The difference (if any) between the book value of investments held by the Transferor Companies in the equity share capital of AIL cancelled pursuant to sub-clause 14.3 above and the face value of corresponding equity share capital of AIL shall be first adjusted against the permissible Capital Reserve(s) of the combined entity and the balance (if any) shall be adjusted against AIL other reserves as deemed appropriate by the management of the Transferee Company subject to sub-clause 14.1 above.

15. INDEMNITY BY SHAREHOLDERS OF THE TRANSFEROR COMPANIES

The shareholders of the Transferor Companies shall indemnify and hold harmless AIL and its directors, officers, representatives, partners, employees and agents (collectively, the 'Indemnified Persons') for losses, Liabilities, costs, charges, expenses (whether or not resulting from third party claims), including those paid or suffered pursuant to any actions, proceedings, claims and including interests and penalties discharged by the Indemnified Persons which may devolve on Indemnified Persons on account of amalgamation of the Transferor Companies into AIL but would not have been payable by such Indemnified Persons otherwise, in the form and manner as may be agreed amongst AIL and the promoter shareholders of the Transferor Companies pro-rata and in the proportion of their respective shareholding in the Transferor companies.

16. SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of the assets, liabilities and obligations appertaining / relating to the Transferor Companies, pursuant to this Scheme, and the continuance of the proceedings by or against AIL, under clause 13 hereof shall not affect any transactions of proceedings already completed by the Transferor Companies, on and after the Appointed Date to the end and intent that AIL accepts all acts, deeds, matters and things done and executed by and / or on behalf of the Transferor Companies, as acts, deeds and things done and executed by and on behalf of AIL.

17. DISSOLUTION OF THE TRANSFEROR COMPANIES

On the Scheme becoming effective, the Transferor Companies shall be dissolved without being wound up on such terms and conditions as the Court may direct or determine.

PART III

GENERAL TERMS AND CONDITIONS

18. APPLICATION TO THE HIGH COURT

The Transferor Companies and the Transferee Company shall, with AIL reasonable dispatch, make applications petitions to the High Court of Judicature of Bombay and /or High Court of Gujarat at Ahmedabad and/or any other appropriate/competent authority for sanctioning the Scheme under Sections 391 to 394 read with Sections 100 to 103 and other applicable provisions, if any, of the Act, for an order or orders thereof for carrying the Scheme into effect and for dissolution of the Transferor Companies.

19. MODIFICATIONS! AMENDMENTS TO THE SCHEME

- 19.1 The Transferor Companies and the Transferee Company by their respective Board of Directors (the "Board"), which term shall include any duly constituted committee thereof), may assent to, make and / or consent to any modifications amendments to the Scheme or to any conditions or limitations that the High Court and/or any other authority under law may deem fit to direct or impose, or which may otherwise be considered necessary, desirable or appropriate by them (i.e. the Board). The Transferor Companies and the Transferee Company by their respective Board be and are hereby authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions of law or otherwise

whether by reason of any directive or orders of any other authorities or otherwise however arising out of or under or by virtue of the Scheme and / or any matter concerned or connected therewith.

- 19.2 The term 'any other authority' referred to in sub-clause 19.1 above, shall specifically include the Stock Exchanges with which the shares of the Transferee Company are listed and with which the Transferee Company shall file a copy of the Scheme under sub-clause (f) of Clause 24 of the Listing Agreement of the respective stock Exchanges.

- 19.3 If any part of this Scheme hereof is invalid, ruled illegal by any Court of competent jurisdiction, or unenforceable under present or future laws, then such part shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any of the Companies or their respective shareholders or creditors, in which case the Scheme will be modified to such extent, as will best preserve for the them the benefits and obligations of the Scheme, including but not limited to such part.

- 19.4 In the event that any conditions imposed by the Court or any other authority are found unacceptable for any reason whatsoever by AIL or any of the Companies, then all or any of such Companies shall be entitled to withdraw from this Scheme in which event no rights and liabilities whatsoever shall accrue to or be incurred inter se to or by the companies or any of them.

20. CONDITIONALITY OF THE SCHEME

Scheme is and shall be conditional upon and subject to:

- 20.1 The Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective members and/or creditors of the Transferor Companies and the Transferee Company, in terms with the applicable provisions of the Act and guidelines issued by SEBI, as amended and updated from time to time, and, as may be considered necessary to give effect to Scheme and / or as may be directed by the High Court or any other appropriate authority as may be applicable except to the extent as may be waived by the Court and or any other competent authority as may be applicable. It is hereby clarified that the Transferee Company will provide for voting by public shareholders through postal ballot and e-voting

HIGH COURT OF GUJARAT
AHMEDABAD
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and 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.

- 20.2 The sanction of this Scheme by the High Court or any other appropriate authority under Sections 391 to 394 read with Sections 100 to 103 and other applicable provisions, if any, of the Act in favour of the Transferor Companies and the Transferee Company.
- 20.3 Certified or authenticated copy of the orders of the High Court sanctioning the Scheme being filed with the Registrar of Companies by the Transferor Companies and the Transferee Company.
- 20.4 The requisite, consent, approval or permission of statutory or regulatory authorities, if any, which by law may be necessary for the implementation of this Scheme, being obtained, including approvals as may be required from any other authority as referred in Sub-clause 19.2 above.

21. EFFECT OF NON RECEIPT OF APPROVALS

In the event any of the said sanctions and approvals referred to in clause 21 not being obtained and/or the Scheme not being sanctioned by the High Court or such other appropriate authority, if any, this Scheme shall stand revoked, cancelled and be 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 if specifically provided in the Scheme or as may otherwise arise in law and agreed between some or all of the respective parties to this Scheme.

22. COSTS, CHARGES AND EXPENSES

All costs, charges, taxes including duties, levies and all other expenses, if any, arising out of or incurred in connection with and implementing this Scheme and matters incidental thereto shall be borne and paid by the Transferor Companies. In case the amount of costs, charges and taxes is in excess of the cash available with the Transferor Companies, such excess amount shall be borne by the promoter shareholders of the Transferor Companies pro-rata and in the proportion of their respective shareholding in the respective Transferor companies. No costs, charges, taxes pertaining to the Scheme shall be borne by AIL.

23. DIFFERENCES

In case any doubt or difference or issue (in relation to the Scheme) arises between the Transferor Companies and AIL, any of their shareholders, creditors, employees or persons, entitled to or /claiming any right to any New Equity Shares in AIL or as to the interpretation of any term of the Scheme or implementation of this Scheme, after the Scheme becomes effective, then the Board of Directors of AIL shall resolve all such disputes and its decision shall be final and binding on AIL concerned.

HIGH COURT OF GUJARAT
AHMEDABAD
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ORDER ON PETITION COMP 116 OF 2015

WITNESS VIJAY MANOHAR SAHAI Esquire, the **ACTING CHIEF JUSTICE** at Ahmedabad aforesaid this 31 day of July, Two Thousand Fifteen.

By the order of Honourable Court

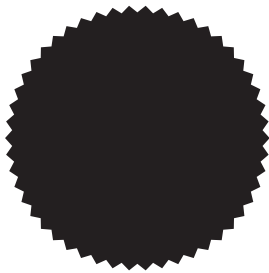
Checked and found correct and signed
each and every page

Sd/-
08-09-2015
Manjushri
Dy. S.O.

Sd/-
H.P. Kapode
S.O.

Sd/-
Alice P.P.
S.O.

Sd/-
08-09-2015
E.G. Prajapati
D.R.



Order Drawn By:

Sd/-
(MR. NANDISH CHUDGAR)
PARTNER
ADVOCATES FOR PETITIONER
M/S. NANAVATI ASSOCIATES
Block-B, Satyam Corporate Square,
Behind Rajpath Club, Off. S. G. Highway,
Bodakdev, Ahmedabad - 380 059.

Sd/-
09-09-2015
Registrar (Judicial)
This **9th** day of **September, 2015**

Sealer

Sd/-
09-09-2015
Dy. Registrar
This **9th** day of **September, 2015**

TRUE COPY

SD/-
ASSISTANT REGISTRAR
THIS 09-09-2015

$$\begin{array}{r} 6 \overline{) 619} \\ 20 \overline{) 0619} \end{array}$$

**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
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Sl. No.	Name of the Applicant	Designation	Signature
1.	Arjun R. Sheth	Adv. & Solicitor	Applicants <u>Arjun R. Sheth</u>
2.	Angya Saranyan	Adv.	" "

ORDER

The petitioner is represented through learned counsels.

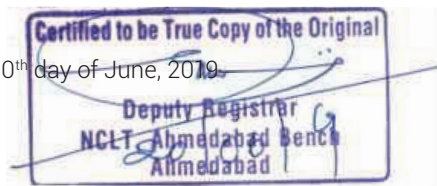
The Order is pronounced in the open court, vide separate sheet.

Hana

MANORAMA KUMARI
(MEMBER JUDICIAL)



Dated this the 10th day of June, 2019



**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

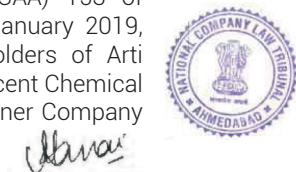


Arjun

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

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 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/Demerger 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.
5. 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 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



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

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:

- 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.

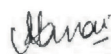


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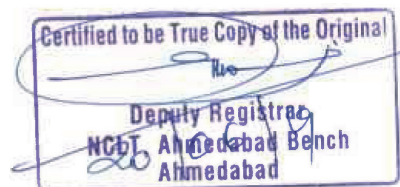
- iii. With regard to Para 2(e) of the Report of the Regional Director, it is submitted that the name of the Petitioner Company No. 2 has been proposed to be changed post the effectiveness of the Scheme so that the Petitioner Company No. 2 can adopt the name of the Group. It is further submitted that 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. 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

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

- 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 and there is no complaint 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 the 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 here in above.
 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.
 14. The amount towards legal fees/expenses incurred by the office of the Regional Director in respect of the petitioner companies is quantified as Rs. 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.



**Ms. Manorama Kumari
Member (Judicial)**



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

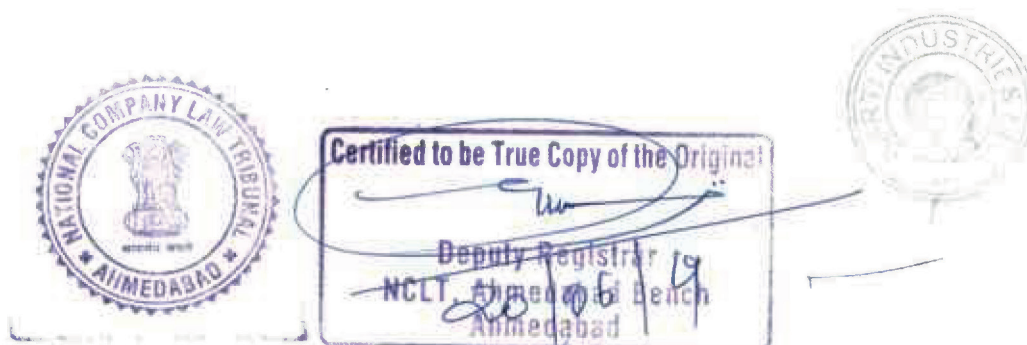
Annexure 1

6/6
20/06/19

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)



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: L24110GJ198PLC007301), 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".

All 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 manufactures 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 specially chemicals. The details of the authorized, 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 objects 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:
- 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
 - 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 hereinafter defined) 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:
 - (a) 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;
 - (b) All the debts, liabilities, duties and obligations including contingent liabilities pertaining to the Home and Personal Care Undertaking;
 - (c) 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 unutilized 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 1 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 Arti 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. Rajji & 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 it 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-à-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 election 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 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(l)(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 NSE 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 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 duly 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 B 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 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 B and 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 nature 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 Alter 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 B in respect thereof.
- 21.3 Resultant Company B undertakes to have all respective legal or other proceedings initiated by or against Demerged Company B 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-a-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 Jaw 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 Band 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 B in 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 B at 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 B 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 B.

- 28.5 On the approval of the Scheme by the members of the Resultant Company B it 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 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/ revaluation, 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/revaluation, 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**"):
- 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;
 - 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
 - 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)(1)(b) of Annexure I of SEBI Circular No. CFD/DIL3/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/DIL3/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

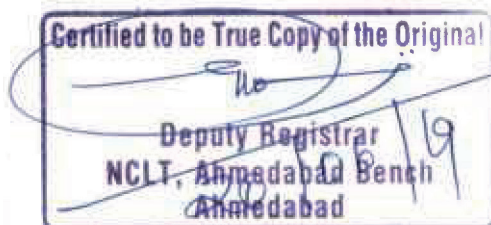
Till the event of this Scheme being effective AIL, Nascent and ASL, shall continue to hold their respective Annual General Meeting and other meetings in accordance with the relevant laws and shall continue to comply with all their statutory obligations in the same manner, as if this scheme does not exist.



ANNEXURE I

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

Free of Cost Copy

**IN THE NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD BENCH
COURT-II**

**CP(CAA)/24(AHM)2022
WITH
CA(CAA)/84(AHM)2021**

[Under Section 230-232 of the Companies Act, 2013 read with the
Companies (Compromise, Arrangements and Amalgamation) Rules, 2016]

**IN THE MATTER OF SCHEME OF ARRANGEMENT
IN THE NATURE OF DEMERGER**

OF

AARTI INDUSTRIES LIMITED

(Petitioner Company No. 1/Demergering Company)

AND

AARTI PHARMALABS LIMITED

(Petitioner Company No. 2/Resulting Company)

Order Pronounced on: 21.09.2022

CORAM:

**DR. DEEPTI MUKESH
HON'BLE MEMBER (Judicial)
MR. AJAI DAS MEHROTRA
HON'BLE MEMBER (Technical)**

CP(CAA)/24(AHM)2022
CA(CAA)/84(AHM)2021



MEMO OF PARTIES

AARTI INDUSTRIES LIMITED

CIN: L24110GJ1984PLC007301

R/a: Plot No 801/23 GIDC Estate, Phase III,
Vapi, Gujarat (396195)

**... Petitioner Company No. 1/
Demerging Company**

AND

AARTI PHARMALABS LIMITED

CIN: U24100GJ2019PLC110964

R/a: Plot No. 22/C/1 & 22/C/2, 1st Phase,
G.I.D.C., Vapi, Valsad, Gujarat (396195)

**... Petitioner Company No. 2/
Resulting Company**

For Petitioner: Mr. Hemant Sethi, Advocate

For RD: Mr. Liladhar Sharma, Assistant Director

For Income Tax Department: Ms. Dhruvi Trivedi, Adv.

ORDER

1. This joint petition has been filed by the Petitioner Companies above named under Sections 230 and 232 of the Companies Act, 2013 ('the Act') read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 for the purpose of the approval of the Scheme of Arrangement ('Scheme'), for De-merger of the Demerged undertaking of the Aarti Industries Ltd. as defined under the Scheme ('Demerging Company') and merging of the said demerged undertaking to Aarti Pharmalabs Limited ('Resulting Company') with effect from the appointed date as mentioned in the Scheme.
2. From the records, it is seen that the first motion application seeking directions for convening/dispensing of the meeting of the Equity Shareholders, Secured Creditors and Unsecured Creditors was filed and vide order dated 27.01.2022, the meetings of the shareholders, Secured creditors and Unsecured

Creditors of the Demerging Company was directed to be held on 10.03.2022 and convening of all meetings of the shareholders, Secured and Unsecured Creditors of the Resulting Company were dispensed with. Chairperson's report with respect to meetings held of demerging company was filed on 16.03.2022 and this petition is filed on 21.03.2022, which is within time as per Rule 15(1) of the Companies (Arrangements and Amalgamation) Rules, 2016.

3. The 2nd motion joint petition, was admitted vide order dated 31.03.2022, issuing Notices to the concerned statutory authorities and also directed publication in the newspapers viz "Financial Express" in English, "Jan Satta" in Hindi and "Daman Ganga Times" in Gujarati having circulation in Gujarat. Both Petitioner Companies have filed respective compliance affidavits.



4. The Regional Director, North Western Region, MCA has filed common report on 25.03.2022 along with the report of RoC, Ahmedabad seeking following directions:
 - i) The Petitioner Companies to undertake the compliance of Section 2 (19AA) of the Income Tax Act, since this is a scheme of demerger.
 - ii) The Petitioner Companies to ensure compliance of FEMA and RBI guidelines.
 - iii) As the Demerging Company is listed with the BSE and NSE, the Demerging Company to ensure compliance of SEBI circulars dated 04.02.2013, 21.05.2013 and 10.03.2017.
 - iv) The Resulting Company to comply with provisions of Section 61 of the Companies Act, 2013 and also as to payment of stamp duty, registration fees etc.
5. The report of the Registrar of Companies is annexed with the report of the Regional Director. The RoC has made an observation that since the Scheme provides that Resulting Company shall apply to all the Stock Exchanges where the shares of Demerging Company are listed and to SEBI, therefore Resulting Company shall comply with the provisions of Section 23 to Section 25 and other applicable provisions of Chapter III Part I of the Act and rules made thereunder.
6. The Petitioner Companies have filed a reply, to the observations of Regional Director, RoC and have given undertakings as under:
 - i) That the resulting company will file Form- GPR under single master form within 30 days of issuance of shares in accordance with FEMA Regulations/RBI guidelines.
 - ii) That resulting company shall ensure compliance of provisions of Section 61r/w Section 64 of the Act under single window clearance and filing of necessary e-forms and payment of stamp fees.
 - iii) That the Resulting Company shall apply to all stock exchanges where shares of Demerging Company are listed and shall also satisfy all the requirements necessary for listing of the Equity Shares of the Resulting Company.
7. The Income Tax Department has filed its report and with respect to Demerging Company, that demand is outstanding for AYs 2018-19 to 2020-2021 and also an appeal is pending for disposal before Ld. CIT(A). It is further submitted that for Resulting Company no demand is outstanding.
8. In compliance with the proviso to sub-section (7) of Section 230 of the Companies Act, 2013, the Petitioner Companies have placed on record the Certificates of the Chartered Accountant/s confirming the accounting treatment envisaged under the Scheme of Arrangement is in compliance SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI circular issued thereunder and all the applicable accounting standards notified by the Central Government under the Companies Act, 2013.
9. The audited Financial Statements as on 31.03.2021 and audited financial results for the nine months ending on 31.12.2021 of both the Petitioner Companies are annexed with the petition.
10. Heard submissions and perused documents placed on record. Considering the approval accorded by the members and creditors of the Petitioner Companies to the proposed Scheme, and the no objection given by NSE vide letter dated 09.11.2021 and comment of "no adverse observation" given by BSE vide letter dated 09.11.2021, it appears that the requirements of the provisions of Section 230 and 232 are satisfied by the Petitioner Companies. It seems that the proposed Scheme is bona fide and in the interest of the shareholders and creditors. Therefore, petition is allowed and the Scheme annexed with this order at Annexure-A envisaging



demerger of one of the Undertaking of the Aarti Industries Ltd., viz Demerging Company and merging of the same to Aarti Pharmalabs Limited, the Resulting Company is hereby sanctioned. It is declared that the said sanctioned scheme shall be binding on the petitioner companies and their shareholders, creditors and all concerned under the scheme.

11. Notwithstanding the above, if any deficiency is found or, violation committed qua any enactment, statutory rule or regulation, the sanction granted by this Tribunal to the Scheme will not come in the way of action being taken, albeit, in accordance with law, against the concerned persons, directors and officials of the Petitioners.
12. While approving the Scheme as above, we further clarify that this order should not be construed as an order in any manner granting exemption from payment of stamp duty, or taxes including income tax, GST etc., or any other charges or payment in accordance with law, or any kind of waiver in respect of any permission / compliance with any other requirement which may be specifically required under any law.
13. THIS TRIBUNAL DO FURTHER ORDER:
 - a) The Demerged undertaking of the Demerging Company, together with all its properties, rights and powers be transferred without further act or deed, to the Resulting Company and accordingly the same shall pursuant to Section 232 of the Act, shall stand transferred to and vest in the Resulting Company for all the estate and interest of the Demerged Undertaking.
 - b) All the properties, rights and powers of the Demerged undertaking of the Demerging Company as specified in the schedule of assets/properties annexed with this order as Annexure - B be transferred without further act or deed to the Resulting Company in accordance

with the Scheme and accordingly, the same shall pursuant to Section 232 of the Act, stand transferred to and vest in the Resulting Company in accordance with the Scheme for all the estate and interest of the Demerged Undertaking.

- c) All licenses, permissions, permits, approvals, certificates, clearances, authorities, leases, tenancy, assignments, rights, claims, liberties, special status, other benefits or privileges relating to the Demerged Undertaking shall stand transferred to and vest in the Resulting Company, without any further act or deed. The Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Resulting Company.
- d) All the liabilities and obligations incurred by Demerging Company for the operations and to the extent of the Demerged Undertaking be transferred, without further act or deed, to the Resulting Company and accordingly the same shall pursuant to Sections 230 & 232 of the Companies Act, 2013, be transferred to and become the liabilities and duties of the Resulting Company.
- e) All contracts, agreements, arrangements, bonds and all other instruments of whatsoever nature or description, of the Demerging Company in respect of and to the extent of the Demerged Undertaking, shall stand transferred to and vested in the Resulting Company and be in full force and effect, in favour of the Resulting Company which may be enforced by or against it as fully and effectually against the Resulting Company.
- f) All taxes paid or payable by the Demerged Undertaking, after the appointed date, un-availed credits and exemptions, benefit



of carried forward losses and other statutory benefits pertaining to and to the extent of only Demerged undertaking, shall be available to and vest in the Resulting Company, if permissible under provisions of the concerned law.

- g) All proceedings now pending by or against the Demerging Company in respect of Demerged Undertaking shall be continued by or against the Resulting Company.
- h) All workers/employees in the service of the Demerged Undertaking of the Demerging Company shall be deemed to have become the workers/employees of the Resulting Company on date on which the scheme finally takes effect on the basis that their services shall be deemed to have been continuous and not having been interrupted by reasons of the said transfer and on term and conditions no less favourable than those on which they were / are engaged, as on the Effective Date.
- i) Upon the coming into effect of the Scheme, and as proposed in the Scheme, the Resulting

Company shall, without any further act or deed and without any further payment, issue and allot on a proportionate basis to each member of Demerging Company, whose name is recorded in the register of members of Demerging Company as holding shares on the Record Date in following ratio: 1 (One) Equity Share of Rs. 5 each, fully paid up of Resulting Company for every 4 (Four) Equity shares of Rs. 5 each fully paid up held in Demerging Company.

- j) The Petitioner Companies are directed to lodge a copy of this Order along with the approved Scheme, with the concerned Superintendent of Stamps, for adjudication of stamp duty, and pay requisite stamp duty payable, if any, within 60 days from the date of this Order.
- k) Any person aggrieved shall be at liberty to apply to the Tribunal in the above matter for any directions that may be necessary.

14. Company Petition is allowed and disposed of, in terms of above order.

-Sd-

AJAI DAS MEHROTRA,
MEMBER (TECHNICAL)

Mansi J./LRA

-Sd-

DR. DEEPTI MUKESH
MEMBER (JUDICIAL)



ANNEXURE - A

SCHEME OF ARRANGEMENT BETWEEN

Aarti Industries Limited Demerged Company

AND

Aarti Pharmalabs Limited Resulting Company
(Formerly Known as Aarti Organics Limited)

AND THEIR RESPECTIVE SHAREHOLDERS IN RESPECT OF DEMERGER OF PHARMA DIVISION OF AARTI INDUSTRIES LIMITED INTO AARTI PHARMALABS LIMITED (FORMERLY KNOWN AS AARTI ORGANICS LIMITED) UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 ('ACT')

OVERVIEW, OBJECTS AND BENEFITS OF THE SCHEME

- A. Aarti Industries Limited (hereinafter referred to as the **"Demerged Company"**, or **"AIL"**) is a listed public limited company incorporated on 28th September, 1984 under the Companies Act, 1956 with CIN L24110GJ1984PLC007301 having its registered office at Plot Nos 801, 801/23, GIDC Estate, Phase III, Vapi - 396 195, Gujarat. The equity shares of Demerged Company are listed on BSE Limited and National Stock Exchange of India. The Demerged Company is a leading Indian manufacturer of specialty chemicals and pharmaceuticals with a global footprint. It manufactures chemicals used in downstream manufacturing of agrochemicals, polymers, additives, surfactants, pigments and dyes, etc. (**"Speciality Chemical Business" or "Speciality Chemical Division"**). The Pharma Business is divided into three verticals i.e. a) manufacture of active pharmaceutical ingredients (**"APIs"**) b) manufacture of intermediates and c) manufacture of xanthine derivatives. The Pharma business of the Demerged Company has four APIs manufacturing plants, two of which are approved by the United States Food and Drug Administration (**"USFDA"**) and rest two are WHO/GMP certified. Additionally, it

has two dedicated research and development facilities for pharmaceuticals API. (**"Pharma Business" or "Pharma Division"**)

- B. Aarti Pharmalabs Limited (Formerly known as Aarti Organics Limited) (hereinafter referred to as the **"The Resulting Company"** or **"APL"**) is an unlisted public limited company incorporated on 22nd November, 2019 under the Companies Act, 2013 with CIN U24100GJ2019PLC110964 and having its registered office at Plot No. 22/C/1 & 22/C/2, 1st Phase, G.I D.C. Vapi, District Valsad Gujarat - 396 195. The Resulting Company is incorporated with an object to engage in the business including manufacturing and trading or Pharmaceuticals and allied products.
- C. This Scheme of Arrangement (hereinafter referred to as the **"Scheme"**) provides for a) the transfer by way of demerger of the Demerged Undertaking (as defined hereinafter) of the Demerged Company to the Resulting Company, and the consequent issue of equity shares by the Resulting Company to the shareholders of the Demerged Company pursuant to Sections 230 to 232 and other relevant provision of the Act (as defined hereinafter) in the manner provided for in the Scheme and in compliance with Section 2(19AA) of IT Act and cancellation of existing equity shares of the Resulting Company held by Demerged Company and b) various other matters consequential or otherwise integrally connected therewith.

After the effectiveness of this Scheme, the Share Capital of APL consisting of the fully paid-up new Equity Shares of APL issued as consideration in terms of Section B of this Scheme to the shareholders of AIL shall be listed on the Stock Exchanges in accordance with the provisions of SEBI Circular No SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22nd December, 2020, as amended from time to time. Further, as an integral part of the Scheme, existing Equity Shares of APL (presently 100% held by Demerged Company) shall stand cancelled without any further act and deed, and hence this Scheme contemplates approval of the Tribunal(s) in terms of relevant provisions of the Act, in addition to Sections 230 to 232 of the Act.



D. RATIONALE AND BENEFITS OF THIS SCHEME

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

AIL basically has 2 (Two) business verticals i.e., specialty chemicals and pharmaceuticals with divergent business profile, growth potential, risk-rewards, regulatory and capital requirements and are largely independent of each other.

- a) The Demerged Undertaking relates to Pharma manufacturing units, allied activities, investments and cash balance & cash equivalents for future Capital Expenditures of Demerged Undertaking. In order to create overall value for the shareholders and also to enable management of the Company to focus and adopt the relevant strategies necessary for promoting growth and expansion, it is proposed that the Demerged Undertaking, (as specifically set out in the Scheme), be demerged and transferred to the Resulting Company under the terms and conditions of this Scheme.
- b) The shareholders of AIL, pursuant to the demerger, will get Equity Shares of Resulting Company for the values of Business Transferred in the manner set out under this Scheme.
- c) The demerger will also result in AIL and APL achieving operational efficiencies by streamlining of the relevant businesses.
- d) By demerger of the Demerged Undertaking into Resulting Company, the financial resources will be conveniently raised in accordance with the requirement of the business.
- e) The demerger will enable APL to expand its presence in the fast-moving Pharma Business in India and abroad.
- f) The demerger will result into two dedicated and focused business segments i.e. Specialty Chemical and Pharma without any risk or overlap of one business over the other.

E. COMPLIANCE WITH TAX LAW

This Scheme has been drawn up 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 provides the following conditions:

- a. all the property of the undertaking, being transferred by the Demerged Company, immediately before the demerger, becomes the property of the Resulting Company by virtue of the demerger;
- b. all the liabilities relatable to the undertaking, being transferred by the Demerged Company, immediately before the demerger, become the liabilities of the Resulting Company by virtue of the demerger;
- c. the property and liabilities of the undertaking being transferred by the Demerged Company are transferred at values appearing in its books of account immediately before the demerger;
- d. the Resulting Company issues, in consideration of the demerger, its shares to the shareholders of the Demerged Company on a proportionate basis;
- e. the shareholders holding not less than three-fourths in value of the shares in the Demerged Company (other than shares already held therein immediately before the demerger, or by a nominee for the Resulting Company or its subsidiary) become shareholders of the Resulting Company by virtue of the demerger, otherwise than as a result of the acquisition of the property or assets of the Demerged Company or any undertaking thereof by the Resulting Company;
- f. the transfer of the undertaking is on a going concern basis; and
- g. the demerger is in accordance with the conditions, if any, notified under sub section (5) of section 72A of the Income Tax Act, 1961 by the Central Government in this behalf and other relevant sections of the Income Tax Act, 1961.



If any terms or provisions 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 tax laws shall prevail. The Scheme shall then stand modified to the extent determined necessary to comply with the said provisions. Such modifications 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 Demerged Company and the Resulting Company, which power shall be exercised reasonably in the best interests of the Companies and their shareholders, and which power can be exercised at any time, whether before or after the Effective Date.

In consideration of the above-mentioned business rationale and related benefits, this Scheme between AIL & APL is being proposed in accordance with the terms set out hereunder.

Accordingly, this Scheme is divided into three sections, as follows:

Section A: Demerger of Demerged Undertaking

Section B: Issue of shares / Reorganisation of share capital

Section C: Other provisions

1. DEFINITIONS AND INTERPRETATIONS:

1.1. "2013 Act" or "the Act" means the Companies Act, 2013, as notified, and ordinances and rules made thereunder and shall include any statutory modification(s), re-enactment(s) and/or amendment(s) thereof for the time being in force.

1.2. "Applicable law" means (a) all the applicable statutes, notifications, enactments, acts of legislature, bye-laws, rules, regulations, guidelines, rule of common law, policy, code, directives, ordinances, orders, or other instruments having force in law enacted or issued by any Government or Governmental Authority(ies) including any statutory modifications, amendments or re-enactments thereof for the time being in force;

and (b) administrative interpretations, writs, injunctions, directions, directives, judgments, arbitral awards, orders, decrees, as may be in force from time to time.

1.3. "Appointed Date" means the 1st day of July, 2021.

1.4. "Board of Directors" or "Board" means and includes the respective boards of directors of AIL and APL or any committee constituted by such board of directors.

1.5. "BSE" means BSE Limited;

1.6. "CIN" means Corporate identification Number;

1.7. "Demerged Undertaking" means the Pharma business or Pharma Division which is divided into three verticals i.e. a) manufacture of active pharmaceutical ingredients ("**APIs**") b) manufacture of intermediates and c) manufacture of xanthine derivatives. The Pharma business of the Demerged Company is having four APIs manufacturing plants, two of which are approved by the United States Food and Drug Administration ("**USFDA**") and rest two are WHO/GMP certified. Additionally, it has two dedicated research and development facilities for pharmaceuticals API. Demerged undertaking shall include all the businesses, undertakings, activities, operations and properties of whatsoever nature and kind wherever situated, forming a part of the Pharma Division of the Demerged Company as a going concern including but not limited to the following:

(a) All assets and properties, whether movable or immovable, tangible or intangible, whether corporeal or incorporeal, leasehold or otherwise, plant and machinery, research and development units, capital work in progress, advances, deposits, sundry debtors, inventories, cash and bank balances, shares, investments, securities, bills of exchange, other fixed assets, trademarks, patents, loans, inventory and work in progress wherever situated pertaining to the Pharma Division;



- (b) All liabilities (including liabilities allocable as per this Scheme, if any) present and future, corporate guarantees issued and the contingent liabilities pertaining to or relatable to the Pharma Division, including:
- (i) The debts of the Demerged Company which arises out of the activities or operations of the Pharma Division; and
 - (ii) Specific loans and borrowings raised, incurred and utilized by the Demerged Company for the activities or operations of or pertaining to the Pharma Division.
- (c) This also includes Assets & Liabilities of Other Backward Integrated Units providing feeding Material to The Pharma Business, investment identified, cash & cash equivalent for future capital expenditure.
- (d) Without prejudice to the generality of the above, the Demerged Undertaking shall include in particular:
- (i) Immovable property and rights thereto i.e. land together with buildings and structures standing thereon (whether freehold, leasehold, leave and licensed, right of way, tenancies or otherwise) buildings, warehouses, offices, etc. if any, which form a part of the Pharma Division and all documents (including panchnamas, declarations, receipts) of title, rights and easements in relation thereto and all rights, covenants, continuing rights, title and interest, benefits and interests of rental agreements for lease or license or other rights to use of premises, in connection with the said immovable properties, if any;
 - (ii) All assets, as are moveable in nature, whether present or future or contingent, tangible or intangible, in possession or

not, corporeal or incorporeal, in each case, wherever situated (including plant and machinery, research and developments units, capital work in progress, furniture, fixtures, fixed assets, computers, air conditioners, appliances, accessories, office equipment, communication facilities, installations, vehicles, inventories, stock in trade, patents, stores and spares, packing material, raw material, formulation, tablets, capsules, active pharmaceutical ingredients, drug intermediaries, tools and plants), actionable claims, earnest monies and sundry debtors, prepaid expenses, bills of exchange, promissory notes, financial assets, investment and shares in entitles / branches undertaking the Pharma Division, outstanding loans and advances, recoverable in cash or kind or for value to be received, receivables, funds, cash and bank balances and deposits including accrued interest thereto with Government, semi-Government, local and other Appropriate Authorities and bodies, banks, customers and other persons, the benefits of any bank guarantees, performance guarantees and tax related assets and credits, including but not limited to service tax input credits, CENVAT credits, value added / sales tax / entry tax credits or set-offs, advance tax, tax deducted at source, right to carry forward and set-off accumulated losses and unabsorbed depreciation, if any, goods and services tax (GST), and other indirect taxes and tax refunds;

- (iii) All permits, licenses, permissions, approvals, clearances, consents, benefits, registrations, rights, entitlements, credits, certificates, awards, sanctions, allotments, quotas,



no objection certificates, exemptions, concessions, subsidies, incentives, tax deferrals and exemptions and other benefits (in each case including the benefit of any applications made for the same), income tax benefits, deductions and exemptions, liberties and advantages, approval for commissioning of project and other licenses or clearances, granted / issued / given by any Appropriate Authorities, organizations or companies for the purpose of carrying on the Pharma Division business or in connection therewith including these relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereto that form part of the Pharma Division;

- (iv) All rights, contracts, agreements, guarantees, purchase orders / service orders, operation and maintenance contracts, memoranda of understandings, memoranda of agreements, memoranda of agreed points, bids, tenders, tariff policies, expressions of interest, letters of intent, hire and purchase arrangements, power purchase agreements, lease / license agreements, tenancy rights, agreements / panchnamas for right of way, equipment purchase agreements, agreement with customers, purchase and other agreements with the supplier / manufacturer of goods / service providers, other arrangements, undertakings, deeds, bonds, schemes, concession agreements, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether vested or potential and written, oral or otherwise and all rights, title, interests, claims and benefits thereunder forming part of the Pharma Division;

- (v) All intellectual property rights, applications (including hardware, software, licenses, source codes, parameterisation and scripts), registrations, goodwill, trade names, service marks, copyrights, patents, project designs, marketing authorization, approvals, marketing intangibles, permits, permissions, incentives, privileges, special status, domain names, designs, trade secrets, research and studies, technical know-how, confidential information and other benefits (in each case including the benefit of any applications made for the same) that form part of the Pharma Division;
- (vi) All rights to use and avail telephones, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interests held in trusts, registrations, engagements, arrangements of all kind, privileges and all other rights, easements, liberties and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in control of or vested in or granted in favor of or enjoyed by the Demerged Company forming part of the Pharma Division and all other interests of whatsoever nature belonging to or in the ownership, power, possession or control of or vested in or granted in favor of or held for the benefit of or enjoyed by the Demerged Company and forming part of the Resulting Company;
- (vii) All books, records, files, papers, engineering and process information, software licenses (whether proprietary or otherwise), test reports, computer programmes, drawings, manual, data, databases including databases



for procurement, commercial and management, catalogues, quotations, sales and advertising materials, product registrations, dossiers, product master cards, list of present and former customers and suppliers including service providers, other customer information, customer credit information, customer / supplier pricing information, and all other books and records, whether in physical or electronic form that form part of the Pharma Division;

- (viii) All liabilities including all debts (whether in Indian Rupees or foreign currency), loans raised and used, obligations incurred, whether specific or arises, duties of any kind, nature or description and undertakings of every kind or nature, contingent liabilities bank / corporate guarantees, duties, taxes, obligations under any licenses or permits or schemes and all other liabilities of any description whatsoever, whether present or future, and howsoever raised or incurred or utilized along with any charge, encumbrance, lien or security thereon related or incurred to or out of the Pharma Division;
- (ix) Liabilities other than those referred to in sub-clauses (viii) above and not directly relatable to the remaining business of Demerged Company, being the amounts of general or multipurpose borrowings of Demerged Company shall be allocated to the Demerged Business 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 immediately before giving effect to this Scheme;
- (x) Any and all earnest monies and / or security deposits, or other entitlements in connection with or relating to Pharma Division;

- (xi) All permanent and/or temporary employees of Demerged Company substantially engaged in the Demerged Undertaking and those permanent and/or temporary employees that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or relatable to the Pharma Division;
- (xii) All legal or other proceedings of whatsoever nature that form part of the Pharma Division;
- (xiii) All exemptions, benefits, allowances, rebates, etc. under IT Act (including right to admissibility of claim under the IT Act or such provisions becoming admissible in the period after the Appointed Date on discharging liabilities pertaining to Pharma Division;
- (xiv) Any question that may arise as to whether a specified asset or liability pertains to Pharma Division or whether it arises out of the activities or operations of the Pharma Division shall be decided by mutual agreement between the Board of Directors of the Demerged Company and the Resulting Company;
- (xv) The designated list of investments and immovable properties pertaining to APL as agreed upon between AIL and APL is enclosed in **"Annexure A"**;
- (xvi) Any issue as to whether any asset or liability and / or employee pertains to or is relatable to the Demerged Undertaking or not shall be decided by the Board of Directors of the Demerged Company.

1.8. "Demerger" means the transfer by way of demerger of the Demerged Undertaking to the Resulting Company, and the consequent issue of equity shares by the Resulting Company to the Shareholders of the Demerged Company as set out in Section B hereof and shall have the same meaning as defined under section 2(19AA) of the Income-tax Act, 1961;



- 1.9. "Demerged Company"** means Aarti Industries Limited or AIL, a company incorporated under the Companies Act, 1956 having its registered office at Plot Nos 801, 801/23, GIDC Estate, Phase III, Vapi - 396 195, Gujarat;
- 1.10. "Demerger Share Entitlement Ratio"** shall have the meaning ascribed to it in Clause 13.1;
- 1.11. "Effective Date"** means the date on which all the conditions and matters in relation to the Scheme referred to in clause 19 of this scheme have been fulfilled.
- 1.12. "National Company Law Tribunal" or "NCLT"** means the National Company Law Tribunal, Ahmedabad Bench.
- 1.13. "NSE"** means National Stock Exchange of India Limited.
- 1.14. "Remaining Business"** means all other businesses, divisions, assets and liabilities other than that of the Demerged Undertaking of AIL.
- 1.15. "Resulting Company" or "APL"** means **"Aarti Pharmalabs Limited" (Formerly known as Aarti Organics Limited)**, an unlisted public Company incorporated under the Companies Act, 2013 and having its registered office at Plot No. 22/C/1 & 22/C/2, 1st Phase, G.I.D.C. Vapi, District Valsad Gujarat - 396 195.
- 1.16. "Rupees" or "Rs." or "INR"** means the lawful currency of India.
- 1.17. "Record Date"** shall mean in relation to demerger of Demerged Undertaking of AIL into APL, such date to be fixed by the Board of Directors of AIL or a Committee thereof, Compliance Officer of AIL/ person duly authorized by the Board of Directors, after the Effective Date for the purpose of determining the members of AIL to whom shares of APL will be allotted pursuant to this Scheme in terms of Clause 13.1

- 1.18. "Scheme" or "the Scheme" or "this Scheme"** means this scheme of arrangement among AIL, APL and their respective shareholders pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Act, as the case may be, in its present form or with any modification(s) made under clause 17 of the Scheme by the Board of Directors of AIL and APL, and / or as approved or directed by the Tribunal, as the case may be.
- 1.19. "SEBI"** means the Securities and Exchange Board of India.
- 1.20. "SEBI Circular"** means circular No. CFD/DIL3/ CIR/2017/21 dated March 10, 2017 (as amended) on Schemes of Arrangement by Listed Entities and Relaxation under sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957, as amended by the circular no. SEBI/HO/CFD/ DIL1/CIR/P/2020/249 dated December 22, 2020 issued by SEBI or any other circulars issued by SEBI applicable to schemes of arrangement from time to time.
- 1.21. "Shareholders"** means the persons registered (whether registered owner of the shares or beneficial owner of the shares) as holders of equity shares of Company concerned.

2. INTERPRETATION

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning prescribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, Income-tax Act, 1961 and other Applicable Laws, rules, regulations, bye laws, as the case may be, including any statutory modification or re-enactment thereof from time to time.

In this Scheme, unless the context otherwise requires:

- (i) the words **"including", "include" or "includes"** shall be interpreted in a manner as though the words **"without limitation"** immediately followed the same;



- (ii) any document or agreement includes a reference to that document or agreement as varied, amended, supplemented, substituted, novated or assigned, from time to time, in accordance with the provisions of such a document or agreement;
- (iii) the words **"other", "or otherwise"** and **"whatsoever"** shall not be construed ejusdem generis or be construed as any limitation upon the generality of any preceding words or matters specifically referred to;
- (iv) the headings are inserted for ease of reference only and shall not affect the construction or interpretation of the relevant provisions of this scheme;
- (v) the term **"Clause"** or **"Sub-Clause"** refers to the specified clause of this Scheme, as the case may be;
- (vi) reference to any legislation, statute, regulation, rule, notification or any other provision of law means and includes references to such legal provisions as amended, supplemented or re-enacted from time to time, and any reference to legislation or statute includes any subordinate legislation made from time to time under such a legislation or statute and regulations, rules, notifications or circulars issued under such a legislation or statute;
- (vii) words in the singular shall include the plural and vice versa.

3. DATE OF COMING INTO EFFECT

The Scheme shall come into legal operation from the Appointed Date, though it shall be effective from the Effective Date.

4. SHARE CAPITAL:

- 4.1** The authorized, issued, subscribed and paid up capital of AIL as 30th June, 2021 is as follows:

PARTICULARS	AMOUNT (Rs.)
AUTHORIZED CAPITAL	
60,00,00,000 Equity Shares of Rs. 5/- each	300,00,00,000
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	
36,25,04,035 Equity Shares of Rs. 5/- each fully paid up	1,81,25,20,175

- 4.2** The authorized, issued, subscribed and paid up capital of APL as on 30th June, 2021 is as follows:

PARTICULARS	AMOUNT (Rs.)
AUTHORIZED CAPITAL	
5,00,000 Equity Shares of Rs. 10/- each	50,00,000
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	
2,50,000 Equity Shares of Rs. 10/- each fully paid up	25,00,000

The Entire Equity Share Capital of Resulting Company is held by the Demerged Company and its nominees. The Resulting Company is a wholly owned subsidiary of the Demerged Company.



SECTION A: DEMERGER OF DEMERGED UNDERTAKING

5. TRANSFER OF DEMERGED UNDERTAKING

- 5.1** Upon the coming into effect of the Scheme and with effect from the Appointed Date, the Demerged Undertaking shall, pursuant to the provisions contained in Sections 230 to 232 of the Act and other provisions of law for the time being in force and without any further act or deed, be demerged from AIL and be transferred to and vested in or be deemed to have been transferred to and vested in APL on the Appointed Date, on a going concern basis, so as to become as and from the Appointed Date, the undertaking of APL and to vest in the Resulting Company all the rights, title, interest or obligations of AIL therein.
- 5.2** It is hereby clarified that notwithstanding anything stated herein, the Demerged Company shall not transfer the Remaining Business (in whole or part) to the Resulting Company.
- 5.3** The Demerged Company and the Resulting Company, if required, shall enter into transitional arrangements and shall be deemed to be authorized to execute any such arrangements and to carry out or perform all such formalities or compliances as may be deemed proper and necessary for effecting the transfer and vesting of the properties of the Demerged Undertaking with the Resulting Company.
- 5.4** All assets (including fixed assets, intangible assets, current assets, cash and bank balances etc.) acquired by AIL after the Appointed Date and prior to the Effective Date for operation of the Demerged Undertaking or pertaining to the Demerged Undertaking shall be deemed to have been acquired for and on behalf of the Resulting Company.
- 5.5** In respect of such of the assets of the Demerged Undertaking as are movable in nature or are otherwise capable of transfer by manual delivery, by paying over or by endorsement and delivery, the same may be so delivered, paid over, or endorsed and delivered, by AIL and shall become the property of the Resulting Company

as an integral part of the Demerged Undertaking transferred to it. Such delivery shall be made on a date mutually agreed upon between the Board of Directors of AIL and the Board of Directors (or a duly authorized committee) of the Resulting Company within thirty days from the Effective Date.

- 5.6** In respect of movables of the Demerged Undertaking other than those specified in Clause 5.5 above, which are to be transferred to APL, including sundry debtors, future receivables, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances, deposits and balances, if any, with Government, Semi-Government, local and other authorities and bodies, customers and other persons. It shall not be necessary to obtain the consent of any third party or other person in order to give effect to the provisions of this sub-clause, and such transfer shall be effected by notice to the concerned persons, or in any manner as may be mutually agreed by AIL and APL.
- 5.7** In respect of such of the assets of the Demerged Undertaking other than those referred to in Clause 5.5 and 5.6 above, the same shall, as more particularly provided in Clause 5.1 above, without any further act, instrument or deed, be transferred to and vested in and / or be deemed to be transferred to and vested in the Resulting Company on the Appointed Date pursuant to the provisions of Section 230 to 232 of the Act or other provisions of law as applicable.
- 5.8** For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, in accordance with the provisions of relevant laws, consents, permissions, licenses, registrations, certificates, authorities (including for the operation of bank accounts), powers of attorneys given by, issued to or executed in favour of AIL and the rights and benefits under the same shall, in so far as they relate to the Demerged Undertaking and all certifications and approvals, trademarks, patents and domain names, copyrights, industrial designs,



trade secrets, product registrations and other Intellectual Property Rights and all other interests relating to the Demerged Undertaking, be transferred to and vested in the Resulting Company.

5.9 In so far as the various incentives, subsidies (including applications for subsidies), grants, special status and other benefits or privileges granted by any Government body (including Government Production Linked Incentive Scheme for Pharmaceuticals), local authority or by any other person, enjoyed or availed of by AIL are concerned, the same shall, without any further act or deed, in so far as they relate to the Demerged Undertaking, vest with and be available to the Resulting Company on the same terms and conditions.

5.10 It is clarified that, upon the coming into effect of the Scheme, the following liabilities and obligations of AIL as on the Appointed Date and being a part of the Demerged Undertaking shall, without any further act or deed be and shall stand transferred to the Resulting Company, and all rights, powers, duties and obligations in relation thereto shall stand transferred to and vested in and shall be exercised by or against the Resulting Company as if it had entered into such loans or incurred such borrowings and the Resulting Company undertakes to meet, discharge and satisfy the same:

- (i) the liabilities which directly and specifically arose out of the activities or operations of the Demerged Undertaking,
- (ii) specific loans or borrowings raised, incurred and utilized solely for the activities or operations of the Demerged Undertaking.
- (iii) In cases other than those referred to in sub-clauses (i) and (ii) above, proportionate part of the general or multipurpose borrowings and liabilities of AIL allocable to the Demerged Undertaking in the same proportion in which the value of the assets of AIL transferred under this Scheme bears to the total value of the assets of AIL immediately before the demerger.

5.11 All loans raised and used and all liabilities and obligations incurred by AIL for the operations of the Demerged Undertaking after the Appointed Date and prior to the Effective Date 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 Effective Date, shall also without any further act or deed be and stand transferred to the Resulting Company and shall become its liabilities and obligations.

5.12 Upon the coming into effect of this Scheme, the balances as on the Appointed Date, of general or multipurpose borrowings shall be transferred to and assumed by APL in the proportion provided in Clause 5.10 above. Thus, the primary obligation to redeem or repay such transferred liabilities shall be that of APL. However, without prejudice to such transfer of proportionate liability amount, where considered necessary for the sake of convenience and towards facilitating single point creditor discharge, APL may discharge such liability (including accretions thereto) by making payments on the respective due dates to AIL, which in turn shall make payments to the respective creditors.

5.13 Upon the coming into effect of this Scheme, in so far as the security in respect of the liabilities of AIL as on the Appointed Date is concerned, it is hereby clarified that AIL and the Resulting Company shall, subject to confirmation by the concerned creditor(s), mutually agree upon and arrange for such security as may be considered necessary to secure such liabilities.

Provided however, any reference in any security documents or arrangements (to which AIL is a party) to the assets of AIL offered or agreed to be offered as security for any financial assistance or obligations pertaining to the Demerged Undertaking, shall be construed as reference only to the assets pertaining to the Demerged Undertaking of AIL as are vested in the Resulting Company by virtue of the aforesaid Clauses, to the end and intent that such security, charge and mortgage shall not extend or be deemed to extend, to any of the other assets of AIL or any of the assets of the Resulting Company, save and except as may be otherwise agreed



between AIL, the Resulting Company and the respective lender(s). It is further clarified that upon the coming into effect of this Scheme, in the event any security, charge and / or mortgage is extended over the assets of AIL in respect of any financial assistance or obligations pertaining to the Demerged Undertaking vested in the Resulting Company, such security, charge and / or mortgage shall be deemed to be carried out as an integral part of the scheme and all applicable compliances / clearances / permissions of regulatory authorities and no separate approvals shall be required.

Provided further that the securities, charges and mortgages (if any subsisting) over and in respect of the assets or any part thereof of the Resulting Company shall continue with respect to such assets or part thereof and this Scheme shall not operate to enlarge such securities, charges or mortgages to the end and intent that such securities, charges and mortgages shall not extend or be deemed to extend, to any of the assets of AIL vested in the Resulting Company.

Provided always that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by AIL which shall vest in the Resulting Company by virtue of the demerger of the Demerged Undertaking into the Resulting Company and the Resulting Company shall not be obliged to create any further or additional security thereof after the Scheme has become operative.

5.14 Upon the coming into effect of this Scheme, the borrowing limits of Resulting Company in terms of section 180(1)(c) of the Act shall be deemed without any further act or deed to have been enhanced by the aggregate liabilities of AIL which are being transferred to the Resulting Company pursuant to the Scheme, such limits being incremental to the existing limits of the Resulting Company, with effect from the Appointed Date.

5.15 The provisions of this Clause insofar as they relate to the transfer of liabilities to the Resulting Company shall operate notwithstanding anything to the contrary contained in any deed or writing or the terms of sanction or issue or

any security document, all of which instruments shall stand modified and / or superseded by the foregoing provisions.

5.16 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, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of this Clause.

5.17 It is hereby clarified that all assets and liabilities of the Demerged Undertaking shall be transferred at values appearing in the books of account of AIL as on the Appointed Date which are set forth in the closing balance sheet of AIL as of the close of business hours on the date immediately preceding the Appointed Date.

5.18 All cheques and other negotiable instruments, payment order, electronic fund transfers (like NEFT, RTGS, etc.) received or presented for encashment which are in the name of AIL (in relation to Demerged Undertaking) after the Effective Date shall be accepted by the bankers of APL and credited to the account of APL, if presented by APL or received through electronic transfers. Similarly, the banker of APL shall honor all cheques / electronic fund transfer instructions issued by APL (in relation to Demerged Undertaking) for payment after the Effective Date. If required, the bankers of AIL and APL shall allow maintaining and operating of the bank accounts (including banking transactions carried out electronically) in the name of AIL by APL in relation to the Demerged Undertaking for such time as may be determined to be necessary by APL for presentation and deposition of cheques, pay order and electronic transfers that have been issued / made in the name of APL.

5.19 Benefits of any and all corporate approvals as may have already been taken by AIL in connection with the Demerged Undertaking, including approvals under Sections 42, 62(1A), 180, 185, 186 and 188 of the Act shall stand transferred to APL and the said corporate approvals and compliances shall be deemed to have been taken / complied with by APL.



6. LEGAL PROCEEDINGS

All legal or other proceedings of whatsoever nature by or against the Demerged Undertaking pending and / or arising on or after the Appointed Date and relating to the Demerged Undertaking or its properties, assets, debts, liabilities, duties and obligations, shall be continued and / or enforced until the Effective Date as desired by APL and as and from the Effective Date shall be continued and enforced by or against APL in the same manner and to the same extent as would or might have been continued and enforced by or against AIL. On and from the Effective Date, APL shall and may, if required, initiate any legal proceedings in its name in relation to the Demerged Undertaking in the same manner and to the same extent as would or might have been initiated by AIL.

7. CONTRACTS AND DEEDS

Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, insurance policies and other instruments, if any, of whatsoever nature to which AIL (to the extent related to the Demerged Undertaking) is a party and subsisting or having effect on the Effective Date shall be in full force and effect against or in favor of APL, as the case may be, and may be enforced by or against APL as fully and effectually as if, instead of AIL, APL had been a party thereto. APL may enter into and / or issue and / or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which AIL will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required or if so, considered necessary. APL shall be deemed to be authorized to execute any such deeds, writings or confirmations on behalf of AIL and to implement or carry out all formalities required on the part of AIL to give effect to the provisions of this Scheme.

8. BUSINESS AND PROPERTY IN TRUST

As and from the Appointed Date, up to and including the Effective Date:

- (i) AIL (to the extent of the Demerged Undertaking), shall carry on and be deemed to have carried on its business and activities and shall stand possessed of all the assets and properties, in trust for Resulting Company and shall account for the same to Resulting Company.

- (ii) Income or profit accruing or arising to the Demerged Undertaking and all costs, charges, expenses and losses or taxes incurred by 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 Resulting Company and shall be available to the Resulting Company for being disposed of in any manner as it thinks fit.
- (iii) Post Effective Date, any business with customer or supplier of Demerged Undertaking till it is transferred, any such business carried with that customer / supplier will be done on behalf of Resulting Company till the requisite procedures to start business in name of the Resulting Company is completed.

9. CONDUCT OF BUSINESS

1. With effect from the date of approval of the Scheme by the Board of Directors of AIL, and up to the Effective Date:
 - (i) AIL (to the extent related to the Demerged Undertaking) shall carry on its business with reasonable diligence and in the same manner as it had been doing hitherto fore, and AIL shall not alter or substantially expand the business of the Demerged Undertaking, except with the written concurrence or Resulting Company.
 - (ii) AIL shall not, without the written concurrence of Resulting Company, transfer, alienate, charge or encumber any business activity of the Demerged Undertaking, or properties (including Intellectual Property) rights or assets of the Demerged Undertaking, except in the ordinary course of business or pursuant to any pre-existing obligation undertaken prior to the date of acceptance of the Scheme by the Board of Directors of AIL.

It is further clarified that upon receipt of the written concurrence of the Resulting Company, AIL may transfer, alienate, charge or encumber any business activity of the Demerged Undertaking, or properties (including Intellectual Property), rights or assets of the Demerged Undertaking,



for cash or any other consideration. Further, any such consideration received by AIL shall constitute a part of the Demerged Undertaking.

- (iii) AIL (to the extent of the Demerged Undertaking) shall not without the written concurrence of Resulting Company, vary or alter, except in the ordinary course of its business or pursuant to any pre-existing obligation undertaken prior to the date of acceptance of the Scheme by the Board of Directors of AIL, the terms and conditions of employment of any of its employees, nor shall it conclude settlement with employees.

10. SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of the assets, liabilities and obligations of the Demerged Undertaking and the continuance of proceedings by or against APL shall not affect any transaction or proceedings already concluded by the Demerged Undertaking on or before the date when AIL adopts the Scheme in its Board meeting, and after the date of such adoption till the Effective Date, to the end and intent that APL accepts and adopts all acts, deeds and things done and executed by the Demerged Undertaking in respect thereto as done and executed on behalf of itself.

11. STAFF AND EMPLOYEES

- 11.1.** Upon the Scheme coming into effect, all staff and employees of the Demerged Undertaking shall be deemed to have become staff and employees of APL without any break in their service and on the basis of continuity of service and the terms and conditions of their employment with APL shall not be less favorable than those applicable to them with reference to AIL on the Effective Date.
- 11.2.** Upon the Scheme coming into effect, the accounts of the employees of the Demerged Undertaking relating to Provident Fund, Gratuity and any other trusts / funds shall be identified, determined and transferred to the respective funds / trusts of APL and the employees shall

be deemed to have become members of such funds / trusts of APL. AIL shall take all steps necessary for the transfer of the Provident Fund, Gratuity trust and any other fund of employees, pursuant to the Scheme, to APL. The obligation to make contributions to the said fund or funds shall be transferred to the Resulting Company from the Effective Date in accordance with the terms provided in the respective trust deeds, if any, to the end and intent that all rights, duties, powers and obligations of AIL (to the extent related to the Demerged Undertaking) in relation to such fund or funds shall become those of APL and all the rights, duties and benefits of the employees employed in AIL (to the extent related to the Demerged Undertaking) under such funds and trusts shall be protected, subject to the provisions of law for the time being in force.

Upon the Scheme coming into effect, until such time that the Resulting Company creates its own funds, the Resulting Company may continue to make contributions pertaining to the employees of the Demerged Undertaking to the relevant funds of the Demerged Company and such contributions pertaining to the employees of the Demerged Undertaking shall be transferred by AIL to the funds of the Resulting Company as and when created. AIL shall take all steps necessary for the transfer of the Provident Fund, Gratuity trust and any other fund of employees, pursuant to the Scheme, to the Resulting Company.

12. TREATMENT OF TAX

- 12.1.** APL will be the successor of AIL vis-a-vis the Demerged Undertaking. Hence, it will be deemed that the benefits of any tax credits whether central, state, or local, availed vis-a-vis the Demerged Undertaking and the obligations, if any, for payment of taxes on any assets of the Demerged Undertaking or their erection and / or installation, etc. shall be deemed to have been availed by APL, or be deemed to be the obligation of APL, as the case may be.



- 12.2.** With effect from the Appointed Date and upon the Scheme becoming effective, all taxes, duties, cess, receivable / payables by AIL relating to the Demerged Undertaking including all or any refunds / credits / claims / tax losses / unabsorbed depreciation relating thereto shall be treated as the asset / liability or refund / credit / claims / tax losses / unabsorbed depreciation, as the case may be, of APL.
- 12.3.** AIL and APL are expressly permitted to revise their tax returns including tax deducted at source ('TDS') certificates / returns and to claim refund, advance tax, credits, Goods and Service Tax ("GST"), excise and GST credits, set off etc. on the basis of the accounts of the Demerged Undertaking as vested with APL upon coming into effect of this Scheme. Such returns may be revised and filed notwithstanding that the statutory period for such revision and filing may have expired.
- 12.4.** Any refund, under the income tax, GST, service tax laws, excise duty laws, central sales tax, applicable State Value Added Tax laws or other Applicable Law, dealing with taxes / duties / levies due to Demerged Undertaking of AIL consequent to the assessment made on AIL and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by APL upon this Scheme becoming effective.
- 12.5.** The tax payments (including, without limitation income tax, GST, service tax, excise duty, central sales tax, applicable state value added tax, etc.) whether by way of TDS, advance tax, all earnest monies, security deposits, provisional payments, payment under protest, or otherwise howsoever, by AIL with respect to the Demerged Undertaking after the Appointed Date, shall be deemed to be paid by APL and shall, in all proceedings, be dealt with accordingly.
- 12.6.** Further, any TDS by AIL / APL with respect to Demerged Undertaking on transactions with AIL / APL, if any (from Appointed Date to Effective Date) shall be deemed to be advance tax paid by APL and shall, in all proceedings, be dealt with accordingly.
- 12.7.** Obligation for deduction of tax at source on any payment made by or to be made by AIL shall be made or deemed to have been made and duly complied with by APL.
- 12.8.** Any actions taken by AIL to comply with Tax Laws (including payment of Taxes, maintenance of records, payments, returns, Tax fillings, etc.) in respect of the Demerged Undertaking on and from the Appointed Date up to the Effective Date shall be considered as adequate compliance by the AIL with such requirements under Tax Laws and such actions shall be deemed to constitute adequate compliance by APL with the relevant obligations under such Tax Laws.
- 12.9.** Upon the Scheme becoming effective, all unavailed credits and exemptions, benefit of carried forward losses, unabsorbed depreciation and other statutory benefits, including in respect of income tax, goods and service tax, cenvat, customs, applicable state value added tax, sales tax, service tax etc. relating to the Demerged Undertaking to which AIL is entitled to shall be available to and vest in APL, without any further act or deed.
- 12.10.** The Board of Directors of AIL shall be empowered to determine if any specific tax liability or any tax proceeding relates to the Demerged Undertaking and whether the same would be transferred to APL.



SECTION B: ISSUE OF SHARES / REORGANISATION OF SHARE CAPITAL

13. ISSUE OF SHARES

13.1. Upon the coming into effect of this Scheme and in consideration of the demerger of the Demerged Undertaking in the Resulting Company pursuant to this Scheme, the Resulting Company shall, without any further act or deed and without any further payment, issue and allot on a proportionate basis to each member of AIL, whose name is recorded in the register of members of AIL as holding shares on the Record Date, in the ratio of 1 (One) Equity Share of Rs 5 each fully paid up of APL for every 4 (Four) Equity shares of Rs. 5 each fully paid up held in AIL.

13.2. Cancellation of shares of the Resulting Company:

Simultaneous with the issuance and allotment of the equity shares by the Resulting Company in accordance with the Clause 13.1 above, the initial issued and paid up equity share capital of the Resulting Company, comprising of 2,50,000 shares of Rs. 10/- each, aggregating to Rs. 25,00,000/- shall be cancelled.

13.3. The Share Entitlement ratio have been determined by the Boards of Directors of the Demerged Company and the Resulting Company based on the Share Entitlement Ratio report provided by independent registered valuer as per the terms of the present proposed Scheme.

13.4. The issue and allotment of New Equity Shares by Resulting Company to the members of Demerged Company pursuant to Clause 13.1 above is in integral part of this Scheme.

13.5. The approval of this Scheme by the shareholders of APL shall be deemed to be due compliance of the provisions of Section 62 of the Act and applicable provisions of the Act, for the issue and allotment of new equity shares by APL to the shareholders of AIL, as provided in this Scheme as well as all applicable SEBI regulations have been complied with.

13.6. The new Equity Shares to be issued and allotted in terms hereof will be subject to the Memorandum and Articles of Association of the Resulting Company.

13.7. The approval of this Scheme by the shareholders under Sections 230 to 232 of the Act shall be deemed to have the approval under Sections 13 and 14 of Companies Act, 2013 and other applicable provisions of the Act and any other consents and approvals required in this regard.

13.8. Subject to regulatory approval and NCLT approval, in the event that AIL, as the case may be, change their capital structures prior to the Effective Date, either by way of any increase (by issue of Equity Shares, bonus shares, convertible securities or otherwise), decrease, reduction, reclassification, sub-division, consolidation, or re-organisation in any other manner except as specifically provided in this Scheme itself, which would have the effect of bringing some change to the capital structures of such Company, subject to the approval of AIL, the Share Entitlement Ratio and / or number consideration shares to be issued (as applicable) shall stand modified / adjusted accordingly to take into account the effect of such corporate actions. Further APL, will not issue or re-issue any shares other than mentioned in clause 13.1.



- 13.9.** Subject to Applicable Laws, the fully paid-up new Equity Shares of APL that are to be issued in terms of Clause 13.1 shall be issued in dematerialised form, unless a shareholder of AIL gives a notice to AIL and APL on or before the Record Date, requesting for issuance of such Equity Shares in physical form.

The shareholders of AIL shall provide such confirmation, information and details as may be required by APL to enable it to issue the aforementioned Equity Shares. However, if as of the date of allotment by APL, AIL is unable to provide the details of the demat account of any particular shareholder, subject to applicable law, APL shall allot the appropriate number of new Shares to such shareholder in physical form. Notwithstanding the above, if as per Applicable Laws, APL is not permitted to issue and allot the new Equity Shares in physical form, and it has still not received the demat account details of certain shareholders of AIL, it shall issue and allot such shares in lieu of the new Equity Shares entitlement of such shareholders, into a demat suspense account, which shall be operated by one of the directors of APL, duly authorised in this regard, who shall upon receipt of appropriate evidence from such shareholders regarding their entitlement, will transfer from such demat suspense account into the individual demat accounts of such claimant shareholders, such number of shares as may be required in terms of this Scheme.

- 13.10.** New Equity Shares to be issued by APL pursuant to Clause 13.1 in respect of Equity Shares of the shareholders of AIL which are held in abeyance shall also be kept in abeyance.

- 13.11.** In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of AIL, the Board of Directors of AIL shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer in AIL as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor / transferee of the shares in AIL and in relation to the new Equity Shares issued by APL upon the effectiveness of this Scheme. The Board of Directors of AIL and APL shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new members in APL on account of difficulties faced in the transition period.

- 13.12.** If the allotment of shares pursuant to this Clause 13.1 will result in any shareholders being issued fractional shares, the Board of APL shall, at its absolute discretion, decide to take any or a combination of the following actions:

- (a) consolidate all such fractional entitlements and thereupon allot equity shares - in lieu thereof to a person/trustee authorized by the Board of APL in this behalf who shall hold the shares in trust on behalf of the shareholders of APL entitled to fractional entitlements with the express understanding that such person shall sell the shares of APL so allotted on the Stock Exchanges at such time or times and at such price or prices and to such person, as such person/trustee deems fit, and shall distribute the net sale proceeds, subject to tax deductions and other expenses been carrying as applicable, to the shareholders of AIL in proportion to their respective fractional



entitlements. In case the number of such new shares to be allotted to a person authorized by the Board of APL by virtue of consolidation of fractional entitlement is a fraction, it shall stand cancelled.

- (b) deal with such fractional entitlements in such other manner as they may deem to be in the best interests of the shareholders of the AIL.

13.13. APL shall apply to all the Stock Exchanges (where the shares of AIL are listed) and SEBI for listing and admission of all the Equity Shares of APL to trading in terms of SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020 read with other Applicable Laws (as amended from time to time). APL shall enter into such arrangements, complete such formalities and give such confirmations and/or undertaking to the Stock Exchanges as may be necessary in accordance with the Applicable Laws for the listing of Equity Shares of APL.

13.14. The new Equity Shares of APL issued and allotted pursuant to the Scheme shall remain frozen in the depository system until listing / trading permission is given by the Stock Exchanges to APL.

14. ACCOUNTING TREATMENT

Upon the Scheme becoming effective and with effect from the Appointed Date, AIL shall account for demerger in its books of accounts in accordance with the Indian Accounting Standards (Ind AS), as notified under Section 133 of the Companies Act 2013, in the following manner:

14.1. AIL shall reduce the book value of assets (net of diminution/depreciation, if any) and liabilities relating to the Demerged Undertaking, transferred to APL in accordance with the provisions of Section 2(19AA) of the Income Tax Act, 1961.

14.2. The excess of book value of the assets transferred (net of diminution/depreciation, if any) over the book value of the liabilities of the Demerged Undertaking to APL shall be adjusted first to Securities Premium Account & General Reserve Account in the ratio of Values of Business transfer and thereafter balance, if any, to Retained earnings/profit and loss account balance of AIL.

14.3. AIL shall reduce & transfer Contingent Liability, if any, pertaining to the Demerged Undertaking to APL.

14.4. AIL shall reduce & transfer Other Comprehensive Income created as per IND As related to Assets & Liability transferred of Demerged Undertaking under the Scheme of Demerger.

14.5. The approval granted by the shareholders of AIL to this Scheme shall be deemed to be approval required under the provisions of the Act.

14.6. Pursuant to Scheme becoming effective, AIL's investment in Resulting Company will stand cancelled & Resulting Company will cease to be 100% subsidiary of AIL.

14.7. Notwithstanding the above, the Board of Directors of AIL, in consultation with its statutory auditors, is authorised to account any of the balances in any other manner, if such accounting treatment is considered more appropriate and is authorised by the Accounting Standards applicable to the Company and/or Generally Accepted Accounting Principles.

Accounting treatment in the books of APL

On the Scheme becoming effective and with effect from the Appointed Date, APL 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:



- 14.8.** APL 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 accounts of AIL, relating to Demerged 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.
- 14.9.** APL shall credit to its Equity share capital in its books of account, the aggregate of face value of the new Equity Shares issued by it to the members of AIL pursuant to clause 13.1 and reduce its Share Capital Account which are reduced and cancelled in terms of Clause 13.2.
- 14.10.** The excess of the Net Assets as per Clause 14.8 over the face value of the new Securities allotted in accordance with the Scheme under Clause 14.9, shall be credited to same reserves as debited in the books of AIL with adjustment for balance, if any, to Profit and Loss Account/ Retained Earnings.
- 14.11.** APL shall disclose Contingent Liability, if any, transferred under the scheme of arrangement, in its first Financial Statement prepared on the Scheme becoming effective and with effect from the Appointed Date.
- 14.12.** APL shall record Other Comprehensive income transfer, if any, transferred under the Scheme of Arrangement, in its first financial statement prepared on the Scheme becoming effective and with effect from the Appointed Date.
- 14.13.** In case APL is required to follow accounting policies that are different from that of AIL for any regulatory reasons, the effect of the difference in the accounting policies between AIL and APL will be quantified and adjusted in the opening reserve (other than the securities premium account), to ensure that the financial statements of APL reflect the financial position on the basis of consistent accounting policy.
- 14.14.** Notwithstanding the above, the Board of Directors of APL 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.



SECTION-C OTHER PROVISIONS

GENERAL TERMS & CONDITIONS

15. APPOINTED DATE

The Appointed Date shall be 1st July 2021 for all purposes, including for the purposes of accounts of AIL and APL.

16. APPLICATION TO TRIBUNAL

The Companies shall, with all reasonable dispatch, make necessary applications/petitions under Sections 230 to 232 of the Act and other applicable provisions of the Act to the Jurisdictional Tribunal for seeking sanction of this Scheme.

17. ALTERATION OF THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF APL

Increase in authorized Share Capital of APL

17.1. As an integral part of Scheme, and, upon coming into effect of the Scheme, the existing authorized share capital of the APL will be reorganized as 10,00,000 Equity Shares of Rs. 5/- each and further for the purpose of issue of shares as per Clause 13.1, as on the Effective Date such that upon the effectiveness of the Scheme, the authorised share capital of APL shall be Rs. 50,00,00,000 (Rupees Fifty Crores) divided into 10,00,00,000 equity shares of Rs. 5/- (Rupees Five only) each. Clause V of the Memorandum of Association of APL shall be altered as set out below, upon coming into effect of the Scheme and without any further act or deed:

17.2. "Clause V. The Share capital of the Company is Rs. 50,00,00,000 divided into 10,00,00,000 Equity Shares of Rs. 5 (five) each"

17.3. As an integral part of the Scheme, and upon coming into effect of the Scheme, the Articles of Association of APL shall stand amended and reinstated to replicate the Articles of a listed Company and in such form as the Board of APL may determine.

17.4. Approval of the Scheme by shareholders shall be in due compliance of provisions of Sections 13, 14, 61, 64 of the Companies Act, 2013 or other applicable provisions of the Companies Act, 2013 would not be required to be separately passed. The Resulting Company shall only file the requisite forms to that effect.

17.5. The Resulting Company shall pay requisite stamp duty and ROC fees on such increase in Capital.

18. MODIFICATION OR AMENDMENTS TO THE SCHEME

18.1. Subject to approval of NCLT, the shareholders of AIL and APL, empowers their respective Boards of Directors or by a person authorized by the Board of Directors of the Companies, may assent to/make and/or consent to any modifications/amendments of any kind to the Scheme or to any conditions or limitations that the Tribunal, as the case may be, as applicable and/or any other authority under law may deem fit to direct or impose, or which may otherwise be considered necessary, desirable or appropriate as a result of subsequent events, and the Companies by their Board of Directors are hereby authorized to take such steps and do all such acts, deeds and things as may be necessary, desirable or proper to give effect to this Scheme and resolve any doubts, difficulties or questions whether by reason of any orders of the NCLT or of any directive or orders of any other authorities or otherwise howsoever arising out of, under or by virtue of this Scheme and/or any matters concerning or connected therewith including change in capital structure. For sake of clarity, there shall be no change in the shareholding pattern or control in APL between the record date and the listing date.

18.2. If any provision of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the respective Boards of Directors of AIL and APL, affect the adoption or validity or interpretation of the other parts and/or provisions of this Scheme.



19. CONDITIONALITY OF THE SCHEME

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

- 19.1. The requisite consents, no-objections and approvals of the Stock Exchanges and SEBI to the Scheme in terms of the SEBI Circular, on terms acceptable to AIL and APL.
- 19.2. The approval of the Scheme by the respective requisite majorities in number and value of the shareholders/Creditors as the case may be of the Companies in accordance with Sections 230 to 232 of the Act;
- 19.3. The Scheme being sanctioned by the Tribunal in terms of Sections 230 to 232 and other relevant provisions of the Act and the requisite orders of the Tribunal; and
- 19.4. Certified copies of the Orders of the Tribunal sanctioning this Scheme being filed with the relevant Registrar of Companies by AIL and APL as per the provisions of the Act.

20. EFFECT OF NON-RECEIPT OF APPROVALS/SANCTIONS

- 20.1. In the event any of the said sanctions and approvals referred to in clause 19 are not obtained, and / or complied with, and / or satisfied, and / or for any other reasons, this Scheme cannot be implemented, then the Board of Directors of Demerged Company and the Resulting Company shall mutually waive off such conditions as they may consider appropriate to give effect as far as possible to this Scheme and failing such mutual agreement 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.

- 20.2. In the event of revocation under clause 20.1, no rights and liabilities whatsoever shall accrue to or be incurred inter se to AIL and APL or their respective shareholders or creditors or employees or any other person save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or in accordance with Applicable Law and in such case, each company shall bear its own costs unless otherwise mutually agreed.

- 20.3. If any part of the Scheme is found to be infeasible or unworkable for any reason whatsoever, such infeasible or unworkable portion of the Scheme shall not affect the validity or implementation of the other parts and / or provisions of the Scheme.

- 20.4. The Board of Directors of AIL and APL shall be entitled to withdraw this Scheme prior to the Effective Date for any reason(s) including, but not limited to, in case any condition or alteration imposed by Tribunal or any other authority is not on terms acceptable to them.

21. WHEN THE SCHEME COMES INTO OPERATION

- 21.1. It is clarified that the Scheme shall come into operation from the Appointed Date and shall become effective on and from the Effective Date in terms of the Scheme.
- 21.2. AIL and APL shall carry on and shall be authorized to carry on, with effect from the Effective Date, the business pertaining to AIL and APL respectively. AIL and APL is and shall always be deemed to have been authorized to execute any pleadings, applications, forms as may be required to remove any difficulties and carry out any formalities or compliance as are necessary for the implementation of the Scheme.



21.3. AIL and APL shall be entitled to, amongst others, file / or revise its income tax returns, TDS/TCS returns, excise duty returns, GST returns, entry tax, cess, professional tax or any other statutory returns, if required, credit for advance tax paid, tax deducted at source, claim for sum prescribed under section 43B of the Income Tax Act on payment basis, claim for deduction of provisions written back by AIL and APL previously disallowed in the hands of AIL and APL (relating to the Demerged Undertaking) respectively under the Income Tax Act, credit of foreign taxes paid/ withheld, if any, pertaining to AIL and APL (relating to the Demerged Undertaking) as may be required consequent to implementation of this Scheme and where necessary to give effect to this Scheme, even if the prescribed time limits for filing or revising such returns have lapsed without incurring any liability on account of interest, penalty or any other sum.

22. DIVIDENDS

22.1. AIL and APL shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period after the Appointed Date and prior to the Effective Date.

22.2. The holders of the shares of AIL and APL 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.

22.3. 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 AIL and/or APL to demand or claim any dividends which, subject to the provisions of the said Act, shall be entirely at the discretion of the respective Boards of Directors of AIL and APL and subject to the approval of the shareholders of AIL and APL respectively.

23. COSTS, CHARGES AND EXPENSES

All past, present and future costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of AIL and APL, arising out of or incurred in connection with and implementing this Scheme and matters incidental thereto, shall be borne by AIL and such expenses shall be entitled to be a mortised in terms of Applicable Laws.

24. BINDING EFFECT

Upon this Scheme becoming effective it shall be binding on AIL and APL and, their respective shareholders and all other stakeholders.



ANNEXURE A

PART I LIST OF INVESTMENTS

Name of the Company	Number of Units/Shares (all fully paid up) as on June 30, 2021	% of Shareholdings or profit sharing of AIL	Investment at FpMV as at June 30, 2021
<u>Investments - (Unquoted) in Equity Shares of Subsidiary Companies</u>			
Aarti USA Inc.	1,00,00,000	100%	65,76,000
Aarti Pharmachem Limited	50,000	100%	25,00,000
<u>Investments - (Unquoted) in Equity Shares of Joint Control/Associates Companies</u>			
Ganesh Polychem Limited	30,98,257	50%	12,60,85,944
<u>Investments - (Unquoted) in Equity Shares of Other Companies</u>			
Dilesh Roadlines Private Limited	4,64,550	5.81%	3,25,18,500
Aarti Ventures Limited	9,17,000	40.3%	7,39,52,285
Tarapur Environment Protection Society	21,751	N.A.	61,97,200
Derma Touch Inc.	1,25,000	Applied	4,25,51,938
<u>Investments - (Unquoted) in Limited Liability Partnership</u>			
Aarti Udyog Limited Liability Partnership	NA	N.A.	3,67,32,754
TOTAL			32,71,14,621



Part II - LIST OF IMMOVABLE PROPERTIES

	Location	Address
1	Pharma - Dombivali API Unit	D53, D55, D56 (Part), D57, D59 & D60, Dombivali MIDC, Dombivali East, Thane, Maharashtra.
2	Pharma - RND, Dombivali, Maharashtra	D-54, 56(Part), Dombivali MIDC, Dombivali East, Thane, Maharashtra.
3	Pharma - Tarapur Unit 3	K 17/18/19, MIDC, Tarapur, Boisar, District - Palghar, Maharashtra
4	Pharma - Tarapur Unit 3 Godown	K 65, MIDC, Tarapur, Boisar, District - Palghar, Maharashtra
5	Pharma - Tarapur Unit 3 - Utility Plot	K 14, MIDC, Tarapur, Boisar, District - Palghar, Maharashtra
6	Pharma - Tarapur Unit 4	E 50, MIDC, Tarapur, Boisar, District - Palghar, Maharashtra
7	Pharma - Tarapur Unit 4 - New Plot	E 59/1, MIDC, Tarapur, Boisar, District - Palghar, Maharashtra
8	Tarapur MIDC, K67 Plot	K 67, MIDC, Tarapur, Boisar, District - Palghar, Maharashtra
9	Pharma - Steam Generating Unit	L10, MIDC, Tarapur, Boisar, District - Palghar, Maharashtra
10	Tarapur Spack Division	D18, MIDC, Tarapur, Boisar, District - Palghar, Maharashtra
11	Pharma - Custom Synthesis Division	Plot No. 22/C/1 & 22/C/2, GIDC Estate, Vapi - 396 195, District Valsad, Gujarat
12	Pharma - RND, Gujarat	Plot No. 22c/1, GIDC Estate, Vapi - 396 195, Gujarat
13	Pharma - New Atali Site	R.S.No. 39 To 49 PCPIR Notified Industrial Area, Village - Atali, Tal - Vagra, Dist - Bharuch, Gujarat - 392 130
14	Mumbai Office - Maharashtra	Unit - 6, 126, 127 & 201, Udyog Kshetra, Mulund Goregaon Link Road, Mulund west, Mumbai - 400 080, Maharashtra
15	Tarapur 5 - Lease Hold Plot	L-28/29, MIDC, Tarapur, Boisar, District - Palghar, Maharashtra



ANNEXURE B

LIST OF INVESTMENTS AND IMMOVABLE PROPERTIES OF AARTI INDUSTRIES LIMITED BEING DEMERGED INTO AARTI PHARMALABS LIMITED

ANNEXURE A

Part I LIST OF INVESTMENTS

Name of the Company	Number of Units/Shares (all fully paid up) as on June 30, 2021	% of Shareholdings or profit sharing of AIL	Investment at FpMV as at June 30, 2021
<u>Investments - (Unquoted) in Equity Shares of Subsidiary Companies</u>			
Aarti USA Inc.	1,00,00,000	100%	65,76,000
Aarti Pharmachem Limited	50,000	100%	25,00,000
<u>Investments - (Unquoted) in Equity Shares of Joint Control/Associates Companies</u>			
Ganesh Polychem Limited	30,98,257	50%	12,60,85,944
<u>Investments - (Unquoted) in Equity Shares of Other Companies</u>			
Dilesh Roadlines Private Limited	4,64,550	5.81%	3,25,18,500
Aarti Ventures Limited	9,17,000	40.3%	7,39,52,285
Tarapur Environment Protection Society	21,751	N.A.	61,97,200
Derma Touch Inc.	1,25,000	Applied	4,25,51,938
<u>Investments - (Unquoted) in Limited Liability Partnership</u>			
Aarti Udyog Limited Liability Partnership	NA	N.A.	3,67,32,754
TOTAL			32,71,14,621



For AARTI INDUSTRIES LIMITED

K. C. Patel
Company Secretary
IOS. M. No. A15529

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Tel: 022-67970000, Fax: 022-67970001, E-Mail: info@arti-industries.com
Regd. Office: Plot No. 501, 501/2B, 1st Phase, 3rd Floor, 100ft Road, Bhandari (M. Mumbai) - 400041 INDIA

Part II - LIST OF IMMOVABLE PROPERTIES

	Location	Address
1	Pharma - Dombivali API Unit	D53, D55, D56 (Part), D57, D59 & D60, Dombivali MIDC, Dombivali East, Thane, Maharashtra.
2	Pharma - RND, Dombivali, Maharashtra	D-54, 56(Part), Dombivali MIDC, Dombivali East, Thane, Maharashtra.
3	Pharma - Tarapur Unit 3	K 17/18/19, MIDC, Tarapur, Boisar, District - Palghar, Maharashtra
4	Pharma - Tarapur Unit 3 Godown	K 65, MIDC, Tarapur, Boisar, District - Palghar, Maharashtra
5	Pharma - Tarapur Unit 3 - Utility Plot	K 14, MIDC, Tarapur, Boisar, District - Palghar, Maharashtra
6	Pharma - Tarapur Unit 4	E 50, MIDC, Tarapur, Boisar, District - Palghar, Maharashtra
7	Pharma - Tarapur Unit 4 - New Plot	E 59/1, MIDC, Tarapur, Boisar, District - Palghar, Maharashtra
8	Tarapur MIDC, K67 Plot	K 67, MIDC, Tarapur, Boisar, District - Palghar, Maharashtra
9	Pharma - Steam Generating Unit	L10, MIDC, Tarapur, Boisar, District - Palghar, Maharashtra
10	Tarapur Spack Division	D18, MIDC, Tarapur, Boisar, District - Palghar, Maharashtra
11	Pharma - Custom Synthesis Division	Plot No. 22/C/1 & 22/C/2, GIDC Estate, Vapi - 396 195, District Valsad, Gujarat
12	Pharma - RND, Gujarat	Plot No. 22c/1, GIDC Estate, Vapi - 396 195, Gujarat
13	Pharma - New Atali Site	R.S.No. 39 To 49 PCPIR Notified Industrial Area, Village - Atali, Tal - Vagra, Dist - Bharuch, Gujarat - 392 130
14	Mumbai Office - Maharashtra	Unit - 6, 126, 127 & 201, Udyog Kshetra, Mulund Goregaon Link Road, Mulund west, Mumbai - 400 080, Maharashtra
15	Tarapur 5 - Lease Hold Plot	L-28/29, MIDC, Tarapur, Boisar, District - Palghar, Maharashtra



Prepared by *Vardh*
Signature *[Signature]*
Date *22-09-22*

Certified to be True Copy of the Original
22/9/22
Deputy Registrar
NCLT, Ahmedabad Bench
Ahmedabad

[Signature]
22/9/22

www.aarti-industries.com | CIN: L24100GJ1998PLC017901

Admin. Office : Mr. Jyoti Hanotra, 2nd Floor, Mulund Goregaon Link Road, Mulund West, Mumbai - 400080, INDIA.

Tel: 022-25876666 F: 022-2585 0154 E: info@arti-industries.com

Regd. Office: Plot No. 107, 108, 109 Phase 3 GIDC Vapi-396195 Dist - Valsad Gujarat PIN-396195

SUMMARY OF CORPORATE RESTRUCTURING PROJECTS. (SCHEMES OF ARRANGEMENTS)

Sr. No.	Transferor Company	Transferee Company	Appointed Date	Order Date	Page No.
1.	Salvigor Laboratories Limited	Aarti Organics Limited	March 1, 1994	September 26, 1994	33-38
2.	Mahaval Organic Limited	Aarti Industries Limited	April 1, 1997	August 17, 1998	39-44
3.	Alchemie Organics Limited	Aarti Industries Limited	April 1, 2001	December 28, 2001	45-51
4.	Surfactant Specialities Limited and Avinash Drugs Limited	Aarti Industries Limited	April 1, 2008	September 1, 2009	52-62
5.	Anushakti Chemicals and Drugs Limited (Demerged Company)	Aarti Industries Limited (Resultant Company)	April 1, 2008	March 8, 2013 and April 24, 2013	63-80
6.	Gogri & Sons Investments Private Limited and Alchemie Leasing and Financing Private Limited and Anushakti Holdings Limited and Anushakti Chemicals and Drugs Limited	Aarti Industries Limited	April 1, 2015	September 9, 2015	81-95
7.	Aarti Industries Limited (Demerged Company)	Arti Surfactants Limited (Resultant Company)	April 1, 2018	June 10, 2019	96-128
	Nascent Chemical Industries Limited (Demerged Company)	Aarti Industries Limited (Resultant Company)	April 2, 2018		
8.	Aarti Industries Limited (Demerged Company)	Aarti Pharmalabs Limited (Resultant Company)	July 01, 2021	September 21, 2022	129-158



BSE - 524208
NSE - AARTIIND
CIN - L24110GJ1984PLC007301

Registered Office

Plot Nos. 801, 801/23 GIDC Estate
Phase III, Vapi - 396 195
Dist. Valsad, Gujarat

Website: www.aarti-industries.com

Corporate Office

71, 2nd Floor, Udyog Kshetra,
Mulund-Goregaon Link Road,
Salpa Devi Pada, Mulund West,
Mumbai - 400 080,
Maharashtra