

**SCHEME OF ARRANGEMENT**

**AMONGST**

**ITC LIMITED**

**AND**

**ITC HOTELS LIMITED**

**AND**

**ITC HOTELS LIMITED**  
*[Signature]*  
**Director**

**ITC Limited**

*[Signature]*  
**(R. K. Singh)**

**Executive Vice President  
& Company Secretary**

**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

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

**1. PARTS OF THE SCHEME**

**1.1** The Scheme (*as defined hereinafter*) is divided into following parts:

- (i) **Part A** deals with background of the Companies (*as defined hereinafter*), rationale and objective and overview of the Scheme;
- (ii) **Part B** deals with the definitions, interpretation and share capital structure of the Companies;
- (iii) **Part C** deals with vesting of the Demerged Undertaking (*as defined hereinafter*) into the Resulting Company (*as defined hereinafter*) on a going concern basis in accordance with Sections 230 to 232 and other applicable provisions of the Act (*as defined hereinafter*) and in accordance with Section 2(19AA) and other applicable provisions of the IT Act (*as defined hereinafter*) and other matters consequential or otherwise integrally connected therewith, including changes to the share capital and securities premium account of the Resulting Company;
- (iv) **Part D** deals with the general terms and conditions applicable to the Scheme.

**PART A - GENERAL**

**2. PREAMBLE**

**2.1** This scheme of arrangement is presented under Sections 230 to 232 and other applicable provisions of the Act amongst ITC Limited ("ITC"), ITC Hotels Limited ("ITC Hotels"), and their respective shareholders and creditors.

**2.2** The Scheme, *inter alia*, provides for:

- (i) the Demerger (*as defined hereinafter*) of the Demerged Undertaking comprising the Hotels Business (*as defined hereinafter*) of ITC, i.e. the Demerged Company (*as defined hereinafter*) into ITC Hotels, i.e. the Resulting Company on a going concern basis and in consideration, the consequent issuance of equity shares (*as defined hereinafter*) by the Resulting Company to all the shareholders of the Demerged Company as per the Share Entitlement Ratio (*as defined hereinafter*), and in accordance with the provisions of Section 2(19AA) read with other relevant provisions of the IT Act;



- (ii) various other matters consequential or otherwise integrally connected therewith, including changes to the share capital and securities premium account of the Resulting Company, pursuant to provisions of Sections 230 to 232 read with other applicable/relevant provisions of the Act and in compliance with the provisions of the IT Act and other applicable regulatory requirements;

each in the manner as more particularly described in this Scheme.

### 3. BACKGROUND

3.1 ITC Limited was incorporated on August 24, 1910 as The Imperial Tobacco Company of India Limited under the provisions of the Indian Companies Act, 1882. Subsequently, its name was changed to India Tobacco Company Limited on May 20, 1970, to I.T.C. Limited on March 30, 1974 and to ITC Limited on September 18, 2001. ITC is a public limited company within the meaning of the Act, having CIN: L16005WB1910PLC001985. Its registered office is at Virginia House, 37 Jawaharlal Nehru Road, Kolkata, West Bengal, 700071. ITC is one of India's leading private sector companies and a diversified conglomerate with businesses spanning Fast-Moving Consumer Goods, Hotels, Paperboards, Paper and Packaging, and Agri Business. The Ordinary Shares (*as defined hereinafter*) of ITC are listed on the Stock Exchanges (*as defined hereinafter*) and its GDRs (*as defined hereinafter*) are listed on the Luxembourg Stock Exchange.

3.2 ITC Hotels Limited was incorporated on July 28, 2023 under the provisions of the Companies Act, 2013 and is a public limited company within the meaning of the Act having CIN: U55101WB2023PLC263914. Its registered office is at Virginia House, 37 Jawaharlal Nehru Road, Kolkata, West Bengal, 700071. ITC Hotels is a wholly owned subsidiary of ITC. The main object of ITC Hotels is 'hotels and hospitality'.

### 4. RATIONALE AND OBJECTIVE OF THE SCHEME

4.1 The Demerged Company is a diversified company engaged in various businesses including hotels. The Hotels Business of the Demerged Company includes ownership/ licensing/ management of several hotel properties and providing services including accommodation, dining, banqueting, etc.

4.2 The Hotels Business of the Demerged Company has matured over the years and is well poised to chart its own growth path and operate as a separate listed entity in the fast-growing hospitality industry whilst continuing to leverage the Demerged Company's institutional strengths, strong brand equity and goodwill. Therefore, the Scheme is being proposed to segregate Hotels Business from the Remaining Business (*as defined hereinafter*) of the Demerged Company and demerge it into the Resulting Company. The proposed Scheme would be in the best interests of the Companies and their respective shareholders, employees, creditors and other stakeholders for the following reasons:

(i) The confluence of favourable factors such as rising societal aspirations, strong macro-economic fundamentals of the country, Government of India's thrust on the Travel & Tourism industry and infrastructure creation along with rapid digitalization present immense opportunities for the Hotels Business going forward, though distinct from the other businesses of the Demerged Company.

(ii) In light of the distinctive profile of the hospitality industry, housing the Hotels Business in a separate listed entity would enable crafting of the next horizon of growth and sustained value creation for shareholders through sharper focus on the business anchored on a differentiated strategy aligned with industry specific market dynamics.



*[Handwritten signature and blue arrow pointing to the right]*

- (iii) The Resulting Company is a newly incorporated entity which will have the ability to raise capital from equity and debt markets towards funding its growth requirements.
- (iv) The Resulting Company as a focused entity would attract the right sets of investors, strategic partners and collaborations, whose investment strategies and risk profiles are aligned more sharply with the hospitality industry.
- (v) The Scheme would unlock value of the Hotels Business for existing shareholders of the Demerged Company through independent market driven valuation of their shares in the Resulting Company which will be listed pursuant to the Scheme, along with the option and flexibility to remain invested in a pure play hospitality focused listed entity.
- (vi) The Scheme will ensure long term stability and strategic support to the Resulting Company and also enable the leveraging of cross synergies between the two Companies.

## **PART B - DEFINITIONS, INTERPRETATION AND SHARE CAPITAL STRUCTURE**

### **5. DEFINITIONS**

**5.1** In this Scheme, unless inconsistent with or repugnant to the subject or context, (i) capitalized terms defined by inclusion in quotations and/or the parenthesis have the meaning so ascribed; and (ii) the following expressions shall have the meanings respectively assigned against them:

- (i) “**Act**” means the Companies Act, 2013;
- (ii) “**Applicable Law(s)**” means any applicable statute, enactment, law, regulation, ordinance, rule, judgment, order, decree, policy, clearance, approval, directive, guideline, press notes, requirement, writ, injunction, directions, judgement, arbitral award, decree, approvals or any similar form of determination by or decision of or agreements with any Appropriate Authority, in each case having the force of law, and is binding or applicable to a person, whether in effect as of the date on which this Scheme has been approved by the Boards or at any time thereafter;
- (iii) “**Appointed Date**” means the same date as the Effective Date or such other date as may be mutually agreed by the Companies;
- (iv) “**Appropriate Authority**” means and includes, whether in or outside India (as applicable): (a) any national, state, territory, provincial, district, local or similar governmental, statutory, regulatory, administrative authority, agency, board, branch, commission, department or public body or authority, tribunal or court or other entity, in each case authorized to make laws, rules, regulations, standards, requirements, procedures or to pass directions or orders, in each case having the force of law; (b) any non-governmental regulatory or administrative authority, body or other organization to the extent that the rules, regulations and standards, requirements, procedures or orders of such authority, body or other organization have the force of law; (c) any stock exchange of India or any other country, the Registrar of Companies, Regional Director, Ministry of Corporate Affairs, RBI, SEBI, Official Liquidator, NCLT, and any other sectoral regulators or authorities as may be applicable; and (d) any body exercising executive, legislative, judicial, regulatory or administrative functions including delegated function/ authority of or pertaining to government, including any other government authority, agency,



department, board, commission or instrumentality or any political sub-division thereof or an arbitrator and any self-regulatory organization;

- (v) **“Board”** in respect of a Company, means the board of directors of such Company at the relevant time, and, unless it is repugnant to the context, shall include a committee duly constituted and/or any other person authorized by the Board or its committee;
- (vi) **“BSE”** means BSE Limited;
- (vii) **“Companies”** means the Resulting Company and the Demerged Company collectively, and **“Company”** means any one of them as the context may require;
- (viii) **“CSE”** means The Calcutta Stock Exchange Limited;
- (ix) **“Demerged Company”** means ITC;
- (x) **“Demerged Company GDR”** shall mean the GDRs issued by the Demerged Company, pursuant to the deposit agreement executed by the Demerged Company with the Depository (as amended or restated from time to time) and as are outstanding as of the Record Date;
- (xi) **“Demerged Employees”** means all the employees of the Demerged Company who are engaged in or relate to the Demerged Undertaking as on the Effective Date;
- (xii) **“Demerged Liabilities”** shall have the meaning set out in Clause 9.2.2;
- (xiii) **“Demerged Undertaking”** means all the businesses, undertakings, activities, operations and properties of the Demerged Company, of whatsoever nature and kind and wheresoever situated, related to or pertaining to the conduct of, or the activities of, the Hotels Business as on the Appointed Date, on a going concern basis, whether in or outside India, including but not limited to, the following:
  - (a) all immovable properties and rights thereto i.e. land together with the buildings and structures standing thereon (including capital work in progress), whether freehold, leasehold, leave and licensed, right of way, tenancies or otherwise including all rights and interests in the hotels, roads, gardens, drains and culverts, civil works, foundations for civil works, buildings, warehouses, offices, apartments, complexes, residential and other premises etc. related to the Hotels Business, unless otherwise mutually determined by the Boards of Demerged Company and Resulting Company, in accordance with Clause 9.1.1(iv) below, and all documents (including panchnamas, declarations, deeds or 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;
  - (b) all assets, as are movable in nature and which form part of the Hotels Business, whether present or future or contingent, tangible or intangible, in possession or not, corporeal or incorporeal, in each case, wherever situated, whether or not recorded in the books of accounts of the Demerged Company, (including capital work in progress, plant and machinery, furniture, fixtures, computers, air conditioners, appliances, accessories, office equipment, communication facilities, installations, vehicles),



actionable claims, earnest monies and sundry debtors, prepaid expenses, bills of exchange, promissory notes, financial assets including liquid investments related to the Hotels Business, receivables, investments held in the Hospitality Entities, outstanding loans and advances, recoverable in cash or in kind or for value to be received, receivables, funds, cash and bank balances and deposits including accrued interest thereto with any Appropriate Authority, banks, customers and other persons, dividends declared or interest accrued thereon, reserves, provisions, funds, benefits of all agreements, shares, bonds, debentures, debenture stock, units or pass through certificates, securities, the benefits of any bank guarantees, performance guarantees and Tax related assets/credits pertaining to the Hotels Business, including but not limited to goods and service tax input credits (if transferable), sales tax/entry tax/TDS/TCS credits or set-offs, withholding tax/TDS/ TCS, Taxes withheld/paid in a foreign country, self-assessment tax, regular tax, surcharge, cess, Tax refunds, rights of any claim not made by the Demerged Company in respect of any refund of Tax, duty, cess or other charge, including any erroneous or excess payment thereof made by the Demerged Company and any interest thereon, with regard to any law, act or rule or scheme made by the Appropriate Authority, deferred tax assets/liabilities, accumulated losses under the I' Act and allowance for unabsorbed depreciation under the IT Act;

- (c) all permits, licenses, permissions, right of way, approvals, authorisations, clearances, consents, benefits, registrations, rights, entitlements, credits, certificates, certifications, accreditations, awards, sanctions, privileges, memberships, allotments, quotas, no objection certificates, exemptions, pre-qualifications, bid acceptances, concessions, subsidies, Tax deferrals, and exemptions, Tax benefits and other benefits (in each case including the benefit of any applications made for the same), if any, liberties and advantages, and other licenses or clearances granted/ issued/ given by any governmental, statutory or regulatory or local or administrative bodies, organizations or companies, related to or pertaining to the Hotels Business including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereto, whether or not recorded in the books of accounts of the Demerged Company;
- (d) all contracts, agreements, service orders, operation and maintenance contracts, memoranda of understanding/ undertakings/ agreements, bids, tariff policies, expressions of interest, letters of intent, tenancy rights, agreements for right of way, equipment purchase agreements, agreement with customers, purchase and other agreements with the supplier/ service providers, other arrangements, undertakings, deeds, bonds, schemes, concession agreements, powers of attorney, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether vested or potential and written, oral or otherwise, as amended and restated from time to time and all rights, title, interests, assurances, claims and benefits thereunder related to or pertaining to the Hotels Business;
- (e) all insurance policies related to or pertaining to the Hotels Business;
- (f) all Intellectual Property that exclusively forms part of the Hotels Business;



- (g) 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, contracts, 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 favour of or enjoyed by the Demerged Company exclusively forming part of the Hotels Business and all other interests of whatsoever nature belonging to or in the ownership, power, possession or control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Demerged Company and exclusively forming part of the Hotels Business. For the avoidance of doubt, it is clarified that the facilities and services mentioned in this sub paragraph (g) which are used for or form part of the Remaining Business, and all the rights, title and interest in the same shall not form part of the Demerged Undertaking and shall be dealt with in the manner set out in Clause 24 below.
- (h) all books, records, files, papers, process information, cuisine knowledge, software licenses (whether proprietary or otherwise), computer programs, mobile and web applications, software applications, data, databases including databases for procurement, commercial and management, catalogues, quotations, sales and advertising materials, lists of 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 exclusively form part of the Hotels Business;
- (i) the Demerged Liabilities (including Liabilities of the Demerged Company with regard to the Demerged Employees (whether under employment agreements, appointment letters, settlement agreements, or otherwise) including with respect to the payment of gratuity, superannuation, pension benefits, leave encashment and provident fund or other compensation or benefits, if any, whether in the event of resignation, death, retirement, retrenchment or otherwise);
- (j) the Demerged Employees;
- (k) all legal or other proceedings of whatsoever nature, including quasi-judicial, arbitral and other proceedings, related to or pertaining to the Hotels Business, which are capable of being continued by or against the Resulting Company under Applicable Law; and
- (l) any assets, Liabilities, agreements, undertakings, activities, operations or properties that are mutually determined by the Boards of the Demerged Company and the Resulting Company as relating to or pertaining to the Hotels Business;
- (xiv) **“Demerger”** means transfer by way of a demerger of the Demerged Undertaking of the Demerged Company to the Resulting Company on a going concern basis and the consequent issue of equity shares by the Resulting Company to the shareholders of the Demerged Company in accordance with the Share Entitlement Ratio, pursuant to the provisions of Section 2(19AA) and other relevant provisions of the IT Act;



- (xv) “**Depository**” shall mean Citibank N.A being the depository for the Demerged Company GDRs appointed under the Deposit Agreement dated October 20, 1993, or any other successor/ replacement depository appointed upon termination of the Deposit Agreement dated October 20, 1993;
- (xvi) “**Effective Date**” means the date which will be the first day of the month following the month in which Companies mutually acknowledge in writing that all the conditions and matters referred to in Clause 28.1 of the Scheme have occurred or have been fulfilled, obtained or waived, as applicable, in accordance with this Scheme. References in this Scheme to the “date of coming into effect of this Scheme” or “upon the Scheme becoming effective” or “effectiveness of the scheme” shall mean the Effective Date;
- (xvii) “**Encumbrance**” or “**Encumbered** ” means without limitation (a) any options, equitable interest, claim, pre-emptive right, easement, limitation, attachment, restraint, mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, title defect or retention, security interest or other encumbrance or interest of any kind securing, or conferring any priority of payment in respect of any obligation of any person, including any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under Applicable Law, including any option or right of pre-emption, public right, common right, easement rights, any attachment, restriction on use, transfer, receipt of income or exercise of any other attribute of ownership, right of set-off and/or any other interest held by a third party; (b) any voting agreement, beneficial ownership (including usufruct and similar entitlements), interest, option, right of first offer/ refusal or transfer restriction or any other interest held by a third person; (c) any adverse claim as to title, possession or use; and/or (d) any agreement, conditional or otherwise, to create any of the foregoing;
- (xviii) “**ESOP Schemes**” means (a) ITC Employee Stock Option Scheme-2006, which has been approved by the Board of the Demerged Company on May 25, 2007, and (b) ITC Employee Stock Option Scheme-2010, which has been approved by the Board of the Demerged Company on August 26, 2011 and amendments thereto as approved by the Board and shareholders of the Demerged Company;
- (xix) “**GDRs**” means Global Depository Receipts, issued by a bank or depository outside India, representing underlying equity shares of an Indian company pursuant to the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 as amended from time to time;
- (xx) “**GST**” means the central tax as defined under the Central Goods and Services Tax Act, 2017, the integrated tax as defined under the Integrated Goods and Services Tax Act, 2017, and the state tax as defined under State Goods and Services Tax acts;
- (xxi) “**Hospitality Entities**” means (a) Srinivasa Resorts Limited; (b) Bay Islands Hotels Limited; (c) Fortune Park Hotels Limited; (d) Landbase India Limited (e) Maharaja Heritage Resorts Limited; (f) Gujarat Hotels Limited; (g) International Travel House Limited; and (h) WelcomHotels Lanka (Private) Limited, Sri Lanka; each of which is engaged in *inter alia* owning, licensing, operating, managing, servicing, marketing and supervising the operations of hotels and includes accommodation, dining and banqueting services;



- (xxii) “**Hotels Business**” means the hotels and hospitality business of the Demerged Company undertaken by way of *inter alia* owning, licensing, operating, managing, servicing, marketing and supervising the operations of hotels and includes accommodation, dining and banqueting services, and investments in the Hospitality Entities carrying on the hotels and hospitality business;
- (xxiii) “**Ind AS**” shall mean the Indian Accounting Standards notified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as may be amended from time to time;
- (xxiv) “**Intellectual Property**” means all intellectual property rights of any nature whatsoever, past, present, and future rights of the following types, which may exist or be created under the laws of any jurisdiction including:
- (a) rights in information (including know-how, cuisine knowledge, confidential information and trade secrets) and the right to use, and protect the confidentiality of, confidential information;
  - (b) trademarks, service marks, rights in logos, brand names, trade and business names, rights in catch-up and trade dress and all associated goodwill, rights to sue for passing off and/or for unfair competition and domain names;
  - (c) copyright, moral rights and related rights, rights in computer software, database rights, and rights in designs;
  - (d) marketing authorization, approvals, marketing intangibles, permits, permissions, incentives, privileges, special status, designs, research and studies;
  - (e) digital platforms, algorithms, domain names, applications (including hardware, software, licenses and scripts);
  - (f) Lists of present and former customers and suppliers, other customer information, copies of employment information, including but not limited to personnel files (including hiring documents, reference checks, existing employment contracts, policies, handbooks and documents reflecting changes in an employee’s position, compensation, benefits, or other terms of employment), payroll records, documents relating to past or ongoing leave of absence, on the job injuries or illness, or fitness for work examinations, disciplinary records, related supervisory files and all forms, notifications, orders and contribution/identity cards issued by the concerned authorities and all other records and documents;
  - (g) any other intellectual property rights; and
  - (h) all rights or forms of protection, subsisting now or in the future, having equivalent or similar effect to the rights referred to in paragraphs (a) to (g) above,

in each case: (i) anywhere in the world; (ii) whether unregistered or registered (including all applications, rights to apply and rights to claim priority); (iii) whether owned, licensed or otherwise; (iv) whether in physical or electronic form and (v) including all divisionals, continuations, continuations-in-part, reissues, extensions,



re-examinations and renewals and the right to sue for damages for past and current infringement in respect of any of the same;

- (xxv) “**IT Act**” means the Income-tax Act, 1961, together with all applicable orders, ordinances, directions including circulars and notifications and similar legal enactments, in each case issued under the Income-tax Act, 1961;
- (xxvi) “**Liabilities**” means all debts (whether in Rupees or foreign currency), liabilities (including contingent liabilities, and obligations under any licenses or permits or schemes or claims from customers), loans raised and used, obligations incurred, duties of any kind, nature or description and undertakings of every kind or nature and the liabilities of any description whatsoever, whether or not recorded in the books of accounts or disclosed in the balance sheet, whether present or future, and howsoever raised or incurred or utilized along with any charge, Encumbrance, lien or security thereon;
- (xxvii) “**National Company Law Tribunal**” or “**NCLT**” means the National Company Law Tribunal, Kolkata having jurisdiction over the Companies and authorized as per the provisions of the Act for approving any scheme of arrangement, compromise or reconstruction of companies under Sections 230 to 232 of the Act and shall include, if applicable, such other forum or authority as may be vested with the powers of a tribunal for the purposes of Sections 230 to 232 of the Act as may be applicable;
- (xxviii) “**NSE**” means National Stock Exchange of India Limited;
- (xxix) “**Ordinary Share(s)**” means equity share(s) in the share capital of the Demerged Company;
- (xxx) “**RBI**” means the Reserve Bank of India;
- (xxxi) “**Record Date**” means a mutually agreed date to be fixed by the respective Boards of the Demerged Company and the Resulting Company, for the purposes of determining the shareholders of the Demerged Company to whom equity shares of the Resulting Company would be allotted pursuant to the Demerger in accordance with Clause 18 of this Scheme;
- (xxxii) “**Registrar of Companies**” means the relevant Registrar of Companies having jurisdiction over the Companies under the Act;
- (xxxiii) “**Remaining Business**” means all the businesses, undertakings, activities, operations, assets and liabilities of the Demerged Company other than those that form part of the Demerged Undertaking;
- (xxxiv) “**Resulting Company**” means ITC Hotels Limited, to which the Demerged Undertaking of the Demerged Company shall stand demerged, such that pursuant to and in accordance with the terms of the Scheme the Demerged Undertaking shall become the property of and vest in ITC Hotels Limited;
- (xxxv) “**Resulting Company New Equity Shares**” shall have the meaning set out in Clause 18.1;
- (xxxvi) “**Resulting Company Special Purpose ESOP Scheme**” shall have the meaning set out in Clause 10.7.1;



- (xxxvii) “**Rupees**” or “**Rs.**” means Indian rupees, being the lawful currency of Republic of India;
- (xxxviii) “**Sanction Order**” means the order of the NCLT sanctioning this Scheme;
- (xxxix) “**Scheme**” or “**the Scheme**” or “**this Scheme**” means this scheme of arrangement in its present form as submitted to NCLT or this Scheme with such modification(s), if any made, in accordance with Clause 26 hereto;
- (xl) “**SEBI**” means the Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992;
- (xli) “**SEBI Listing Regulations**” means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (xlii) “**SEBI Scheme Circular**” means the master circular no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 issued by SEBI on June 20, 2023 and/or any other circulars issued by SEBI applicable to schemes of arrangement from time to time;
- (xliii) “**Share Entitlement Ratio**” shall have the meaning set out in Clause 18.1;
- (xliv) “**Stock Exchanges**” means the BSE, NSE and the CSE;
- (xlv) “**Tax**” or “**Taxes**” means and includes any tax, whether direct or indirect, including income tax (including withholding tax, dividend distribution tax, TDS/TCS), GST, excise duty, central sales tax, service tax, octroi, local body tax and customs duty, duties, charges, unearned income, transfer charges, fees, surcharge, cess, levies or other similar assessments by or payable to an Appropriate Authority, including in relation to: (a) income, services, gross receipts, premium, immovable property, movable property, assets, profession, entry, capital gains, municipal, interest, expenditure, imports, wealth, gift, sales, use, transfer, licensing, withholding, employment, payroll and franchise taxes, and (b) any interest, fines, penalties, assessments, or additions to Tax resulting from, attributable to or incurred in connection with any proceedings or late payments in respect thereof;
- (xlvi) “**Tax Laws**” shall have the meaning set out in Clause 15.1 ;
- (xlvii) “**TCS**” means tax collectible at source, in accordance with the provisions of Tax Laws; and
- (xlviii) “**TDS**” means tax deductible at source, in accordance with the provisions of Tax Laws.

## 6. INTERPRETATION

- 6.1 All terms and words used but 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, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992, the Depositories Act, 1996, IT Act and other Applicable Law, as the case may be.
- 6.2 References to clauses and recitals, unless otherwise provided, are to clauses and recitals of and to this Scheme.
- 6.3 The headings herein shall not affect the construction of this Scheme.



- 6.4 Unless the context otherwise requires, reference to any law or to any provision thereof shall include references to any such law or to any provision thereof as it may, after the date hereof, from time to time, be amended, supplemented or re-enacted, or to any law or any provision which replaces it, and any reference to any statute or to any statutory provision shall include any subordinate legislation made from time to time under that statute or provision.
- 6.5 The singular shall include the plural and vice versa; and references to one gender include all genders.
- 6.6 Any phrase introduced by the terms “including”, “include”, “in particular” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
- 6.7 References to a person include any individual, firm, body corporate (whether or not incorporated), government, state or agency of a state or any joint venture, association, partnership, works council or employee representative body (whether or not having separate legal personality).

## 7. DATE OF TAKING EFFECT AND OPERATIVE DATE

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

## 8. SHARE CAPITAL

- 8.1 The authorized, issued, subscribed and paid-up share capital of the Demerged Company as on August 14, 2023 is as under:

Share Capital	Amount (In Rs.)
Authorized Share Capital _____	
20,00,00,00,000 Ordinary Shares of Re.1/- each	20,00,00,00,000
<b>TOTAL</b>	<b>20,00,00,00,000</b>
Issued, Subscribed and Paid-up Share Capital	
1246,48,39,501 Ordinary Shares of Re.1/- each fully paid up	1246,48,39,501
<b>TOTAL</b>	<b>1246,48,39,501</b>

\* Pursuant to the offer of GDRs made in 1993 by the Demerged Company, 70,78,685 GDRs, representing 70,78,685 underlying Ordinary Shares i.e. 0.06% of the Issued, and Subscribed Share Capital of the Company, were outstanding as on August 14, 2023.

\*\* The Demerged Company has implemented employee stock option schemes, in terms of which 94,94,648 stock options are outstanding as on August 14, 2023. The Demerged Company may grant further options in the ordinary course of its business during the pendency of this Scheme. All the aforesaid options and/or their exercise may result in a variation to the share capital depicted above. However, the Share Entitlement Ratio will not be adjusted on account of any such variation.



- 8.2 The authorized, issued, subscribed and paid-up share capital of the Resulting Company as on August 14, 2023 is as under:

Share Capital	Amount (In Rs.)
<u>Authorized Share Capital</u>	
250,00,00,000 equity shares of Re.1/- each	250,00,00,000
<b>TOTAL</b>	<b>250,00,00,000</b>
<u>Issued, Subscribed and Paid-up Share Capital</u>	
83,00,00,000 equity shares of Re.1/- each	83,00,00,000
<b>TOTAL</b>	<b>83,00,00,000</b>

\* As on the date of approval of the Scheme by the Boards of the Companies, the entire share capital of the Resulting Company is held by Demerged Company.

\*\*The equity shares of the Resulting Company are presently not listed on any Stock Exchange. An application shall be made with the BSE and NSE post the effectiveness of the Scheme, for listing of the equity shares of the Resulting Company so that upon Demerger of the Demerged Undertaking into the Resulting Company, the members of the Resulting Company have ready access to market and freely trade in the shares of the Resulting Company.

## **PART C - TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING INTO RESULTING COMPANY**

### **9. TRANSFER AND VESTING OF DEMERGED UNDERTAKING**

Upon the Scheme becoming effective and with effect from the Appointed Date, the Demerged Undertaking shall, in accordance with Section 2(19AA) and other applicable provisions of the IT Act and pursuant to Sections 230 to 232 and other applicable provisions of the Act, and pursuant to the Sanction Order, without any further act, instrument or deed, be demerged from the Demerged Company and stand transferred to and vested in or be deemed to be transferred to and vested in the Resulting Company as a going concern, so as to become the business undertaking, assets, Liabilities, properties, right, title, interest and authorities of the Resulting Company by virtue of and in the manner set out below.

#### **9.1 VESTING OF ASSETS**

- 9.1.1 Upon the Scheme becoming effective and with effect from the Appointed Date, without prejudice to the generality of the above:

- (i) In respect of the assets of the Demerged Undertaking that are movable in nature or incorporeal property and/or otherwise capable of transfer by manual or constructive delivery and/or by endorsement, including cash and bank balances, liquid investments related to the Hotels Business, investments in Hospitality Entities forming part of the Demerged Undertaking, the same shall stand vested in the Resulting Company pursuant to provisions of Sections 230 to 232 of the Act and all other applicable provisions of Applicable Law or be deemed to be transferred and vested by delivery or possession or by endorsement and delivery and without requiring any deed or instrument of conveyance for transfer and vesting of the same, and shall become the property of the Resulting Company subject to the provisions of this Scheme in relation to Encumbrances, including under Clause 9.3 hereof.




- (ii) In respect of movable assets other than those dealt with in Clause 9.1.1(i) above (including but not limited to sundry debts, actionable claims, earnest monies, receivables, bills, credits, loans, advances and deposits with any Appropriate Authorities or any other bodies and/or customers or any other person, if any, forming part of the Demerged Undertaking, whether recoverable in cash or in kind or for value to be received, etc.), the same shall become the assets of, and be vested in the Resulting Company without any notice or other intimation to any person in pursuance of the provisions of Sections 230 to 232 read with other relevant provisions of the Act and other applicable provisions of Applicable Law to the end and intent that the right of the Demerged Company to recover or realize the same becomes a right of, and stands vested in the Resulting Company, without any notice or other intimation to such debtors, depositors or persons as the case may be.
- (iii) All assets, estate, rights, title, remedies, claims, rights of action, interest and authorities held by the Demerged Company, on the Appointed Date forming part of the Demerged Undertaking, not otherwise specified in the above Clauses, shall also, without any further act, instrument or deed, become the property of, and stand vested in or be deemed to have so become, or be vested in, the Resulting Company upon the coming into effect of this Scheme pursuant to the provisions of Sections 230 to 232 of the Act and all other applicable provisions of Applicable Laws.
- (iv) All immovable property, whether or not included in the books of the Demerged Company, whether freehold or leasehold or licensed properties (including but not limited to capital works in progress, land, buildings, and any other rights, titles, interests, rights of way and easements in relation thereto) forming part of the Demerged Undertaking shall become the property of the Resulting Company and be vested in the Resulting Company or be deemed to have been so, automatically without any act or deed to be done or executed by the Demerged Company and/or the Resulting Company. All lease or license or rent agreements forming part of the Demerged Undertaking, entered into by the Demerged Company with various landlords, owners and lessors in connection with the use of the assets of the Demerged Company, together with security deposits, shall stand automatically vested in favour of the Resulting Company on the same terms and conditions, subject to Applicable Law, without any further act, instrument or deed. The Resulting Company shall continue to pay rent amounts as provided for in such agreements and shall comply with the other terms, conditions and covenants thereunder and shall also be entitled to refund of security deposits paid under such agreements by the Demerged Company. Provided that, the Boards of the Demerged Company and the Resulting Company may mutually decide if any particular asset (including any hotel undertaking, business, activities, employees, permits, consents etc.) which relates to the Hotels Business shall not be vested in the Resulting Company pursuant to this Scheme in the event of non-receipt of any consents, permission etc. required for vesting of such assets, as intended, or imposition of any onerous conditions associated with such consents or permissions.
- (v) For the purpose of giving effect to the Sanction Order passed under Sections 230 to 232 of the Act in respect of this Scheme, the Resulting Company shall be entitled to exercise all rights and privileges and shall be liable to fulfill all its obligations in relation to or applicable to all such immovable properties, including mutation and/or substitution of the ownership or the title to, or interest in the immovable properties which shall be made and duly recorded by the Appropriate Authority(ies) in favour of the Resulting Company pursuant to the Sanction Order and upon the effectiveness of this Scheme in accordance with the terms hereof without any further act or deed to be done or executed by the Demerged Company and/or the Resulting Company. It is clarified that the Resulting Company shall be



entitled to engage in such correspondence and make such representations, as may be necessary for the purposes of the aforesaid mutation and/or substitution. For the purposes of this Clause, the Boards of the relevant Companies may, in their absolute discretion, mutually decide the manner of giving effect to the vesting of the whole or part of the right, title and interest in all or any of the immovable properties along with any attendant formalities involved, including by way of execution of appropriate deed(s), including of conveyance, assignment, transfer or rectification, in order to give effect to the objectives of the Scheme.

- (vi) All Intellectual Property and rights thereto of the Demerged Company that exclusively forms part of the Hotels Business, whether registered or unregistered, along with all rights of commercial nature including attached goodwill, title, interest, and all other interests relating to the goods or services being dealt with by the Demerged Company and forming part of the Demerged Undertaking, shall become the property of and/or stand vested in, the Resulting Company.
- (vii) In so far as various incentives, subsidies, exemptions, remissions, reductions, export benefits, all indirect Tax related benefits, including GST benefits, service Tax benefits, customs duty exemptions / concessions, all indirect Tax related assets/credits, including but not limited to goods and service Tax input credits (if transferable), sales Tax/entry Tax credits or set-off, TDS/TCS credits or set-off (to the extent remaining unutilized on the Appointed Date), income Tax holiday/benefit/losses/minimum alternative Tax and other benefits or exemptions or privileges enjoyed (to the extent remaining unutilized on the Appointed Date), granted by any Appropriate Authority or by any other person, or availed of by the Demerged Company are concerned, the same shall, together with any corresponding obligations, 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 as were available with the Demerged Company and as if the same had been allotted and/or granted and/or sanctioned and/or allowed to the Resulting Company, to the end and intent that the right of the Demerged Company to recover or realize the same, shall become the right of the Resulting Company and/or stands vested in the Resulting Company and that appropriate entries should be passed in their respective books to record the aforesaid changes.

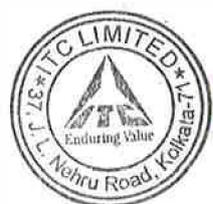
**9.1.2** Notwithstanding the fact that vesting of the Demerged Undertaking occurs by virtue of this Scheme, it is clarified that in order to ensure (i) implementation of the provisions of the Scheme; (ii) uninterrupted transfer of the relevant consents, approvals, patents, permissions, licenses, registrations, certificates etc.; and (iii) continued vesting of the benefits, exemptions available to the Demerged Company in relation to the Demerged Undertaking in favour of the Resulting Company, the Boards of the Demerged Company and the Resulting Company may at any time on or after the Effective Date, in accordance with the provisions hereof if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. The Resulting Company shall subject to the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Demerged Company and carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company for the limited purposes of giving effect to the Scheme.



- 9.1.3** Upon the Scheme becoming effective and with effect from the Appointed Date, in relation to assets, if any, which, under Applicable Law, require separate documents for vesting in the Resulting Company, the Demerged Company and the Resulting Company will execute such deeds, documents or such other instruments, if any, as may be mutually agreed.
- 9.1.4** On and from the Effective Date, all cheques and other negotiable instruments, electronic fund transfers (such as NEFT, RTGS, etc.) and payment orders received or presented for encashment which are in the name of the Demerged Company and in relation to or in connection with the Demerged Undertaking, after the Effective Date shall be accepted by the bankers of the Resulting Company and credited to the account of the Resulting Company, if presented by the Resulting Company.
- 9.1.5** Upon the coming into effect of this Scheme, the investment limits of the Resulting Company in terms of Section 186 of the Act shall be deemed increased without any further act, instrument or deed to the equivalent of the aggregate investments forming part of the Demerged Undertaking transferred by the Demerged Company to the Resulting Company pursuant to the Scheme. Such limits shall be incremental to the existing investment limits of the Resulting Company.

## **9.2 TRANSFER OF LIABILITIES**

- 9.2.1** Upon coming into effect of this Scheme and with effect from the Appointed Date, all Demerged Liabilities, whether or not provided in the books of the Demerged Company shall without any further act, instrument or deed be and stand transferred to the Resulting Company to the extent that they are outstanding as on the Effective Date, so as to become the debts, duties, obligations, and Liabilities of the Resulting Company, along with any Encumbrance relating thereto, on the same terms and conditions as were applicable to the Demerged Company. The Resulting Company undertakes to meet, discharge and satisfy the same to the exclusion of the Demerged Company such that the Demerged Company shall in no event be responsible or liable in relation to any such Demerged Liabilities.
- 9.2.2** The term “**Demerged Liabilities**” shall mean:
- (a) the Liabilities of the Demerged Company which arise out of the activities or operations of the Hotels Business;
  - (b) the specific loans or borrowings (including debentures, if any) raised, incurred and utilized solely for the activities or operations of the Hotels Business;
  - (c) in cases other than those referred to in sub-Clause (a) or sub-Clause (b) above, so much of the amounts of general or multipurpose borrowings, if any, of the Demerged Company, as stand in the same proportion which the value of the assets transferred pursuant to the Demerger bears to the total value of the assets of the Demerged Company immediately prior to the Appointed Date.
- 9.2.3** Such Demerged Liabilities transferred to the Resulting Company in terms of Clause 9.2 hereof, shall, without any further act, instrument or deed, become Liabilities of the Resulting Company, and all rights, powers, duties and obligations in relation thereto shall stand vested in and shall be exercised by or against the Resulting Company as if it had incurred such Liabilities. Thus, with effect from the Effective Date, the primary obligation to redeem or repay such Demerged Liabilities shall be that of the Resulting Company.



**9.2.4** Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Demerged Company alone shall be liable to perform all obligations in respect of all debts, Liabilities, duties and obligations pertaining to its Remaining Business and the Resulting Company shall not have any obligations in respect of the debts, Liabilities, duties and obligations of the Remaining Business. Further, upon the coming into effect of this Scheme and with effect from the Appointed Date, the Resulting Company alone shall be liable to perform all obligations in respect of Demerged Liabilities, which have been transferred to it in terms of this Scheme, and the Demerged Company shall not have any obligations in respect of such respective Demerged Liabilities.

**9.2.5** The provisions of this Clause and that of Clause 9.3 below shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security documents, all of which instruments, deeds or writings shall be deemed to have been modified and/or superseded by the foregoing provisions.

**9.2.6** It is expressly provided that, save as mentioned in this Scheme, no other term or condition of the Demerged Liabilities transferred to the Resulting Company as part of the Scheme is modified by virtue of this Scheme except to the extent that such amendment is required statutorily or by necessary implication.

**9.2.7** Upon the coming into effect of this Scheme, the borrowing limits of the Resulting Company in terms of Section 180(1) (c) of the Act shall be deemed to be increased without any further act, instrument or deed to the equivalent of the aggregate borrowings forming part of the Demerged Liabilities transferred by the Demerged Company to the Resulting Company pursuant to the Scheme. Such limits shall be incremental to the existing borrowing limits of the Resulting Company.

### **9.3 ENCUMBRANCES**

**9.3.1** The vesting of the assets comprised in the Demerged Undertaking to and in the Resulting Company upon the coming into effect of the Scheme shall be subject to the Encumbrances, if any, affecting the same as hereinafter provided.

**9.3.2** In so far as the existing Encumbrances in respect of the Demerged Liabilities are concerned, such Encumbrances shall, without any further act, instrument or deed be modified and shall be extended to and shall operate only over the assets comprised in the Demerged Undertaking to which such Demerged Liability relates, which have already been Encumbered in respect of the Demerged Liabilities as transferred to the Resulting Company pursuant to this Scheme, and such Encumbrances shall not relate to or attach to any of the other assets of the Resulting Company. Provided that if any of the assets comprised in the Demerged Undertaking being transferred to the Resulting Company pursuant to this Scheme have not been Encumbered in respect of the Demerged Liabilities, such assets shall remain unencumbered and the existing Encumbrances referred to above shall not be extended to and shall not operate over such assets. The Scheme shall not operate to enlarge the Encumbrances, nor shall the Resulting Company be obliged to create any further or additional security after the Scheme has become effective or otherwise. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above.

**9.3.3** Subject to the other provisions of this Scheme, in so far as the assets forming part of the Demerged Undertaking are concerned, the Encumbrances over such assets, to the extent they relate to any loans or borrowings or debentures or other debt or debt securities of the Remaining Business of the Demerged Company, shall, as and from the Effective Date, without any further act, instrument or deed, stand released and discharged and shall no longer be available as Encumbrances in relation to those Liabilities of the Demerged



Company pertaining to its Remaining Business (and which shall continue with the Demerged Company).

- 9.3.4** In so far as the assets of the Remaining Business are concerned, the Encumbrances over such assets, to the extent they relate to any loans or borrowings forming part of the relevant Demerged Liabilities shall, without any further act, instrument or deed be released and discharged from such Encumbrances. The absence of any formal amendment which may be required by a lender or trustee or third party in order to effect such release shall not affect the operation of Clauses 9.3.3 and this Clause 9.3.4.
- 9.3.5** In so far as the existing Encumbrances over the assets and other properties of the Resulting Company or any part thereof which relate to the Liabilities and obligations of the Resulting Company prior to the Effective Date are concerned, such Encumbrance shall, without any further act, instrument or deed continue to relate to only such assets and properties and shall not extend or attach to any of the assets and properties of the Demerged Undertaking vested in the Resulting Company by virtue of the Scheme.
- 9.3.6** Any reference to the Demerged Company and its assets and properties in any security documents or arrangements (to which the Demerged Company is a party), which relate to the Demerged Undertaking, shall be construed as a reference to the Resulting Company and the relevant assets and properties of the Demerged Company vested in the Resulting Company by virtue of the Scheme. Without prejudice to the provisions of the foregoing Clauses and upon coming into effect of the Scheme, the Demerged Company and the Resulting Company may enter into and execute such other deeds, instruments, documents and/or writings and/or do all acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the Registrar of Companies to give formal effect to the provisions of this Clause and foregoing Clauses, if required.

## **10. EMPLOYEES**

- 10.1** On the Scheme becoming effective, all Demerged Employees shall be deemed to have become employees of the Resulting Company on and from the Appointed Date, on terms and conditions of employment no less favourable than those applicable to them with reference to their employment in the Demerged Company. Resulting Company undertakes to abide by any subsisting agreement / settlement, entered into by the Demerged Company with any of the Demerged Employees or employee representative bodies / unions.
- 10.2** The past services of all Demerged Employees with the Demerged Company prior to the Demerger shall be taken into account for the purposes of all benefits to which the Demerged Employees may be eligible, including for the purpose of payment of any retrenchment or redundancy compensation, leave encashment, gratuity and other terminal benefits. To this effect, on the Scheme becoming effective, the accumulated balances or contributions if any, standing to the credit of the Demerged Employees in the existing provident fund, gratuity fund and/or superannuation funds shall be continued in the existing funds on behalf of the Resulting Company, or transferred to fund(s)/ trust(s) nominated by the Resulting Company or to such new fund(s)/ trust(s) to be established (if any) by the Resulting Company and caused to be recognized by the Appropriate Authorities, or to the government provident fund, in relation to the Demerged Employees where applicable.
- 10.3** Further to the transfer of the accumulated balances or contributions from the funds as set out in Clause 10.2 above, 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, all rights, duties, powers and obligations of the Demerged Company in relation to the Demerged Undertaking as on the Effective Date in relation to such funds



*[Handwritten signature]*

shall become those of the Resulting Company. It is clarified that the services of the Demerged Employees forming part of the Demerged Undertaking will be treated as having been continuous for the purpose of the said funds.

- 10.4** In relation to any other fund (including any funds set up by the government for employee benefits) created or existing for the benefit of the Demerged Employees, the Resulting Company shall stand substituted for the Demerged Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said funds in accordance with the provisions of such scheme, funds, bye laws, etc. in respect of such Demerged Employees.
- 10.5** In so far as the existing benefits or funds created by the Demerged Company for the employees of the Remaining Business are concerned, the same shall continue and the Demerged Company shall continue to contribute to such benefits or funds in accordance with the provisions thereof, and the Resulting Company shall have no Liability in respect thereof.
- 10.6** Subject to the provisions of Clause 10.7 below, in so far as existing employee benefit plans of the Demerged Company are concerned or in the event the Demerged Company approves or adopts any employee benefit plans including any employee stock appreciation rights or plans, after the approval of the Scheme by the Boards of the Companies but prior to the Effective Date, such plans shall include appropriate provisions for the manner in which the benefits shall be available to relevant employees.

#### **10.7 EMPLOYEE STOCK OPTION SCHEME**

- 10.7.1** After the Scheme becoming effective, the options granted (whether vested or not) by the Demerged Company pursuant to the existing ESOP Schemes of the Demerged Company to all existing grantees will continue to be governed by the provisions of the ESOP Schemes, subject to the modifications proposed in Clause 10.7. In addition, the Resulting Company shall formulate new special purpose employee stock option scheme(s) by adopting the ESOP Schemes (“**Resulting Company Special Purpose ESOP Scheme**”) in accordance with the provisions mentioned below.
- 10.7.2** With respect to the options granted by the Demerged Company to the eligible employees of the Demerged Company (irrespective of whether they continue to be employees of the Demerged Company or become employees of the Resulting Company pursuant to this Scheme) under the ESOP Schemes and after the Scheme becoming effective, for every 10 (ten) stock options outstanding as on the Record Date in the Demerged Company, each such eligible employee shall be issued 1 (one) stock option (including fractional entitlements) by the Resulting Company under the Resulting Company Special Purpose ESOP Scheme, on the terms and conditions similar to the ESOP Schemes subject to Clause 10.7.
- 10.7.3** The options granted by the Demerged Company under the ESOP Schemes would continue to be held by the eligible employees irrespective of whether they continue to be employees of the Demerged Company or become employees of the Resulting Company. After the Scheme becoming effective, the Demerged Company shall, take necessary steps to modify the ESOP Schemes, including fair and reasonable adjustments to the exercise prices of outstanding stock options, in a manner considered appropriate and in accordance with the Applicable Laws.
- 10.7.4** The Resulting Company shall take into account the period during which the employees held options granted by the Demerged Company prior to the issuance of the stock options by the Resulting Company, for determining of minimum vesting period required for stock options that may be granted by the Resulting Company, subject to Applicable Laws.



- 10.7.5** The Boards or any committee or person(s) authorised by the Boards of the Demerged Company and the Resulting Company shall take such actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the provisions of Clause 10.7, in a fair, equitable and reasonable manner.
- 10.7.6** The adoption of the Resulting Company Special Purpose ESOP Scheme, grant of stock options under the Resulting Company Special Purpose ESOP Scheme to the eligible employees of the Demerged Company and Resulting Company pursuant to Clause 10.7 and modification of the ESOP Schemes as specified in Clause 10.7.3, shall be effected as an integral part of the Scheme. The consent of the shareholders of the Resulting Company and Demerged Company to the Scheme shall be deemed to be their consent in relation to all matters pertaining to the Resulting Company Special Purpose ESOP Scheme, grant of stock options under the same and the modifications in the ESOP Schemes as contemplated in Clause 10.7.3, including without limitation, for the purpose of creating the Resulting Company Special Purpose ESOP Scheme. No further approval of the shareholders of the Demerged Company or Resulting Company or resolution or action would be required in this connection under any applicable provisions of the Act and/or other Applicable Laws.

## **11. LEGAL PROCEEDINGS**

- 11.1** Upon the coming into effect of this Scheme, if any suit, appeal, legal, or other proceeding of whatever nature (excluding proceedings under the IT Act), whether criminal or civil (including before any statutory or quasi-judicial authority or tribunal), under Applicable Law, by or against the Demerged Company in relation to the Demerged Undertaking is pending on the Effective Date or is instituted any time thereafter, and if such proceeding is capable of being continued by or against the Resulting Company under Applicable Law, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings shall be continued, prosecuted and enforced by or against the Resulting Company, as the case may be, after the Effective Date, in the same manner and to the same extent as it would have been continued, prosecuted and enforced by or against the Demerged Company, as if this Scheme had not been made.
- 11.2** In case of any litigation, suits, recovery proceedings etc. (excluding proceedings under the IT Act), as referred to in this Clause 11 which are the responsibility of the Resulting Company, which may be initiated against the Demerged Company, in relation to the Demerged Undertaking, the Demerged Company shall defend the same at the cost of the Resulting Company and in the same manner as it would defend a litigation, suit or recovery proceeding which is the responsibility of the Demerged Company, and the Resulting Company shall reimburse and indemnify the Demerged Company against all Liabilities and obligations incurred by the Demerged Company in respect thereof. If any proceedings are taken against the Resulting Company after the Effective Date in respect of the matters referred to in this Clause 11, which are the responsibility of the Demerged Company, the Resulting Company shall defend the same in accordance with the advice of the Demerged Company and at the cost of the Demerged Company, and the Demerged Company shall reimburse and indemnify the Resulting Company against all Liabilities and obligations incurred by the Resulting Company in respect thereof.
- 11.3** The Resulting Company undertakes to have all legal or other proceedings (excluding proceedings under the IT Act) initiated by or against the Demerged Company which are the responsibility of the Resulting Company referred to in this Clause 11 transferred to its name as soon as is reasonably possible after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company. The Demerged Company undertakes to have all legal or other



proceedings initiated by or against Resulting Company after the Effective Date which are the responsibility of the Demerged Company, referred to in this Clause 11, transferred to its name as soon as is reasonably possible after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company. The Demerged Company and the Resulting Company shall make relevant applications in that behalf.

## **12. CONTRACTS, DEEDS, ETC.**

**12.1** Upon coming into effect of this Scheme and subject to the other provisions of this Scheme, all contracts, deeds, bonds, schemes, insurance, letters of intent, tenders obtained or applied, bids, undertakings, arrangements, policies, agreements and other instruments, if any, of whatsoever nature forming part of a Demerged Undertaking to which the Demerged Company is a party or to the benefit of which the Demerged Company is eligible and which is subsisting or having effect on the Effective Date, shall without any further act or deed, continue in full force and effect against or in favour of the Resulting Company and may be enforced by or against the Resulting Company as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party thereto. It shall not be necessary to obtain the consent of any third party or other person who is a party to any such contracts, deeds, bonds, agreements, schemes, arrangements and other instruments to give effect to the provisions of this Clause 12 of the Scheme.

**12.2** Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Demerged Undertaking occurs by virtue of this Scheme itself, the Board of the Demerged Company and the Resulting Company may at any time on or after the Effective Date, in accordance with the provisions hereof if so required under any Applicable Law or otherwise, take such actions and enter into and/or issue and/or execute such deeds (including deeds of adherence), instruments, confirmations, novations or other writings or arrangements with any party to any contract or arrangement to which the Demerged Company is a party, or any writings as may be necessary, in order to give formal effect to the provisions of this Scheme. The Resulting Company shall subject to the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company for the limited purpose of giving effect to the Scheme.

## **13. PERMITS, CONSENTS AND LICENSES**

**13.1** All the licenses, permits, permissions, certificates, consents, quotas, pre-qualifications, approvals, incentives, subsidies, rights, claims, leases, tenancy rights, liberties, allotments, insurance cover, clearances, authorities, privileges, affiliations, easements, rehabilitation schemes, special status and other benefits or privileges enjoyed, granted, conferred upon, held or availed of by and all rights and benefits that have accrued to the Demerged Company, in relation to or in connection with the Demerged Undertaking, and regulatory permissions, environmental approvals and consents, registration or other licenses, and consents received by the Demerged Company, forming part of or relating to the Demerged Undertaking, and all powers of attorney given by, issued to or executed in favour of the Demerged Company in relation to the Demerged Undertaking, pursuant to the provisions of Sections 230 to 232 of the Act, shall without any further act, instrument or deed, be transferred to and vest in or be deemed to have been transferred to and vested in and be available to the Resulting Company so as to become as and from the Appointed Date, the estates, assets, licenses, permits, privileges, title, interests and authorities of the Resulting Company and shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible under Applicable Law and the concerned licensors and grantors of such approvals, clearances, permissions, etc., shall endorse, where necessary,



and record, in accordance with Applicable Law, the Resulting Company on such approvals, clearances, permissions etc. so as to acknowledge and record the transfer and vesting of the Demerged Undertaking in the Resulting Company and continuation of operations forming part of the Demerged Undertaking in the Resulting Company without hindrance and that such approvals, clearances and permissions etc. shall remain in full force and effect in favour of or against the Resulting Company, as the case may be and 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 and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or recipient or beneficiary or obligee thereto. The Demerged Company and the Resulting Company may execute necessary documentation, make applications / file relevant forms to any Appropriate Authority, to give effect to the foregoing, where required.

**13.2** Upon this Scheme being effective, the past track record of the Demerged Company relating to the Demerged Undertaking, including without limitation, the profitability, experience, credentials and market share, shall be deemed to be the track record of the Resulting Company for all commercial and regulatory purposes including for the purposes of eligibility, standing, evaluation and participation of the Resulting Company in all existing and future bids, tenders and contracts of all authorities, agencies and clients.

**13.3** From the Effective Date and until the licenses, permits, quotas, approvals, incentives, subsidies, rights, claims, leases, tenancy rights, liberties, rehabilitation schemes, special status are transferred, vested, recorded, effected, and/or perfected, in the record of the Appropriate Authority, in favour of the Resulting Company, for the purposes of the relevant license and/or permit and/or approval, as the case may be, the Resulting Company is authorized to carry on business in the name and style of the Demerged Company, in relation to or in connection with the Demerged Undertaking and the Resulting Company shall keep a record and/or account of such transactions.

#### **14. SAVING OF CONCLUDED TRANSACTIONS**

Subject to the terms of the Scheme, the transfer and vesting of the Demerged Undertaking into the Resulting Company under Clauses 9 to 13 above shall not affect any transaction or proceedings already concluded by the Demerged Company for the Demerged Undertaking until the Effective Date, to the end and intent that the Resulting Company accepts and adopts all acts, deeds and things done and executed by the Demerged Company for the Demerged Undertaking in respect thereto as acts, deeds and things made, done and executed by or on behalf of the Resulting Company.

#### **15. TAXATION MATTERS**

**15.1** Notwithstanding anything to the contrary contained in this Scheme, upon effectiveness of this Scheme:

- (i) the Demerged Company shall be liable for any Tax payable to Appropriate Authorities under Applicable Laws relating to Tax ("Tax Laws") and shall be entitled to any refunds of Tax from Appropriate Authorities under Tax Laws, which, in each case, arise from the operation or activities of the Demerged Undertaking prior to the Appointed Date, regardless of whether such payments or receipts are provided or recorded in the books of the Demerged Company and whether such payments or receipts are due or realised on, before or after the Appointed Date; and even if the prescribed time limits for claiming such refunds or credits have lapsed; and



- (ii) the Resulting Company shall be liable for any Tax payable to Appropriate Authorities under Tax Laws and shall be entitled to refunds of any Tax from Appropriate Authorities under Tax Laws, which, in each case, arise from the operation or activities of the Demerged Undertaking on or after the Appointed Date, regardless of whether such payments or receipts are provided or recorded in the books of the Demerged Company and whether such payments or receipts are due or realised on, before or after the Appointed Date.
- 15.2** Any Tax incentives, subsidies, exemptions, special status, Tax benefits (including but not limited to export incentives, credits/ incentives in respect of income tax, sales tax, GST, turnover tax, excise duty, etc.), unutilized GST credits, duty drawbacks, and other benefits, credits, exemptions or privileges enjoyed, granted by an Appropriate Authority or availed of by the Demerged Company and/or benefits under incentive schemes and policies relating to the Demerged Undertaking shall, without any further act or deed, in so far as they relate to or are available for the operation and activities of the Demerged Undertaking on or after the Appointed Date and to the extent permissible under applicable Tax Laws, vest with and be available to Resulting Company on the same terms and conditions, as if the same had been originally allotted and/or granted and/or sanctioned and/or allowed to the Resulting Company. The Demerged Company and Resulting Company shall take such actions as may be necessary under Applicable Law to effect such transfers.
- 15.3** Each of the Resulting Company and the Demerged Company shall be entitled to file/ revise its income-tax returns, TDS/TCS certificates, TDS/TCS returns, GST returns and other statutory returns, notwithstanding that the period for filing/ revising such returns may have lapsed and to obtain TDS/TCS certificates, including TDS/TCS certificates relating to transactions between or amongst the Demerged Company and the Resulting Company and shall have the right to claim refunds, advance Tax credits, input Tax credit (if transferable), credits of all Taxes paid/withheld/ collected, if any, to the extent permissible under applicable Tax Laws as may be required consequent to implementation of this Scheme.
- 15.4** If the Demerged Company makes any payment to discharge any Liabilities under Tax Laws that are the responsibility of the Resulting Company under Clause 15.1 above, the Resulting Company shall promptly pay or reimburse the Demerged Company for such payment. If the Resulting Company makes any payment to discharge any Liabilities under Tax Laws that are the responsibility of the Demerged Company under Clause 15.1 above, the Demerged Company shall promptly pay or reimburse the Resulting Company for such payment.
- 15.5** If the Demerged Company receives any refunds under Tax Laws that the Resulting Company is entitled to receive under Clause 15.1 above, the Demerged Company shall promptly pay the Resulting Company the amount of refund so received. If the Resulting Company receives any refunds under Tax Laws that the Demerged Company is entitled to receive under Clause 15.1 above, the Resulting Company shall promptly pay the Demerged Company the amount of refund so received.
- 15.6** Without prejudice to the generality of the foregoing, on and from the Appointed Date, if any certificate for tax deducted or collected at source or any other tax credit certificate relating to the Demerged Undertaking is received in the name of Demerged Company, or Tax credit relating to the Demerged Undertaking is appearing in Form 26AS of the Demerged Company, it shall be deemed to have been received by and in the name of the Resulting Company which alone shall be entitled to claim credit for such Tax deducted or paid.



*[Handwritten signature]*

**15.7** Benefit of all available accumulated Tax losses including brought forward business loss, unabsorbed depreciation, etc., pertaining to the Demerged Undertaking as on and up to the Appointed Date, shall be available to Resulting Company in terms of Section 72A of IT Act. Where such loss or unabsorbed depreciation is not directly relatable to the Demerged Undertaking transferred to the Resulting Company, it shall be apportioned between the Demerged Company and Resulting Company in accordance with the provisions of IT Act. It is expressly clarified that all the accumulated losses and unabsorbed depreciation as are transferred, shall be eligible to be carried forward and set off in the hands of the Resulting Company.

**15.8** All the expenses incurred by Demerged Company and the Resulting Company in relation to the Scheme, shall be allowed as deduction to Demerged Company and the Resulting Company in accordance with the relevant provisions of the IT Act.

**15.9** The Resulting Company shall be entitled to claim deduction under Section 43B of the IT Act in respect of unpaid liabilities transferred to it as part of the Demerged Undertaking to the extent not claimed by the Demerged Company, as and when the same are paid by the Resulting Company subsequent to the Appointed Date.

## **16. VALIDITY OF EXISTING RESOLUTIONS**

**16.1** Upon the coming into effect of the Scheme, the resolutions, if any, passed by the Demerged Company relating to the Demerged Undertaking, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions passed by the Resulting Company, and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, such limits shall be added to the limits, if any, under like resolutions passed by the Resulting Company, and shall constitute the aggregate of the said limits in the Resulting Company.

## **17. REMAINING BUSINESS OF THE DEMERGED COMPANY**

**17.1** The Remaining Business and all the assets, properties, rights, Liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company, and the Resulting Company shall have no right, claim or obligation in relation to the Remaining Business of the Demerged Company and nothing in this Scheme shall operate to transfer any of the Remaining Business to the Resulting Company or to make the Resulting Company liable for any of the Demerged Company's Liabilities (excluding the Demerged Liabilities).

**17.2** All legal, taxation and other proceedings of whatever nature (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company with respect to the Remaining Business, under any statute, whether relating to the period prior to or after the Appointed Date and whether pending on the Appointed Date or which may be instituted in future, whether or not in respect of any matter arising before the Appointed Date and relating to the Remaining Business of the Demerged Company, (including those relating to any property, right, power, Liability, obligation or duty of the Demerged Company in respect of the Remaining Business and any IT related Liabilities) shall be continued and enforced by or against the Demerged Company, as applicable, even after the Appointed Date.



*[Handwritten signature]*

## 18. CONSIDERATION AND DISCHARGE OF CONSIDERATION FOR DEMERGER

18.1 Upon this Scheme becoming effective and in consideration of the transfer and vesting of the Demerged Undertaking from the Demerged Company to the Resulting Company in terms of this Scheme, the Resulting Company shall, without any further application, act or deed, issue and allot equity shares, credited as fully paid-up, to the members of the Demerged Company, holding fully paid up Ordinary Shares and whose names appear in the register of members, including register and index of beneficial owners maintained by a depository under Section 11 of the Depositories Act, 1996, of the Demerged Company, on the Record Date or to such of their respective heirs, executors, administrators or other legal representative or other successors in title as on the Record Date in the following manner:

*“for every 10 Ordinary Shares of face and paid-up value of Re. 1 each held in the Demerged Company, 1 equity share of face and paid-up value of Re. 1 in the Resulting Company”*  
(“Share Entitlement Ratio”)

The shares issued by the Resulting Company pursuant to this Clause 18 are hereinafter referred to as “**Resulting Company New Equity Shares**”.

18.2 The Resulting Company New Equity Shares shall be subject to the Scheme, the memorandum and articles of association of the Resulting Company and Applicable Law and shall rank *pari passu* with the existing equity shares of the Resulting Company. It is clarified that the existing equity shares of the Resulting Company shall not be cancelled pursuant to or on effectiveness of the Scheme.

18.3 If the allotment of the Resulting Company New Equity Shares pursuant to this Clause 18 will result in any shareholders being issued fractional shares, then the fractional entitlements shall be consolidated and thereupon allotted in lieu thereof to trustee(s) authorized by the Board of the Resulting Company in this behalf which shall hold the Resulting Company New Equity Shares in trust on behalf of the shareholders of the Demerged Company, entitled to fractional entitlements with the express understanding that such trustee(s) shall sell the Resulting Company New Equity Shares so allotted on the NSE and / or BSE within a period of 90 days from the date of allotment of Resulting Company New Equity Shares, at such price or prices and to such persons, as the trustee(s) deems fit, subject to the provisions of the SEBI Scheme Circular, and shall distribute the net sale proceeds, after deductions of applicable Taxes and expenses incurred, in proportion to their respective fractional entitlements. In case the number of Resulting Company New Equity Shares to be allotted to the trustee(s) authorized by the Board of the Resulting Company by virtue of consolidation of fractional entitlement is a fraction, it shall be rounded off to the next higher integer.

18.4 Without prejudice to the generality of Clause 18.1, the Demerged Company and the Resulting Company shall, if and to the extent required, apply for and obtain any approvals from the concerned Appropriate Authorities and undertake necessary compliance for the issuance and allotment of the Resulting Company New Equity Shares.

18.5 The Resulting Company New Equity Shares shall mandatorily be issued in dematerialized form to those shareholders who hold shares of the Demerged Company in dematerialized form, into the account in which shares of the Demerged Company are held or such other account as is intimated in writing by the shareholders to the Demerged Company provided such intimation has been received by the Demerged Company at least 7 (seven) days before the Record Date. All those shareholders who hold shares of the Demerged Company in physical form shall receive the Resulting Company New Equity Shares in dematerialized form only, provided that the details of their account with the depository participant are intimated in writing to the Demerged Company and provided such intimation has been



received by the Demerged Company at least 7 (seven) days before the Record Date. If no such intimation is received from any shareholder who holds shares of the Demerged Company in physical form 7 (seven) days before the Record Date, the Resulting Company shall keep such shares in abeyance / escrow account / with a trustee nominated by the Board of the Resulting Company for the benefit of such shareholders or shall be dealt with as provided under the Applicable Law and will be credited to the respective depository participant accounts of such shareholders as and when the details of such shareholder's account with the depository participant are intimated in writing to the Resulting Company and/or its registrar, if permitted under Applicable Law.

**18.6** The Resulting Company New Equity Shares to be issued by the Resulting Company, pursuant to Clause 18 in respect of any Ordinary Shares of the Demerged Company which are held in abeyance under the provisions of Section 126 of the Act or which the Resulting Company is unable to issue due to non-receipt of relevant approvals or due to Applicable Laws or otherwise shall, pending allotment or settlement of dispute by order of NCLT or any court or otherwise, be held in abeyance by the Resulting Company or shall be dealt with as provided under the Applicable Law.

**18.7** All shares of the Resulting Company will be listed and/or admitted to trading on the BSE and NSF, which have nation-wide trading terminals. The Resulting Company shall apply for listing of its shares on the BSE and NSE and enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with Applicable Law for the Resulting Company, including for seeking exemption from Rule 19(2)(b) of Securities Contracts (Regulation) Rules, 1957. The shares of the Resulting Company shall remain frozen in the depositories system till listing and trading permission is given by the designated Stock Exchange. There shall be no change in the shareholding pattern or control in the Resulting Company between the Record Date and the listing which may affect the status of approvals received from the Stock Exchanges, other than as provided in the Scheme. The Resulting Company will not issue/reissue any shares, not covered under this Scheme, till the date of listing of the Resulting Company on the BSE and NSE pursuant to the Scheme.

**18.8** Pursuant to the provisions of Clause 18.1 above and subject to the provisions of the Applicable Law, Resulting Company shall issue to the Depository representing the holders of the Demerged Company GDRs, Resulting Company New Equity Shares and such Resulting Company New Equity Shares shall be sold by the Depository in the open market and the net sales proceeds (after the deduction of applicable Taxes and expenses incurred) shall be distributed by the Depository to the holders of Demerged Company GDRs in the same proportion as their entitlements. If the actions contemplated in this Clause cannot be effected for any reason, the Companies shall ensure that this does not delay implementation of the Scheme and shall take all such actions as may be necessary to give effect to the Scheme.

**18.9** The Resulting Company, Demerged Company and/or the Depository shall execute such documents and take such actions as may be deemed necessary or appropriate to give effect to the mechanism set out under Clause 18.8 above.

## **19. ACCOUNTING TREATMENT IN THE BOOKS OF THE COMPANIES**

### **19.1 IN THE BOOKS OF THE DEMERGED COMPANY:**

**19.1.1** Notwithstanding anything else contained in the Scheme, upon the Scheme being effective, the Demerged Company shall account for the Scheme in its books of accounts in accordance with Ind AS and generally accepted accounting principles in India.



**19.1.2** The Demerged Company shall provide the following accounting treatment in its books of accounts:

- (i) Recognize a liability for assets distributed to its shareholders at the fair value of the distributed assets, i.e. fair value to the extent of shares to be issued by the Resulting Company to the shareholders of Demerged Company, with a corresponding debit to General Reserve under the head "Other Equity", in accordance with the requirements of Ind AS. The liability is subject to review at each reporting date and at the date of settlement, with any changes in the carrying value of the liability recognized in General Reserve under the head "Other Equity" as an adjustment to the amount of distribution.
- (ii) The carrying / book values of the assets of the Demerged Company to the extent of Demerged Company's continued holding in the Resulting Company shall be added to investment by the Demerged Company in the Resulting Company.
- (iii) Reduce the carrying value of all assets and liabilities pertaining to the Demerged Undertaking as appearing in the books of accounts of the Demerged Company, being transferred to and vested in the Resulting Company, from the respective book value of assets and liabilities of the Demerged Company.
- (iv) The Demerged Company shall recognize the difference, if any, between the carrying value of distributed assets, the carrying value of the liability for distribution of assets and addition to the investment by the Demerged Company in the Resulting Company, in the Statement of Profit and Loss.
- (v) Any matter not dealt with in clauses hereinabove shall be dealt with in accordance with the Ind AS applicable to the Demerged Company.

**19.2 IN THE BOOKS OF THE RESULTING COMPANY:**

**19.2.1** Notwithstanding anything else contained in the Scheme, upon the Scheme being effective, the Resulting Company shall account for the Scheme in its books of accounts in accordance with Ind AS and generally accepted accounting principles in India.

**19.2.2** The Resulting Company shall provide the following accounting treatment in its books of accounts.

- (i) Record the assets and liabilities of the Demerged Undertaking of the Demerged Company, vested in it pursuant to this Scheme at their respective carrying values as appearing in the books of the Demerged Company.
- (ii) The Resulting Company shall credit to its equity share capital, the aggregate of the face value of equity shares issued and allotted by it pursuant to the Scheme and excess, if any, of the fair value of the equity shares issued over the face value of the equity shares issued shall be classified as securities premium under the head "Other Equity".
- (iii) The difference between the fair value of the equity shares issued by the Resulting Company to the shareholders of the Demerged Company as consideration as per Clause 18 and the book value of the assets and liabilities of the Demerged Undertaking received from the Demerged Company will be debited or credited, as the case may be, to equity and classified as "Capital Reserve" under the head "Other Equity".



- (iv) In case of any differences in accounting policies between the Demerged Undertaking of the Demerged Company and the Resulting Company, the accounting policies followed by the Resulting Company shall prevail to ensure that the financial statements reflect the financial position based on consistent accounting policies.
- (v) The Resulting Company shall restate comparative information from the beginning of the comparative period presented or date of incorporation of Resulting Company, whichever is later.
- (vi) Any matter not dealt with in clauses hereinabove shall be dealt with in accordance with the Ind AS applicable to the Resulting Company.

**19.2.3** Post giving effect to the Demerger as per Clause 19.2.1 and 19.2.2 above, the debit balance of Capital Reserve, if any, under the head "Other Equity" arising in terms of Clause 19.2.2(iii), shall be adjusted against the corresponding credit balance of securities premium account arising in terms of Clause 19.2.2(ii), in the books of Resulting Company.

**19.2.4** The Resulting Company will pass appropriate adjustment entries in a prudent and commercially acceptable manner.

## **20. REDUCTION OF SECURITIES PREMIUM IN THE BOOKS OF RESULTING COMPANY**

**20.1.** The reduction and utilization of the securities premium account of the Resulting Company as specified in Clause 19.2.3, shall be effected as an integral part of the Scheme, in accordance with provisions of Sections 230 to 232, without having to follow the process under Section 52 and other applicable provisions of the Act and without any further act or deed on part of the Resulting Company. Accordingly, the order by NCLT sanctioning the Scheme shall also be deemed to be the order passed under applicable provisions of Act for the purpose of confirming such reduction of securities premium account. The reduction of securities premium account as aforesaid would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital and as such the provisions of Section 66 of the Act or the other applicable provisions of the Act will not be applicable in view of the explanation to Section 230 of the Act.

**20.2.** Notwithstanding the reduction in the securities premium account of the Resulting Company, the Resulting Company shall not be required to add "And Reduced" as suffix to its name.

**20.3.** The consent of shareholders of the Resulting Company, and the consent of the secured and unsecured creditors of the Resulting Company, to the Scheme shall be deemed to be sufficient for the purpose of effecting reduction of Securities Premium Account and no further resolution or action under any other provisions of the Act would be required to be separately passed or taken.

## **21. CONDUCT OF THE DEMERGED COMPANY TILL THE EFFECTIVE DATE**

**21.1** Except as provided under this Scheme, from the date of the Scheme being approved by the Board of the Companies and up to the Effective Date, the Demerged Company will carry on the business of the Demerged Undertaking as a going concern in the ordinary course of business and shall continue to operate, manage, and expand and grow the Hotels Business, consistent with past practice in trust and good faith and in accordance with Applicable Law.



21.2 On and from the Effective Date, the Resulting Company shall commence and carry on and shall be authorized to carry on the Hotels Business which was hitherto carried on by the Demerged Company.

## 22. WRONG POCKET ASSETS

22.1 Subject to Clause 31.2 and Clause 9.1.1(iv), and unless otherwise specified in the terms of the Scheme, no part of the Demerged Undertaking, shall be retained by the Demerged Company after the Effective Date pursuant to the Demerger. If any part of any of the Demerged Undertaking is inadvertently not transferred to the Resulting Company on the Effective Date pursuant to the Demerger, the Demerged Company shall take such actions as may be reasonably required to ensure that such part of the relevant Demerged Undertaking, as the case may be, is transferred to the Resulting Company promptly and for no further consideration, and without any Tax implications. The Demerged Company shall bear all costs and expenses as may be required to be incurred by each of the Demerged Company or the Resulting Company, for giving effect to this Clause.

22.2 No part of the Remaining Business shall be transferred to the Resulting Company pursuant to the Demerger. If any part of the Remaining Business is inadvertently held by the Resulting Company after the Effective Date, the Resulting Company shall take such actions as may be reasonably required to ensure that such part of the Remaining Business is transferred back to the Demerged Company, promptly and for no consideration, and without any Tax implications. The Resulting Company shall bear all costs and expenses as may be required to be incurred by each of the Demerged Company or the Resulting Company for giving effect to this Clause.

22.3 If the Demerged Company realizes any amounts after the Effective Date that form part of the Demerged Undertaking, it shall immediately make payment of such amounts to the Resulting Company. It is clarified that all receivables relating to the Demerged Undertaking, for the period prior to the Effective Date, but received after the Effective Date, relate to the Demerged Undertaking and shall be paid to the Resulting Company for no additional consideration, and without any Tax implications. If the Resulting Company realizes any amounts after the Effective Date that pertains to the Demerged Company or the Remaining Business, the Resulting Company shall immediately pay such amounts to the Demerged Company. Similarly, if the Demerged Company discharges any Demerged Liability after the Effective Date, the Resulting Company shall make payment of such amounts to the Demerged Company.

## PART D - GENERAL TERMS AND CONDITIONS

### 23. AMENDMENT TO CONSTITUTIONAL DOCUMENTS

#### 23.1 Amendment of articles of association of the Resulting Company

- (i) The articles of association of the Resulting Company, if required, shall stand amended and restated to comply with provisions required for listed company.
- (ii) The amendments pursuant to this Clause 23.1 shall become operative on the Scheme becoming effective by virtue of the fact that the shareholders of the Resulting Company, while approving the Scheme as a whole, have approved and accorded the relevant consents as required under the Act for amendment of the articles of association of the Resulting Company and shall not be required to pass separate resolutions under Section 14 or any other applicable provisions of the Act.



## 24. ADDITIONAL ARRANGEMENTS

24.1 With effect from the Effective Date, the Resulting Company and the Demerged Company may enter into separate arrangements in relation to the following:

- (i) licensing of Intellectual Property which forms part of the Remaining Business (for the avoidance of doubt, including Intellectual Property jointly used by Remaining Business and Hotels Business) from the Demerged Company to the Resulting Company and the use of the assets and properties of the Remaining Business belonging to the Demerged Company, which are required for the operation of the Hotels Business, by the Resulting Company, for such period and on such terms as may be mutually determined by the Companies.
- (ii) use of the assets and properties forming part of the Demerged Undertaking belonging to the Resulting Company, which are required for the operation of the Remaining Business, by the Demerged Company for such period and on such terms as may be mutually determined by the Companies.
- (iii) management agreements and/or operating licenses for the operation and management of such assets which may be retained by the Demerged Company, in accordance with Clause 9.1.1(iv) above, for such period and on such terms as may be mutually determined by the Companies if required.
- (iv) use of assets, services and facilities forming part of the Remaining Business, which are required for the operation of the Demerged Undertaking, by the Resulting Company for such period and on such terms as may be mutually determined by the Companies.

24.2 Approval of this Scheme by the shareholders of the Companies shall be deemed to constitute due compliance with Section 188 and any other applicable provisions of the Act, Regulation 23 and any other applicable provision of the SEBI Listing Regulations and the articles of association of the Resulting Company, and no further action under the Act, the SEBI Listing Regulations or the articles of association of the Resulting Company shall be separately required.

## 25. APPLICATION TO NCLT

25.1 The Companies shall, make all necessary applications to SEBI/Stock Exchanges in connection with the Scheme and make applications and petitions to jurisdictional NCLT for sanctioning this Scheme under Sections 230 to 232 of the Act, including seeking such orders for convening and holding or alternatively, dispensing with requirements for convening and holding meetings of the shareholders and/or creditors of the Companies as may be directed by the NCLT and obtain such other approvals, as required by Applicable Law.

25.2 The Companies shall be entitled, pending the effectiveness of the Scheme, to apply to any Appropriate Authority, if required, under any Applicable Law for such consents and approvals, as agreed between the Companies, which the Companies may require to effect the transactions contemplated under the Scheme, in any case subject to the terms as may be mutually agreed between the Companies.



## 26. MODIFICATION OR AMENDMENTS TO THE SCHEME

- 26.1 The Companies (acting through their Boards) may, in their full and absolute discretion, jointly and as mutually agreed in writing, modify, vary or withdraw this Scheme at any time prior to the Effective Date in any manner (including pursuant to any direction by any Appropriate Authority under Applicable Law), provided that any modification to or variation of the Scheme by the Companies, after receipt of sanction by the NCLT, shall take effect only with the prior approval of the NCLT and/or any other Appropriate Authorities as may be required under Applicable Law.
- 26.2 Each of the Companies agree that if, at any time, the NCLT or any Appropriate Authority directs or requires any modification or amendment of the Scheme, such modification or amendment shall not, to the extent it adversely affects the interests of any of the Companies, be binding on each of the Companies, as the case may be, except where the prior written consent of the affected party i.e. Demerged Company or Resulting Company, as the case may be, has been obtained for such modification or amendment, which consent shall not be unreasonably withheld by Demerged Company or Resulting Company, as the case may be.
- 26.3 Both Companies (through their respective Boards) shall determine jointly whether any asset, Liability, employee, legal or other proceedings form part of the Demerged Undertaking or not, on the basis of any evidence that they may deem relevant for this purpose including in case of any question that may arise as to whether any particular asset, Liability, employee, legal or other proceedings pertain or do not pertain to the Demerged Undertaking or the Remaining Business or whether it arises out of the activities or operations of the Demerged Undertaking or the Remaining Business.
- 26.4 If the Companies are desirous of making any material modification to the provisions of the Scheme after receipt of approval of SEBI to the Scheme, such modification shall be subject to approval of SEBI or any further modifications as may be required by SEBI.

## 27. DIVIDENDS

- 27.1 Each of the Companies 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.
- 27.2 Prior to the effectiveness of the Scheme, the holders of the shares of each of the Companies 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.
- 27.3 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 shareholder of the Companies to demand or claim any dividends (other than unclaimed dividends) which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of the Companies, and subject to the approval, if required, of the respective shareholders of such Companies.



## **28. CONDITIONALITY OF THE SCHEME**

**28.1** This Scheme shall become effective only if the following conditions are either all satisfied or (to the extent permissible under Applicable Laws) waived by the Boards of both Companies:

- (i) the Scheme being approved by the requisite majority of members (passed through postal ballot/ e-voting, as applicable) and/or creditors (where applicable) of the Demerged Company and the Resulting Company as required under the Act, SEBI Scheme Circular and as may be directed by the NCLT, subject to any dispensation that may be granted by the NCLT;
- (ii) the fulfilment, satisfaction or waiver (as the case may be) of any approvals mutually agreed by the Companies as required for completion of the transactions contemplated under this Scheme;
- (iii) receipt of observation or no-objection letter by the Demerged Company from SEBI / Stock Exchanges under Regulation 37 of the SEBI Listing Regulations, in accordance with the SEBI Scheme Circular in respect of the Scheme, on terms acceptable to the Companies;
- (iv) the Scheme being sanctioned by the NCLT in terms of Section 230 to Section 232 and other relevant provisions of the Act on terms acceptable to the Companies; and
- (v) the certified/authenticated copies of the Sanction Order of the NCLT approving this Scheme being filed with the Registrar of Companies.

**28.2** Upon fulfillment and/or waiver of the conditions specified herein, the Companies shall mutually acknowledge in writing that all the conditions specified above have been fulfilled and/or waived.

## **29. EFFECT OF NON-RECEIPT OF APPROVALS**

**29.1** The Companies (jointly and not severally) shall be at liberty to withdraw this Scheme or any of its parts at any time as may be mutually agreed by the respective Boards of the Companies prior to the Effective Date.

**29.2** Upon the withdrawal of this Scheme or any of its parts as set out in Clause 29.1 above, no rights and Liabilities shall accrue to or be incurred by the respective Companies or their shareholders or creditors or employees or any other person. In such case, each Company shall bear its own costs and expenses or as may be otherwise mutually agreed.

## **30. REMOVAL OF DIFFICULTIES**

**30.1** The Companies through mutual consent and acting through their respective Boards, jointly and as mutually agreed in writing may:

- (i) give such directions and agree to take steps, as may be necessary, desirable or proper, to resolve all doubts, difficulties or questions arising under this Scheme, whether by reason of any orders of NCLT or of any directive or orders of any Appropriate Authority, under or by virtue of this Scheme in relation to the arrangement contemplated in this Scheme and/or matters concerning or connected therewith or in regard to and of the meaning or interpretation of this Scheme or implementation thereof or in any manner whatsoever connected therewith, or to review the position relating to the satisfaction of various conditions of this Scheme



and if necessary, to waive any of those to the extent permissible under Applicable Law; and/or

- (ii) do all such acts, deeds and things as may be necessary, desirable or expedient for carrying the Scheme into effect.

### **31. RESIDUAL PROVISIONS**

**31.1** This Scheme complies with the conditions relating to “demerger” as defined under Sections 2(19AA), 47, and other relevant sections and provisions of the IT Act and is intended to apply accordingly. If any terms or clauses of this Scheme are found to be or interpreted to be inconsistent with any of the relevant provisions of the IT Act (including the conditions set out therein), at a later date, whether as a result of a new enactment or any amendment or coming into force of any provision of the IT Act or any other Applicable Law or any judicial or executive interpretation or for any other reason whatsoever, the Demerged Company and the Resulting Company shall discuss in good faith to modify this Scheme in a mutually satisfactory manner that ensures compliance of this Scheme with such provisions.

**31.2** Without prejudice to the aforesaid but subject to Clause 9.1.1(iv) above, it is clarified that if any assets (estate, claims, rights, title, interest in or relating to such assets) or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Demerged Undertaking which the Demerged Company owns or to which the Demerged Company is a party to, cannot be transferred to or vested in the Resulting Company for any reason whatsoever:

- (i) The Demerged Company shall hold such asset or contract, deeds, bonds, agreements, schemes, tenders, arrangements or other instruments of whatsoever nature in trust for the benefit of the Resulting Company, insofar as it is permissible so to do, till such time as their transfer or vesting in the Resulting Company is effected;
- (ii) The Demerged Company and the Resulting Company shall, however, between themselves, treat each other as if all contracts, deeds, bonds, agreements, schemes, tenders, arrangements or other instruments of whatsoever nature in relation to the Demerged Undertaking had been transferred to the Resulting Company on the Effective Date; and
- (iii) The Resulting Company shall perform or assist the Demerged Company in performing all of the obligations under those contracts, deeds, bonds, agreements, schemes, tenders, arrangements or other instruments of whatsoever nature, to be discharged after the Effective Date.

It is clarified that the Demerged Company and the Resulting Company may enter into contracts or arrangements, as may be required to give effect to the provisions of this Clause 31.2 and that any such transfer under the provisions hereof shall be deemed to be with effect from the Appointed Date as an integral part of the Scheme.

**31.3** The mechanism or arrangement between the Demerged Company and Resulting Company, pursuant to Clause 31.2 above, after the Effective Date, shall be based on the following principles (i) the Demerged Company shall not be responsible for performance of any obligations or for any Liabilities arising from or in relation to the Demerged Undertaking; and shall not be entitled to any rights or to receive any benefits whatsoever in relation to the Demerged Undertaking; (ii) the rights and Liabilities in connection with the Demerged Undertaking, shall rest and be borne entirely and exclusively by Resulting Company, in



each case, subject to any specific agreement executed by the Companies in accordance with Clause 24 of this Scheme.

### **32. SEVERABILITY**

**32.1** The provisions contained in this Scheme are inextricably inter-linked with the other provisions and the Scheme constitutes an integral whole. The Scheme would be given effect to, only if the Scheme is approved in its entirety and given effect to in accordance with the terms of the Scheme, except to the extent that the Companies may otherwise agree in writing.

**32.2** Subject to Clause 32.1 above, if any part of this Scheme is found to be unworkable or unenforceable for any reason whatsoever, then it is the intention of the Companies 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 the Companies, in which case the Companies, acting through their respective Boards, 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, which is invalid, ruled illegal or rejected by the NCLT or any court of competent jurisdiction, or unenforceable under present or future Applicable Laws.

### **33. COSTS, CHARGES & EXPENSES**

Except as otherwise provided anywhere in this Scheme, the Demerged Company shall bear all costs, charges, levies and expenses (including stamp duty, registration charges and other related charges) in relation to or in connection with or incidental to this Scheme.

