

SCHEME OF ARRANGEMENT

AMONG

**ADITYA BIRLA FASHION AND RETAIL LIMITED
(DEMERGED COMPANY)**

AND

**ADITYA BIRLA LIFESTYLE BRANDS LIMITED
(RESULTING COMPANY)**

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

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



(A) DESCRIPTION OF COMPANIES

1. Aditya Birla Fashion and Retail Limited, is a public company, limited by shares, incorporated under the Companies Act 1956 bearing corporate identification number L18101MH2007PLC233901 and having its registered office at Piramal Agastya Corporate Park, Building A, 4th and 5th Floor, Unit No. 401, 403, 501, 502, L.B.S Road, Kurla Mumbai Maharashtra 400070 (hereinafter referred to as “**Demerged Company**”). The equity shares of the Demerged Company are listed on the Stock Exchanges (*as defined hereinafter*). The Demerged Company NCDs (*as defined hereinafter*) are listed on BSE Limited (“**BSE**”).
2. Aditya Birla Lifestyle Brands Limited (“**Resulting Company**”) is a public company limited by shares, incorporated under the Companies Act, 2013 on April 9, 2024, bearing corporate identification number U46410MH2024PLC423195 and having its registered office at Piramal Agastya, Building A, 401, 403, 501, 502, LBS Road, Kurla, Mumbai Maharashtra 400070 (hereinafter referred to as “**Resulting Company**”). The Resulting Company is a wholly owned subsidiary of the Demerged Company.

(B) OVERVIEW OF THE SCHEME

1. This Scheme (*as defined hereinafter*) is pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Act (*as defined hereinafter*) and *inter alia* provides for the following:
 - (i) demerger, transfer and vesting of the Demerged Undertaking (*as defined hereinafter*) from the Demerged Company into the Resulting Company on a *going concern* basis, and issue of equity shares by the Resulting Company to the equity shareholders of the Demerged Company, in consideration thereof, in accordance with the provisions of Section 2(19AA) of the Income Tax Act (*as defined hereinafter*); and
 - (ii) various other matters consequential or otherwise integrally connected therewith including changes in share capital and reduction and cancellation of pre-scheme share capital of the Resulting Company.

(C) RATIONALE

- (i) ABFRL runs a diverse portfolio of fashion brands and retail formats with key business segments comprising of Madura Fashion and Lifestyle and Pantaloons, Ethnic portfolio along with other new growth platforms.
- (ii) The MFL Business (*as defined hereinafter*) has built a leadership position over a long period of time and has a proven track record of delivering consistent revenue growth, profitability, strong free cash flows and high return on capital. The Remaining Business of the Demerged Company (*as defined hereinafter*) comprises portfolio of multiple businesses.
- (iii) The Scheme is being proposed to separate MFL Business from the Remaining Business of the Demerged Company and demerge it into the Resulting Company. The proposed Scheme would be in the best interests of the Demerged Company, Resulting Company and, their respective shareholders, employees, creditors and other stakeholders for the below reasons:
 - (a) The distinctive profile and established business model of the MFL Business makes it suitable to be housed in a separately listed entity, allowing sharper strategic focus in pursuit of its independent value creation trajectory;
 - (b) Result in better and efficient control and management for the segregated businesses, operational rationalization, organization efficiency and optimum utilization of various resources;

- (c) The Scheme would unlock value for the overall-business portfolio through price-discovery of the individual entities for existing shareholders;
- (d) The Demerged Company will house multiple growth platforms across value and masstige retail, branded ethnic business, super premium and luxury retail formats and portfolio of digital brands and will chart its own growth journey;
- (e) The Scheme could lead to the right operating architecture for both companies with sharper focus on their individual business strategies and clear capital allocation, in alignment with their respective value creation journeys; and
- (f) Separately listed companies to attract specific set of investors for their business profile, and consequently, encourage stronger capital market outcomes.

(D) PARTS OF THE SCHEME

The Scheme is divided into the following parts:

1. **PART I** deals with the definitions, share capital of the Parties (*as defined hereinafter*), date of taking effect and implementation of this Scheme;
2. **PART II** deals with the demerger, transfer and vesting of the Demerged Undertaking from the Demerged Company into the Resulting Company on a going concern basis and issue of Resulting Company New Equity Shares (*as defined hereinafter*) by the Resulting Company to the equity shareholders of the Demerged Company, in consideration thereof; and
3. **PART III** deals with the general terms and conditions applicable to this Scheme.

PART I

DEFINITIONS, SHARE CAPITAL OF THE PARTIES, DATE OF TAKING EFFECT AND IMPLEMENTATION OF THIS SCHEME

1. DEFINITIONS

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

“ABFRL Merger Scheme” means the scheme of amalgamation amongst the Demerged Company and TCNS and their respective shareholders and creditors pursuant to Sections 230 to 232 of the Act providing inter alia for the amalgamation of TCNS with and into the Demerged Company;

“ABFRL NCNCRPS” means 8% non-cumulative non-convertible redeemable preference shares issued by the Demerged Company of Rs. 10 each;

“ABFRL ESOP Scheme 2017” means Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2017 and amendments thereto as approved by the Board and shareholders of the Demerged Company;

“ABFRL ESOP Scheme 2019” means Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2019 and amendments thereto as approved by the Board and shareholders of the Demerged Company;

“ABFRL SAR Scheme 2019” means Aditya Birla Fashion and Retail Limited Stock Appreciation Rights Scheme 2019 and amendments thereto as approved by the Board of the Demerged Company;

“ABLBL NCNCRPS” means 8% non-cumulative non-convertible redeemable preference shares to be issued by the Resulting Company of Rs. 10 each;

“Act” means the Companies Act, 2013 and any rules, regulations, circulars or guidelines issued thereunder, as amended from time to time and shall include any statutory replacement or re-enactment thereof;

“Applicable Law” or **“Law”** means any applicable national, foreign, provincial, local or other law including applicable provisions of all (a) constitutions, decrees, treaties, statutes, enactments, laws (including the common law), bye-laws, codes, notifications, rules, regulations, policies, guidelines, circulars, press notes, clearances, approvals, directions, directives, ordinances or orders of any Appropriate Authority; (b) Permits; and (c) orders, decisions, writs, injunctions, judgments, awards and decrees of or agreements with any Appropriate Authority having jurisdiction over the Parties, in each case having the force of law and that is binding or applicable to a Person, as may be in force from time to time;

“Appointed Date” means April 1, 2024 or such other date as may be approved by the Boards of the Demerged Company and the Resulting Company;

“Appropriate Authority” means: (i) the government of any jurisdiction (including any national, state, municipal or local government or any political or administrative subdivision thereof) and any department, ministry, agency, instrumentality, court, Tribunal, central bank, commission or other authority thereof; (ii) any governmental, quasi-governmental or private body or agency lawfully exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, statutory, licensing, competition, Tax, importing, exporting or other governmental or quasi-governmental authority including without limitation, Regional Director, Ministry of Corporate Affairs, Registrar of Companies, SEBI, Official Liquidator and the Tribunal; and (iii) any Stock Exchange;

“Board” in relation to a Party, means the board of directors of such Party, and shall include a committee of directors or any person authorized by such board of directors or such committee of directors;

“Demerged Company Stock Option Plans” means collectively, ABFRL ESOP Scheme 2017, ABFRL ESOP Scheme 2019, ABFRL SAR Scheme 2019, TCNS ESOP Scheme and New Stock Option Plans;

“Demerged Company Members” means the shareholders of the Demerged Company including the shareholders of TCNS who have become shareholders of the Demerged Company pursuant to effectiveness of the ABFRL Merger Scheme;

“Demerged Company NCDs” means collectively NCD 1, NCD 2 and NCD 3;

“Demerged Company Stock Options” means ESOPs, RSUs and SARs, granted and / or vested by the Demerged Company under Demerged Company Stock Option Plans;

“Demerged Undertaking” means the undertaking of the Demerged Company pertaining to the MFL Business as on the Appointed Date and shall include (without limitation):

- (i) all assets and properties of the Demerged Company in relation to the MFL Business whether or not recorded in the books of accounts of the Demerged Company and rights thereto and all documents of title, wherever situated, whether movable or immovable, tangible or intangible, real or personal, in possession or reversion, including all buildings, factory, civil works, foundations for civil works, communication facilities, installations, warehouses, stores, factory outlets, stores under progress, equipment, structures, furniture, offices, all lands (whether

leased, licensed, right of way, tenancies or freehold), benefits of any rental agreements for use of premises, marketing offices, capital works in progress, current assets (including inventories, sundry debtors, bills of exchange, loans and advances), stock-in-trade, stock-in-transit, merchandise (including raw materials), finished goods, supplies (including wrapping supplies), packaging items, tools, whether in transit or located at stores (including factory outlets) and warehouses, computers, vehicles, furniture, fixtures, office equipment, air conditioners, appliances, accessories, power lines, share of any joint assets, any finished goods and any facilities, outstanding loans and advances, recoverable in cash or in kind or for value to be received, receivables in cash or kind or for value to be received, cash, cash equivalents and bank accounts (including bank balances), benefit of any deposits and accrued interest thereto, actionable claims, prepaid expenses, bills of exchange, promissory notes, financial assets, insurance policies, funds, provisions, and benefit of any bank guarantees, performance guarantees and letters of credit appertaining or relatable to the MFL Business;

- (ii) Demerged Liabilities;
- (iii) investments in subsidiaries and joint ventures engaged in the MFL Business including investments in Aditya Birla Garments Limited;
- (iv) all refunds, reimbursements, claims, concessions, exemptions, benefits including sales tax deferrals, income tax deducted at source, goods and service tax credit, deductions and benefits under the relevant Law or any other Taxation statute pertaining to the MFL Business;
- (v) all Permits, quotas, incentives, powers, authorities, allotments, rights, benefits, advantages, bids, tenders, letters of intent, expressions of interest, subsidies, tenancies in relation to the office and/or residential properties for employees, benefit of any deposits, privileges, all other rights including sales tax deferrals and exemptions and other benefits, lease rights, receivables and liabilities related thereto, licenses, powers and facilities of every kind and nature and description whatsoever, rights to use and avail of telephones and installations, utilities, electricity and other services and all other interests in connection with or relating to the MFL Business;
- (vi) all contracts, agreements, business partnerships and collaborations including brand distribution agreements, service orders, operation and maintenance contracts, memoranda of understanding/undertaking / agreements, bids, expressions of interests, equipment purchase agreement, letters of intent, lease arrangements, leave and license agreements, contracts pertaining to franchises, brand license, vendors, stores maintenance, housekeeping, security, contract workers, purchase and other agreements with supplier/ service providers, other arrangements, undertakings, deeds, bonds, schemes, powers of attorney, insurance covers and claims, 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, interest, assurances, claims and benefits thereunder related to or pertaining to the MFL Business;
- (vii) all earnest moneys and/or security deposits paid by the Demerged Company in connection with or relating to the MFL Business;
- (viii) all intellectual property and intellectual property rights, brands, logos, designs, labels, trade secrets, service marks, copyright, tradenames and trademarks of the Demerged Company in relation to the MFL Business (including any applications for the same) of any nature whatsoever (whether owned, licensed or otherwise and whether registered or unregistered);
- (ix) all books, records, files, papers, engineering and process information, computer programs, domain names, license for software and any other software licenses (whether proprietary or otherwise), research and studies, technical knowhow, confidential information and other benefits, drawings, manuals, data, catalogues, quotations, marketing authorisations, marketing

intangibles, credit information, sales and advertising materials, lists of present and former customers, customer pricing information, and other records whether in physical or electronic form in connection with or pertaining to MFL Business;

- (x) all legal or other proceedings of whatsoever nature that form part of the MFL Business which are capable of being continued by or against Resulting Company under Applicable Law;
- (xi) entire experience, credentials, past record, goodwill and market share of the Demerged Company pertaining to the MFL Business; and
- (xii) the Transferring Employees.

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

“Demerged Liabilities” means the liabilities as defined in Clause 4.2.6 of the Scheme;

“Effective Date” means the date which will be the first day of the month following the month in which the Parties mutually acknowledge in writing that all the conditions and matters referred to in Clause 20.1 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 **“upon effectiveness of the Scheme”** shall mean the Effective Date;

“Encumbrance” means any form of legal or equitable encumbrance or security interest including any mortgage, pledge, hypothecation, assignment by way of security, non-disposal undertaking, escrow, charge, lien or other security interest or encumbrance of any kind securing any obligation of any Person (including, without limitation, any right granted by a transaction or other type of preferential arrangement or interest of any nature whatsoever 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), outstanding Taxes (which have become due and payable), option, pre-emptive right, proxy, power of attorney, voting agreement, right of first offer, first, last or other refusal right, or transfer restriction in favour of any Person, beneficial ownership, adverse claim, title retention agreement, conditional sale agreement, any provisional, conditional or executorial attachment, trust (other title exception of whatsoever nature), any agreement to create any of the foregoing or any adverse claim as to title, possession or use and the term **“Encumber”** shall be construed accordingly;

“ESOP” means employee stock options;

“Income Tax Act” means the Income-tax Act, 1961;

“MFL Business” means the division of the Demerged Company engaged in business of manufacturing, marketing, sales and/or distribution of fashion apparel, footwear and accessories through offline and/or online channels including wholesale, retail and e-commerce under four lifestyle brands viz Louis Phillippe, Van Heusen, Allen Solly and Peter England along with casual wear brands viz. American Eagle and Forever 21, sports wear brand Reebok and the innerwear business under the Van Heusen brand;

“NCD 1” means the NCDs issued by the Demerged Company as specified in Schedule A;

“NCD 2” means the NCDs issued by the Demerged Company as specified in Schedule A;

“NCD 3” means the NCDs issued by the Demerged Company as specified in Schedule A;

“NCDs” means non-convertible debentures;

“NSE” means National Stock Exchange of India Limited;

“Parties” shall collectively mean the Demerged Company and the Resulting Company; and **“Party”** means each of them, individually;

“Permits” means all consents, licences, permits, certificates, permissions, authorisations, clarifications, approvals, clearances, confirmations, declarations, waivers, exemptions, registrations, filings, no objections, whether governmental, statutory, regulatory or otherwise as required under Applicable Law;

“Person” means an individual, (including in his capacity as trustee), entity, a corporation, a partnership (whether limited or unlimited) a company an association, a trust a joint venture, proprietorship or other enterprise (whether incorporated or not), an unincorporated organization Hindu Undivided Family, trust, union, association of persons or any governmental authority or any agency, department, authority or political subdivision thereof, and shall include their respective successors, successors-in-interest and in case of an individual shall include his/ her legal representatives, administrators, executors, permitted assignees, liquidators, and heirs and in case of a trust, shall include the trustee or the trustees and the beneficiary or beneficiaries from time to time;

“Re” or “Rs” or “Rupee(s)” means Indian Rupee(s), the lawful currency of the Republic of India;

“Record Date” means the date to be fixed by the Board of the Demerged Company in consultation with the Board of the Resulting Company for the purpose of determining the equity shareholders of the Demerged Company for issue of the Resulting Company New Equity Shares;

“Remaining Business of the Demerged Company” means all the business, units, divisions, undertakings, and assets and liabilities of the Demerged Company other than the Demerged Undertaking;

“Remaining Employees” means the employees of the Demerged Company other than Transferring Employees;

“Resulting Company New Equity Shares” means fully paid-up equity share(s) having face value of Rs 10 each issued by the Resulting Company as consideration in terms of Clause 8.1 of this Scheme;

“Resulting Company Stock Option Plans” means collectively, new employee stock option schemes of the Resulting Company formulated in accordance with the Demerged Company Stock Option Plans named as ABLBL ESOP Scheme 2017, ABLBL ESOP Scheme 2019, ABLBL SAR Scheme 2019, and ABLBL TCNS ESOP Scheme (as applicable), pursuant to Clause 5.6;

“Resulting Company Stock Options” means the ESOPs, RSUs and SARs granted and / or vested by the Resulting Company to the eligible Demerged Company Stock Option holders after effectiveness of the Scheme in accordance with the Resulting Company Stock Option Plans;

“Retained NCDs” means collectively, NCD 1 and NCD 3;

“RoC” means the relevant jurisdictional Registrar of Companies having jurisdiction over the Parties;

“RSU” means restricted stock units;

“Sanction Order” means the orders of the Tribunal approving the Scheme;

“SAR” means stock appreciation rights which includes option stock appreciation right and restricted stock unit stock appreciation right;

“Scheme” or “this Scheme” means this scheme of arrangement as modified from time to time;

“SEBI” means the Securities and Exchange Board of India;

“SEBI Debt Circular” means Chapter XII of the operational circular No. SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/0000000103 issued by SEBI dated July 29, 2022, as amended from time to time;

“SEBI LODR Regulations” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

“SEBI Schemes Master Circular” means Master Circular No. SEBI/HO/CFD/POD2/P/CIR/2023/93 dated June 20, 2023, issued by SEBI regarding Schemes of Arrangement by Listed Entities and Relaxation under Sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957, as amended from time to time;

“Stock Exchanges” means BSE and NSE collectively and Stock Exchange shall mean each of them individually;

“Tax Laws” means all Applicable Laws dealing with Taxes including but not limited to income-tax, goods and service tax, customs duty or any other levy of similar nature;

“Taxation” or “Tax” or “Taxes” means all forms of taxes and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions and levies, whether levied by reference to income, profits, book profits, gains, net wealth, asset values, turnover, added value, goods and services or otherwise and shall further include payments in respect of or on account of tax, whether by way of deduction at source, collection at source, dividend distribution tax, advance tax, minimum alternate tax, goods and services tax or otherwise or attributable directly or primarily to any of the Parties and all penalties, charges, costs and interest relating thereto;

“TCNS” means TCNS Clothing Co. Limited, a public company, limited by shares, incorporated under the Companies Act 1956 bearing corporate identification number L18101MH2007PLC233901 and having its registered office at Piramal Agastya Corporate Park, Building A, 4th and 5th Floor, Unit No. 401, 403, 501, 502, L.B.S Road, Kurla Mumbai Maharashtra 400070;

“TCNS ESOP Scheme” means the employee stock option scheme of the Demerged Company which will be formulated and implemented in accordance with and pursuant to the effectiveness of the ABFRL Merger Scheme;

“Transferring Employees” means the employees of the Demerged Company engaged in or in relation to the Demerged Undertaking as on the Effective Date;

“Transferring NCDs” means NCD 2; and

“Tribunal” means the National Company Law Tribunal, Mumbai having jurisdiction over the Parties 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.

1.2 In this Scheme, unless the context otherwise requires:

- (i) words denoting the singular shall include the plural and vice versa;
- (ii) headings, subheadings, titles, subtitles to clauses and sub-clauses are for convenience only and

shall be ignored in construing the Scheme;

- (iii) reference to any law or legislation or regulation shall include amendment(s), circulars, notifications, clarifications or supplement(s) to, or replacement, re-enactment, restatement or amendment of, that law or legislation or regulation and shall include the rules and regulations thereunder; and
- (iv) all terms and words not defined in this Scheme shall unless repugnant or contrary to the context or meaning thereof, have the same meaning as prescribed to them under the Act, Income Tax Act, Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India, Act, 1992, the Depositories Act, 1996 or any other Applicable Laws, rules, regulations, bye laws, as the case may be.

2. SHARE CAPITAL

2.1 The share capital of the Demerged Company as on April 19, 2024 is as follows:

Particulars	Rs
Authorised Share Capital	
2,00,00,00,000 equity shares of INR 10 each	20,00,00,00,000
5,00,000 8% redeemable cumulative preference shares of INR 10 each	50,00,000
15,000 6% redeemable cumulative preference shares of INR 100 each	15,00,000
95,00,000 preference shares of INR 10 each	9,50,00,000
Total	20,10,15,00,000
Issued and Subscribed Share Capital	
101,52,15,146 equity shares of INR 10 each	10,15,21,51,460
11,10,000 8% non-cumulative non-convertible redeemable preference shares of INR 10 each	1,11,00,000
Total	10,16,32,51,460
Paid-up Share Capital	
101,50,09,642 equity shares of INR 10 each	10,15,00,96,420
11,10,000 8% non-cumulative non-convertible redeemable preference shares of INR 10 each	1,11,00,000
Total	10,16,11,96,420

2.2 The aforesaid issued, subscribed, and paid-up share capital of the Demerged Company does not include (i) issuance of equity shares by the Demerged Company pursuant to exercise of ESOPs and RSUs under Demerged Company Stock Option Plans (as applicable); (ii) issuance of equity shares by the Demerged Company to the equity shareholders of TCNS pursuant to and in accordance with the ABFRL Merger Scheme; and (iii) capital raise referred in Clause 8.9. Upon the happening of any and/ or all the aforesaid events the issued, subscribed, and paid-up share capital of the Demerged Company shall undergo a change. However, the share entitlement ratio set out in Clause 8 shall not be adjusted on account of any such variation on account of the actions referred in Clause 2.2 (i), (ii) and/or (iii) above.

2.3 The share capital of the Resulting Company as on April 19, 2024 is as follows:

Particulars	Rs
Authorised Share Capital	
50,000 equity shares of Rs 10 each	5,00,000
Total	5,00,000
Issued, Subscribed and Paid-up Share Capital	
50,000 equity shares of Rs 10 each	5,00,000

	Total	5,00,000
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3. DATE OF TAKING EFFECT AND IMPLEMENTATION OF THIS SCHEME

- 3.1 This Scheme shall become effective from the Appointed Date but shall become operative from the Effective Date.

PART II

DEMERGER AND VESTING OF THE DEMERGED UNDERTAKING

4. DEMERGER AND VESTING OF THE DEMERGED UNDERTAKING

- 4.1 Upon coming into effect of the Scheme, with effect from the Appointed Date and in accordance with the provisions of this Scheme and pursuant to Sections 230 to 232 and other applicable provisions of the Act and Section 2(19AA) of the Income Tax Act, all assets, Permits, contracts, liabilities, loan, duties and obligations of the Demerged Undertaking shall, without any further act, instrument or deed, stand transferred to and vested in or be deemed to have been transferred to and vested in the Resulting Company on a *going concern* basis, so as to become as and from the Appointed Date, the assets, Permits, contracts, liabilities, loan, duties and obligations of the Resulting Company by virtue of operation of law, and in the manner provided in this Scheme.

- 4.2 Without prejudice to the generality of the provisions of Clause 4.1 above, the manner of transfer of the Demerged Undertaking under this Scheme, is as follows:

- 4.2.1 In respect of such of the assets and properties forming part of the Demerged Undertaking which are movable in nature (including but not limited to all intangible assets), intellectual property and intellectual property rights, including any applications for the same, of any nature whatsoever including but not limited to brands, trademarks forming part of the Demerged Undertaking, whether registered or unregistered trademarks along with all rights of commercial nature including attached goodwill, title, interest, labels and brand registrations, copyrights and such other industrial and intellectual property rights of whatsoever nature or are otherwise capable of transfer by delivery or possession or by endorsement, the same shall stand transferred by the Demerged Company to the Resulting Company upon coming into effect of this Scheme and shall, *ipso facto* and without any other or further order to this effect, become the assets and properties of the Resulting Company without requiring any deed or instrument of conveyance for transfer of the same. The transfer pursuant to this sub-clause shall be deemed to have occurred by physical or constructive delivery or by endorsement and delivery or recordal, pursuant to this Scheme, as appropriate to the property being transferred, and title to the property shall be deemed to have been transferred accordingly;

- 4.2.2 Subject to Clause 4.2.3 below, with respect to the moveable assets of the Demerged Undertaking other than those referred to in Clause 4.2.1 above, including all rights, title and interests in the agreements (including agreements for lease or license of the properties), investments in shares (including in subsidiaries and joint ventures engaged in the MFL Business including investments in Aditya Birla Garments Limited), mutual funds, bonds and any other securities, sundry debtors, actionable claims, earnest monies, receivables, bills, credits, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with any Appropriate Authority, customers and other Persons, whether or not the same is held in the name of the Demerged Company, the same shall, without any further act, instrument or deed, be transferred to and/or be deemed to be transferred to the Resulting Company, with effect from the Appointed Date by operation of law as transmission in favour of the Resulting Company. With regard to the licenses of the properties, the Resulting Company will enter into novation agreements, if it is so required;

- 4.2.3 In respect of such of the assets and properties forming part of the Demerged Undertaking which are immovable in nature, whether or not included in the books of the Demerged Company, including rights, interest and easements in relation thereto, the same shall stand transferred to the Resulting Company with effect from the Appointed Date, without any act or deed or conveyance being required to be done or executed by the Demerged Company and/or the Resulting Company;
- 4.2.4 For the avoidance of doubt and without prejudice to the generality of Clause 4.2.3 above and Clause 4.2.5 below, it is clarified that, with respect to the immovable properties comprised in the Demerged Undertaking in the nature of land and buildings, the Demerged Company and the Resulting Company shall register the true copy of the order of the Tribunal approving this Scheme with the offices of the relevant sub-registrar of assurances or similar registering authority having jurisdiction over the location of such immovable property and shall also execute and register, as required, such other documents as may be necessary in this regard. For the avoidance of doubt, it is clarified that any document executed pursuant to this Clause 4.2.4 or Clause 4.2.5 below will be for the limited purpose of meeting regulatory requirements and shall not be deemed to be a document under which the transfer of any part of the Demerged Undertaking takes place and the Demerged Undertaking shall be transferred solely pursuant to and in terms of this Scheme and the order of the Tribunal sanctioning this Scheme;
- 4.2.5 Notwithstanding anything contained in this Scheme, with respect to the immovable properties comprised in the Demerged Undertaking in the nature of land and buildings situated in states other than the state of Maharashtra, whether owned or leased, for the purpose of, *inter alia*, payment of stamp duty and transfer to the Resulting Company, if the Resulting Company so decides, the Demerged Company and the Resulting Company, may execute and register or cause to be executed and registered, separate deeds of conveyance or deeds of assignment of lease, as the case may be, in favour of the Resulting Company in respect of such immovable properties. Each of the immovable properties, only for the purposes of the payment of stamp duty (if required under Applicable Law), shall be deemed to be conveyed at a value determined by the relevant authorities in accordance with the applicable rates. The transfer of such immovable properties shall form an integral part of this Scheme;
- 4.2.6 Upon effectiveness of the Scheme, all debts, liabilities, loans, obligations and duties of the Demerged Company as on the Appointed Date and relatable to the Demerged Undertaking (“**Demerged Liabilities**”) shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Resulting Company to the extent that they are outstanding as on the Appointed Date. The term “Demerged Liabilities” shall include:
- 4.2.6.1 the debts, liabilities obligations incurred and duties of any kind, nature or description (including contingent liabilities) which arise out of the activities or operations of the Demerged Undertaking;
- 4.2.6.2 specific loans or borrowings, if any; and
- 4.2.6.3 in cases other than those referred to in Clauses 4.2.6.1 or 4.2.6.2 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 of the Demerged Undertaking bear to the total value of the assets of the Demerged Company immediately prior to the Appointed Date, including Transferring NCDs;
- 4.2.7 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



A handwritten signature in blue ink, appearing to be 'A. B. B.' or similar, written over a horizontal line.

of the Remaining Business. Further, upon 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 the 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;

- 4.2.8 Post the Effective Date, the Demerged Company may, at the request of the Resulting Company, give notice in such form as it may deem fit and proper, to such Persons, as the case may be, that any debt, receivable, bill, credit, loan, advance, or deposit, contracts or policies relating to the Demerged Undertaking stands transferred to the Resulting Company and that appropriate modification should be made in their respective books/records to reflect the aforesaid changes;
- 4.2.9 In so far as Encumbrances, if any, in respect of the Demerged Liabilities, such Encumbrance shall, without any further act, instrument or deed being required to be taken or modified, be extended to and shall operate only over the assets comprised in the Demerged Undertaking 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;
- 4.2.10 Subject to 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 loans, liabilities, borrowings of the Demerged Company pertaining to the Remaining Business of the Demerged Company (and which shall continue with the Demerged Company);
- 4.2.11 In so far as the assets of the Remaining Business of the Demerged Company are concerned, the Encumbrances over such assets, to the extent they relate to any loans or borrowings forming part of the Demerged Liabilities shall, without any further act, instrument or deed be release 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 4.2.10 and this Clause 4.2.11;
- 4.2.12 Subject to Clause 4 and any other provisions of this Scheme, in respect of any refund, benefit, incentive, grant or subsidy in relation to or in connection with the Demerged Undertaking, the Demerged Company shall, if so required by the Resulting Company, issue notices in such form as the Resulting Company may deem fit and proper, stating that pursuant to the Tribunal having sanctioned this Scheme, the relevant refund, benefit, incentive, grant or subsidy be paid or made good to or held on account of the Resulting Company, as the Person entitled thereto, to the end and intent that the right of the Demerged Company to recover or realise the same stands transferred to the Resulting Company and that appropriate entries should be passed in their respective books to record the aforesaid changes;
- 4.2.13 On and from the Effective Date, all cheques and other negotiable instruments and payment orders received or presented for encashment which are in the name of the Demerged Company

and are in relation to or in connection with the Demerged Undertaking, 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;

- 4.2.14 Permits, including the benefits attached thereto of the Demerged Company, in relation to the Demerged Undertaking, shall be transferred to the Resulting Company from the Appointed Date, without any further act, instrument or deed and shall be appropriately mutated or endorsed by the Appropriate Authorities concerned therewith in favour of the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company and the Resulting Company shall be bound by the terms, obligations and duties thereunder, and the rights and benefits under the same shall be available to the Demerged Company to carry on the operations of the Demerged Undertaking without any hindrance, whatsoever;
- 4.2.15 Contracts in relation to the Demerged Undertaking, where the Demerged Company is a party, shall stand transferred to the Resulting Company pursuant to the Scheme becoming effective. The absence of any formal amendment which may be required by a third party to effect such transfer shall not affect the operation of the foregoing sentence. The Demerged Company and the Resulting Company shall, wherever necessary, enter into and/or execute deeds, writings, confirmations or novations to all such contracts, if necessary, in order to give formal effect to the provisions of this Clause;
- 4.2.16 As on the date of the Boards of the Parties approving the Scheme, Birla Management Centre Services Private Limited (“**BMCSPL**”) holds 11,10,000 ABFRL NCNCRPS. Upon effectiveness of the Scheme, 5,55,000 ABFRL NCNCRPS out of total 11,10,000 ABFRL NCNCRPS shall automatically stand cancelled in the Demerged Company without any further application, act, instrument or deed and in lieu thereof BMCSPL shall be issued and allotted 5,55,000 ABLBL NCNCRPS on the same terms and conditions as ABFRL NCNCRPS. The aforesaid reduction is being made pursuant to Sections 230 to 232 of the Act as an integral part of the Scheme and the Parties shall not be required to follow the process under Section 66 of the Act or any other provisions of Applicable Law separately. The aforesaid reduction of capital does not involve any diminution of liability in respect of any unpaid share capital or payment to any shareholder of any paid-up share capital or payment in any other form. The order of Tribunal sanctioning the Scheme shall also be deemed to be an order under the Act for the purposes of confirming the reduction of 5,55,000 ABFRL NCNCRPS. The consent of the shareholders of Demerged Company to this Scheme shall be deemed to be the consent of its shareholders for the purpose of effecting the above reduction. Notwithstanding the reduction in the share capital of the Demerged Company, the Demerged Company shall not be required to add “And Reduced” as suffix to its name. Further, the aforesaid allotment of ABLBL NCNCRPS by the Resulting Company to BMCSPL is being made as an integral part of the Scheme, and shall not in any manner be construed to be a part or whole of the consideration for the demerger under this Scheme, and shall be deemed to have been carried out under the orders passed by the Tribunal without requiring any further act on the part of the Resulting Company or their shareholders and as if the procedure laid down under the Act and such other Applicable Law, were duly complied with;
- 4.2.17 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; and
- 4.2.18 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.

- 4.3 Without prejudice to the provisions of the foregoing sub-clauses of this Clause 4 and upon the effectiveness of this Scheme, the Demerged Company and the Resulting Company may execute any and all instruments or documents and do all acts, deeds and things as may be required, including executing necessary confirmatory deeds for filing with the trademark registry and Appropriate Authorities, filing of necessary particulars and/ or modification(s) of charge with the concerned RoC or filing of necessary applications, notices, intimations or letters with any Appropriate Authority or Person to give effect to this Scheme. The Demerged Company shall take such actions as may be necessary to get the assets pertaining to the Demerged Undertaking transferred to and registered in, the name of the Resulting Company, as per Applicable Law.

5. EMPLOYEES

- 5.1 Upon effectiveness of the Scheme, all Transferring Employees shall become the employees of the Resulting Company on terms and conditions no less favourable than those on which they are engaged by the Demerged Company and without any interruption in service.
- 5.2 The past services of all the Transferring Employees prior to the Effective Date shall be taken into account for the purposes of all benefits to which such employees may be eligible, including for the purpose of payment of any retrenchment or redundancy compensation, leave encashment, gratuity and other terminal benefits. The accumulated balances, if any, standing to the credit in favour of the aforesaid Transferring Employees in the existing provident fund, gratuity fund, superannuation fund and any other fund of which they are members, as the case may be, will be transferred to the respective funds of the Resulting Company set-up in accordance with Applicable Law and caused to be recognized by the Appropriate Authorities or to the funds nominated by the Resulting Company. Pending the transfer as aforesaid, the dues of the said Transferring Employees would continue to be deposited in the existing provident fund, gratuity fund, superannuation fund and other fund respectively of Demerged Company.
- 5.3 Further to the transfer of the accumulated balances or contributions from the funds as set out in Clause 5.2 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 shall become those of the Resulting Company. It is clarified that the services of the Transferring Employees will be treated as having been continuous for the purposes of the said funds.
- 5.4 In so far as the existing benefits or funds created by the Demerged Company for the employees of the Remaining Business of the Demerged Company 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.
- 5.5 Subject to the provisions of Clause 5.6 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 employee benefit plans for ESOPs, RSUs or SARs, after the approval of the Scheme by the Boards of the Parties but prior to the Effective Date (“**New Stock Option Plans**”), such New Stock Option Plans shall include appropriate provisions for the manner in which such benefits shall be available to the relevant employees.

5.6 TREATMENT OF DEMERGED COMPANY STOCK OPTIONS

- 5.6.1 After the Scheme becoming effective, Demerged Company Stock Options granted and / or vested by the Demerged Company pursuant to Demerged Company Stock Option Plans will continue to be governed by the provisions of respective Demerged Company Stock Option Plans, subject to the modifications proposed in this Clause 5.6. In addition, the Resulting Company shall formulate the Resulting Company Stock Option Plans in accordance with the provisions mentioned in this Clause 5.6.
- 5.6.2 After the Scheme becoming effective, with respect to the Demerged Company Stock Options granted and / or vested by the Demerged Company to the eligible employees of the Demerged Company (irrespective of whether they are Remaining Employees or Transferring Employees) under the Demerged Company Stock Option Plans and, for every 1 (one) Demerged Company Stock Options (as the case may be) outstanding as on the Record Date in the Demerged Company, such eligible Remaining Employee and Transferring Employee shall be granted and / or vested 1 (one) Resulting Company Stock Options under the relevant Resulting Company Stock Option Plans (as the case may be) on the terms and conditions which would be similar to the Demerged Company ESOP Plans as applicable, subject to the provisions mentioned in this Clause 5.6.
- 5.6.3 The Demerged Company Stock Options granted by the Demerged Company under the Demerged Company Stock Option Plans (as the case may be) would continue to be held by the eligible Remaining Employees and Transferring Employees. After the Scheme becoming effective, the Board of the Demerged Company shall, take necessary steps to modify the Demerged Company Stock Option Plans, including adjustments to the exercise prices of outstanding Demerged Company Stock Options (as the case may be), in accordance with the Applicable Laws.
- 5.6.4 The Resulting Company shall take into account the period during which the eligible Remaining Employees and Transferring Employees held the Demerged Company Stock Options at the time of adoption of the Resulting Company Stock Options (as the case may be), for determining of minimum vesting period required for Resulting Company Stock Options (as the case may be), subject to Applicable Laws.
- 5.6.5 For the purpose of administering ABLBL ESOP Scheme 2019, the Demerged Company Stock Options entitlement (as the case may be) of the respective eligible Remaining Employees and Transferring Employees in the Resulting Company will be administered through the existing employee benefit trust of the Demerged Company in respect of the ABFRL ESOP Scheme 2019 (“**Demerged Company ESOP Trust**”), provided that the Resulting Company may, if required, set up a new employee benefit trust and take all such actions and execute documentation to give effect to the ABFRL ESOP Scheme 2019 in accordance with the provisions mentioned herein for the benefit of Transferring Employees. The Board of Directors of the Demerged Company may, at its discretion, without any further act or deed, modify the trust deed governing the Demerged Company ESOP Trust to give effect to this Scheme and the provisions of this Clause 5.6.
- 5.6.6 The adoption of the Resulting Company Stock Option Plans, grant of Resulting Company Stock Options (as the case may be) under the Resulting Company Stock Option Plans to the eligible Remaining Employees and Transferring Employees pursuant to this Clause, manner of exercise of Resulting Company Stock Options (as the case may be) and modification of the Demerged Company Stock Option Plans, including setting up of new employee benefit trust by Resulting Company or modification to the trust deed of the Demerged Company ESOP Trust (as the case may be) including appropriate accounting thereof, shall be effected as an integral part of the Scheme. The consent of the shareholders of the Resulting Company and the Demerged Company to the Scheme shall be deemed to be their consent in relation to all matters pertaining to the Demerged Company Stock Option Plans and Resulting Company Stock Option Plans, as contemplated in this Clause. No further approval of the Board or 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.

6. LEGAL PROCEEDINGS

- 6.1 Upon coming into effect of this Scheme, all suits, actions, administrative proceedings, tribunal proceedings, show cause notices, demands, legal and other proceedings of whatsoever nature (except proceedings under the Income Tax Act) by or against the Demerged Company pending and/or arising on or before the Appointed Date or which may be instituted at any time thereafter and in each case relating to the Demerged Undertaking shall not abate or be discontinued or be in any way prejudicially affected by reason of this Scheme or by anything contained in this Scheme and shall be continued and be enforced by or against the Resulting Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company. The Resulting Company shall be substituted in place of the Demerged Company or added as party to such proceedings and shall prosecute or defend all such proceedings at its own cost, in cooperation with the Demerged Company and the liability of the Demerged Company shall stand nullified. The Demerged Company shall in no event be responsible or liable in relation to any such legal or other proceedings in relation to the Demerged Undertaking.
- 6.2 The Resulting Company undertakes to have all legal and other proceedings (except proceedings under the Income Tax Act) initiated by or against the Demerged Company referred to in Clause 6.1 above transferred to its name as soon as is reasonably practicable after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company on priority. The Demerged Company and the Resulting Company shall make relevant applications and take all steps as may be required in this regard.
- 6.3 Notwithstanding anything contained herein above, if at any time after the Effective Date, the Demerged Company is in receipt of any demand, claim, notice and/ or is impleaded as a party in any proceedings before any Appropriate Authority (except proceedings under the Income Tax Act), in each case in relation to the Demerged Undertaking, the Demerged Company shall, in view of the transfer and vesting of the Demerged Undertaking pursuant to this Scheme, take all such steps in the proceedings before the Appropriate Authority to replace the Demerged Company with the Resulting Company. However, if the Demerged Company is unable to get the Resulting Company replaced in its place in such proceedings, the Demerged Company shall defend the same or deal with such demand in accordance with the advice of the Resulting Company and at the cost of the Resulting Company and the latter shall reimburse to the Demerged Company all liabilities and obligations incurred by the Demerged Company in respect thereof.

7. TAXES/ DUTIES/ CESS

- 7.1 This demerger under Part II of the Scheme complies with the definition of “demerger” as per Section 2(19AA) and other provisions of the Income Tax Act. 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 Income Tax 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 Income Tax 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..
- 7.2 The accumulated losses and allowance for unabsorbed depreciation of the Demerged Company for the period prior to the Appointed Date shall be apportioned between the Demerged Company and the Resulting Company in accordance with the provisions of Section 72A(4)(b) of the Income Tax Act and shall be allowed to be carried forward and set off in the hands of the respective Parties against their respective profits for the period after the Appointed Date without any specific approval or permission. The benefit in respect of the unutilised Minimum Alternate Tax credit and the carried forward interest

deduction under Section 94B as on the Appointed Date, if any, in respect of or relatable to the Demerged Undertaking shall be carried forward for allowance in the hands of the Resulting Company.

- 7.3 The benefits in respect of all Taxes deducted at source (“TDS”), Taxes collected at source (“TCS”), payments in respect of advance taxes, self-assessment Taxes, Tax on regular assessments made or otherwise recovered by the Appropriate Authorities on or after the Appointed Date in the name and PAN of the Demerged Company but relating to the profits, income or gains of the Demerged Undertaking shall be deemed to be the Taxes deducted, collected, paid, recovered, as the case may be, by or from the Resulting Company and the credit in respect thereof shall be available in the hands of the Resulting Company.
- 7.4 The Resulting Company shall be entitled to claim deduction under Section 43B of the Income Tax 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.
- 7.5 The Resulting Company shall be entitled to claim deduction under Section 36(1)(vii) read with Section 36(2) of the Income Tax Act in respect of the debts as on the Appointed Date transferred to it as part of the Demerged Undertaking to the extent they are written off as irrecoverable by the Resulting Company as and when the same are so written off by the Resulting Company subsequent to the Appointed Date.
- 7.6 The Resulting Company shall be entitled to claim deduction under section 40(a) of the Income Tax Act in respect of the expenditure disallowed in the hands of the Demerged Company, if any, under that section prior to the Appointed Date and in respect of which the TDS liability is transferred to the Resulting Company as part of the liabilities of the Demerged undertaking as and when such TDS liability is discharged by the Resulting Company after the Appointed Date.
- 7.7 If the Demerged Company is entitled to any unutilized credits, benefits under the state or central fiscal / investment incentive schemes and policies or concessions relating to the Demerged Undertaking under any Tax Law or Applicable Law, the Resulting Company shall be entitled, as an integral part of this Scheme, to claim such benefit or incentives or unutilised credits, as the case may be, without any specific approval or permission and such benefit or incentives or unutilised credits, as the case may be, shall be available for utilisation to the Resulting Company in accordance with Applicable Law.
- 7.8 Upon the Scheme becoming effective, the Demerged Company and the Resulting Company shall have the right to revise / modify their respective financial statements and returns of income along with prescribed forms, filings, and annexures under the Tax Laws and to claim refunds and/or credit for Taxes paid and for matters incidental thereto, if required, to give effect to the provisions of this Scheme.
- 7.9 The Demerged Company shall be liable for any 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.
- 7.10 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.
- 7.11 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 Laws to effect such transfers.

- 7.12 Each of the Resulting Company and the Demerged Company shall be entitled to file/ revise /modify 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.
- 7.13 If the Demerged Company makes any payment to discharge any liabilities under Tax Laws that are the responsibility of the Resulting Company under Clause 7.10 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 7.10 above, the Demerged Company shall promptly pay or reimburse the Resulting Company for such payment.
- 7.14 If the Demerged Company receives any refunds under Tax Laws that the Resulting Company is entitled to receive under Clause 7.10 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 7.10 above, the Resulting Company shall promptly pay the Demerged Company the amount of refund so received.
- 7.15 All the expenses incurred by Demerged Company and/or 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 Income Tax Act.
- 7.16 The benefits and privileges available to the shareholders of the Demerged Company by virtue of their shareholding in the Demerged Company, including on account of being a listed company under the provisions of the Income Tax Act shall continue to be available to the shareholders of the Demerged Company post the effectiveness of the Scheme including those specifically conferred under the respective provisions of the Income Tax Act, allocation of cost of acquisition of shares between the Demerged Company and Resulting Company including grand fathering benefit for the purposes of Section 112A of the Income Tax Act read with Section 55(2)(ac) of the Income Tax Act, period of holding or any other deduction or concession available or conferred by the Income Tax Act or administrative or judicial pronouncements.
- 7.17 After the Appointed Date and upto the Effective Date, any Tax deposited, certificates issued or returns filed by the Demerged Company relating to the Demerged Undertaking shall continue to hold good as if such amounts were deposited, certificates were issued and returns were filed by Resulting Company.
- 7.18 Any actions taken by the Demerged Company to comply with Tax Laws (including payment of Taxes, maintenance of records, payments, returns, Tax filings, etc.) in respect of Demerged Undertaking on and from the Appointed Date up to the Effective Date shall be considered as adequate compliance by the Demerged Company with such requirements under Tax Laws and such actions shall be deemed to

constitute adequate compliance by Resulting Company with the relevant obligations under such Tax Laws.

- 7.19 Upon the Effective Date, all demands, claims, show cause notices, suits, actions, administrative proceedings, tribunal proceedings, Taxes and other related disputes resolution proceedings of whatsoever nature (including proceedings under the applicable GST law, however, excluding any proceedings under the provisions of the Income Tax Act), by or against the Demerged Company, pending on the Effective Date relating to the Demerged Undertaking shall not abate or be discontinued or be in any way prejudicially affected by reason of this Scheme or by anything contained in this Scheme but shall be continued and be enforced by or against Resulting Company with effect from the Effective Date in the same manner and to the extent as would or might have been continued and enforced by or against the Demerged Company. The Resulting Company shall be substituted in place of the Demerged Company or added as party to such prosecute or defend all such proceedings at its own cost, in cooperation with the Demerged Company and the liability of the Demerged Company shall stand nullified. The Demerged Company shall in no event be responsible or liable in relation to any such legal or other proceedings in relation to the Demerged Undertaking.
- 7.20 Notwithstanding anything contained hereinabove, if at any time after the Effective Date, the Demerged Company is in receipt of any demand, claim, notice and / or is impleaded as a party in any proceedings before any Appropriate Authority, in each case in relation to the Demerged Undertaking, the Demerged Company shall, in view of the transfer and vesting of the Demerged Undertaking pursuant to this Scheme, take all such steps in the proceedings before the Appropriate Authority to replace the Demerged Company with Resulting Company. However, if the Demerged Company is unable to get Resulting Company replaced in its place in such proceedings, the Demerged Company shall defend the same or deal with such demand in accordance with the advice of the Board of Resulting Company and such cost shall be borne by Resulting Company and the latter shall reimburse the Demerged Company all liabilities and obligations incurred by the Demerged Company in respect thereof.

8. CONSIDERATION

- 8.1 The consideration for the demerger of the Demerged Undertaking shall be the issue by the Resulting Company of 1 (one) fully paid-up equity share of the Resulting Company having face value of Rs 10 (Rupees Ten) each for every 1 (one) fully paid-up equity share of Rs 10 (Rupees Ten) each of the Demerged Company ("**Resulting Company New Equity Shares**").
- 8.2 Upon coming into effect of the Scheme and subject to the provisions of this Scheme, the Resulting Company shall, without any further application, act, deed, consent or instrument, issue and allot the Resulting Company New Equity Share(s) to the equity shareholders of the Demerged Company who hold fully paid-up equity shares of the Demerged Company and whose names are recorded in the register of members and/ or records of the depository on the Record Date.
- 8.3 The Resulting Company New Equity Shares shall be subject to the provisions of the memorandum of association and articles of association of the Resulting Company, including with respect to dividend, bonus, rights shares and voting rights attached to the Resulting Company New Equity Shares.
- 8.4 The Resulting Company New Equity Shares that are to be issued in terms of this Scheme shall be issued in dematerialised form. All those equity 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.

- 8.5 The Resulting Company New Equity Shares to be issued by the Resulting Company, pursuant to Clause 8 in respect of any 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 Tribunal or any court or otherwise, be held in abeyance by the Resulting Company or shall be dealt with as provided under the Applicable Law.
- 8.6 The issue and allotment of the Resulting Company New Equity Shares is an integral part hereof and shall be deemed to have been carried out under the orders passed by the Tribunal without requiring any further act on the part of the Resulting Company or the Demerged Company or their shareholders and as if the procedure laid down under the Act and such other Applicable Law, were duly complied with. It is clarified that the approval of the members of the Resulting Company to this Scheme, shall be deemed to be their consent/approval for the issue and allotment of the Resulting Company New Equity Shares under applicable provisions of the Act.
- 8.7 The Resulting Company New Equity Shares to be issued by the Resulting Company in respect of the equity shares of the Demerged Company held in the unclaimed suspense account shall be credited to a new unclaimed suspense account created for shareholders of the Resulting Company.
- 8.8 In the event the Demerged Company restructures its share capital by way of share split or consolidation or any other corporate action before the Record Date, the share entitlement ratio set out in Clause 8.1 shall be suitably adjusted considering the effect of such corporate action without requirement of any further approval from shareholders or Appropriate Authority.
- 8.9 Notwithstanding anything to the contrary contained in this Scheme, the Demerged Company shall be able to raise capital (by issue of shares on rights basis or preferential basis, issue of convertible instruments or otherwise) as they may deem fit for their business requirements from time to time during the period between the approval of the Scheme by the Board of the Demerged Company and the Board of the Resulting Company and the Effective Date. There shall be no change in the share entitlement ratio set out in Clause 8.1 on account of such capital raise.
- 8.10 Upon the Scheme becoming effective but prior to the issue of the Resulting Company New Equity Shares, the authorised share capital of the Resulting Company shall stand altered and increased, without any further act, instrument or deed on the part of the Resulting Company as under:

Authorised Share Capital	
2,00,00,00,000 equity shares of INR 10 each	20,00,00,00,000
5,55,000 preference shares of INR 10 each	55,50,000
Total	20,00,55,50,000

- 8.11 Consequently, the existing capital clause of the Memorandum of Association of the Resulting Company shall without any act, instrument or deed be and stand altered, modified and amended and be replaced by the following clause:

“The Authorised Share Capital of the Company is ₹ 20,00,55,50,000/- (Rupees Two Thousand Crores and Fifty Five Lakhs Fifty Thousand only) consisting of 2,00,00,00,000 (Two Hundred Crore) equity shares of ₹ 10/- (Rupees Ten only) each and 5,55,000 (Five Lakh Fifty Five Thousand) preference shares of Rs. 10/- each, with a power to increase or reduce the capital of the Company in accordance with the provisions of the Companies Act, 2013 and to classify or reclassify the share capital.”

- 8.12 It is clarified that the approval of the members of the Resulting Company to this Scheme, shall be deemed to be their consent/approval for the alteration of the Memorandum of Association under Sections 13, 61, 64 and other applicable provisions of the Act. The Resulting Company shall pay the requisite stamp duty and RoC fees and shall file the required returns/ information/ amended copy of the Memorandum of Association with the RoC to give effect to the alteration in the authorised share capital.
- 8.13 The Resulting Company shall apply for listing of its equity shares on the Stock Exchanges in terms of and in compliance of SEBI Schemes Master Circular and other relevant provisions as may be applicable. The Resulting Company New Equity Shares allotted by the Resulting Company in terms of Clause 8.2 above, pursuant to this Scheme, shall remain frozen in the depository system till listing/ trading permission is given by the designated Stock Exchange. Further, there shall be no change in the shareholding pattern of the Resulting Company between the Record Date and the listing of its equity shares which may affect the status of approval of the Stock Exchanges.
- 8.14 The Resulting Company shall enter into such arrangements and give such confirmations and/ or undertakings as may be necessary in accordance with Applicable Law for complying with the formalities of the Stock Exchanges.

9. ACCOUNTING TREATMENT

9.1 In the books of the Demerged Company

9.1.1 Notwithstanding anything to the contrary contained herein, the Demerged Company shall give effect to the demerger of the Demerged Undertaking in accordance with the accounting principles prescribed under the Companies (Indian Accounting Standards) Rules, 2015, as notified under Section 133 of the Act (“**Ind AS**”), as amended and on the date as determined under Ind AS. The accounting in the books of the Demerged Company is as follows:

- 9.1.1.1 The Demerged Company shall derecognise from its books of accounts, the carrying amount of assets and liabilities pertaining to the Demerged Undertaking;
- 9.1.1.2 The excess of the carrying amount of assets transferred over the carrying amount of liabilities transferred shall be debited to appropriate reserve within equity; and
- 9.1.1.3 The Demerged Company shall derecognise the carrying amount of investments in the Resulting Company cancelled pursuant to the Scheme.

9.2 In the books of the Resulting Company

9.2.1 Notwithstanding anything to the contrary contained herein, the Resulting Company shall account for the acquisition of the Demerged Undertaking in its books of accounts by applying the principles prescribed in Indian Accounting Standard 103, Business Combinations, Appendix C - Business combinations of entities under common control and other accounting principles prescribed under the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) as notified under Section 133 of the Companies Act, 2013 and on the date determined in accordance with Ind AS. The Resulting Company shall account for acquisition of Demerged Undertaking as follows:

- 9.2.1.1 Resulting Company shall recognise the assets and liabilities of the Demerged Undertaking, at their respective carrying amounts as appearing in the books of the Demerged Company;
- 9.2.1.2 The Resulting Company shall debit its share capital account in its books of account with the aggregate face value of the shares issued by the Resulting Company to the Demerged Company for cancelled shares and credit capital reserve for the same



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amount;

9.2.1.3 The difference, if any, between the carrying amount of the net assets of the Demerged Undertaking acquired and the aggregate face value of the shares issued to the shareholders of the Demerged Company shall be adjusted to capital reserve;

9.2.1.4 The financial statements of the Resulting Company shall be restated in accordance with the requirements of Appendix C of Ind AS 103; and

9.3 Any matter not dealt with in this Clause 9 hereinabove shall be dealt with in accordance with the applicable Ind AS.

10. REDUCTION AND CANCELLATION OF ENTIRE PRE-SCHEME SHARE CAPITAL OF THE RESULTING COMPANY

10.1 Upon allotment of the Resulting Company New Equity Shares, the entire pre-scheme paid up share capital of the Resulting Company shall stand cancelled and reduced, without any consideration and without any further act, instrument or deed, which shall be regarded as reduction of share capital of the Resulting Company, pursuant to Sections 230 to 232 of the Act as an integral part of the Scheme and the Parties shall not be required to follow the process under Section 66 of the Act or any other provisions of Applicable Law separately. The aforesaid reduction of capital does not involve any diminution of liability in respect of any unpaid share capital or payment to any shareholder of any paid-up share capital or payment in any other form.

10.2 It is clarified that the approval of the members of the Resulting Company to this Scheme, shall be deemed to be their consent/approval for the reduction of the share capital of the Resulting Company under applicable provisions of the Act.

10.3 Notwithstanding the reduction in the share capital of the Resulting Company, the Resulting Company shall not be required to add "And Reduced" as suffix to its name.

11. REMAINING BUSINESS OF THE DEMERGED COMPANY

11.1 The Remaining Business of the Demerged Company shall continue to belong to and be owned and managed by the Demerged Company. The Demerged Company shall continue to be liable to perform and discharge all its liabilities and obligations in relation to the Remaining Business of the Demerged Company and the Resulting Company shall not have any liability or obligation in relation to the Remaining Business of the Demerged Company.

11.2 If the Resulting Company is in receipt of any demand, claim, notice and/or is impleaded as a party in any proceedings before any Appropriate Authority, in each case in relation to the Remaining Business of the Demerged Company, the Resulting Company shall take all such steps in the proceedings before the Appropriate Authority to substitute the Resulting Company with the Demerged Company. However, if the Resulting Company is unable to replace the Demerged Company in such proceedings, the Resulting Company shall defend the same or deal with such demand at the cost of the Demerged Company and the latter shall reimburse the Resulting Company, against all liabilities and obligations incurred by or against the Resulting Company, in respect thereof.

12. AMENDMENT TO ARTICLES OF ASSOCIATION OF THE RESULTING COMPANY

12.1 The articles of association of the Resulting Company, if required, shall stand amended and restated to comply with the provisions required for listed company.

12.2 The amendments pursuant to this Clause 12 shall become operative upon the effectiveness of the Scheme by virtue of the fact that the shareholders of the Resulting Company, while approving the



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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.

13. VALIDITY OF EXISTING RESOLUTIONS

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.

PART III

GENERAL TERMS AND CONDITIONS

14. WRONG POCKET ASSETS

- 14.1 Subject to Clause 15 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 Scheme. If any part of any of the Demerged Undertaking is inadvertently not transferred to the Resulting Company on the Effective Date pursuant to the Scheme, 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.
- 14.2 No part of the Remaining Business of the Demerged Company shall be transferred to the Resulting Company pursuant to the Scheme. If any part of the Remaining Business of the Demerged Company 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 of the Demerged Company 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.
- 14.3 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 Remaining Business of the Demerged Company, 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.

15. RESIDUAL PROVISIONS

- 15.1 Notwithstanding anything contained in this Scheme, on or after the Effective Date, as the case may be, until any property, asset, Permits and rights and benefits arising therefrom pertaining to the Demerged Undertaking is transferred, vested, recorded, effected and/ or perfected, in the records of any Appropriate Authority, regulatory bodies or otherwise, in favour of the Resulting Company, the

Resulting Company is deemed to be authorized to enjoy the property, asset or the rights and benefits arising from the Permit as if it were the owner of the property or asset or as if it were the original party to the Permit. It is clarified that till entry is made in the records of the Appropriate Authorities and till such time as may be mutually agreed by the Parties, the Demerged Company will continue to hold the property and/or the asset, Permit and rights and benefits arising therefrom, in trust for and on behalf of the Resulting Company.

- 15.2 Without prejudice to the aforesaid, 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, tenders, 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:
- 15.2.1 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, in so far as it is permissible so to do, till such time as their transfer or vesting in the Resulting Company is effected;
- 15.2.2 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
- 15.2.3 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.
- 15.2.4 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 15.1 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.
- 15.2.5 The mechanism or arrangement between the Demerged Company and Resulting Company, pursuant to this Clause, 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 Demerged Liabilities 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 Parties in accordance with Clause 16 below.

16. ADDITIONAL ARRANGEMENTS

- 16.1 The MFL Business has various inter-dependencies with the Remaining Business of the Demerged Company for which appropriate contracts / arrangements will be entered into between the Demerged Company and the Resulting Company prior to Effective Date, including *inter alia* for sharing of infrastructural facilities, usage of assets (whether moveable or immoveable) including intellectual property and services relating to information technology, legal, administrative, accounting, tax, treasury amongst others.
- 16.2 The Demerged Company has certain existing arrangements with certain third parties, which are important for the efficient functioning of the Resulting Company. These arrangements will be continued with the Resulting Company and the Resulting Company may enter into appropriate arrangements with the Demerged Company or such third parties for continuity of such arrangements.

- 16.3 The approval of this Scheme by the shareholders of the Resulting Company and the Demerged Company 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 LODR Regulations and the articles of association of the Resulting Company and the Demerged Company for the purposes of this Clause 16, and no further action under the Act, the SEBI LODR Regulations or the articles of association of the Resulting Company and the Demerged Company shall be separately required.

17. BUSINESS UNTIL THE EFFECTIVE DATE

- 17.1 With effect from the date of approval of this Scheme by the respective Boards of the Parties and up to and including the Effective Date:

17.1.1 The Demerged Company shall carry on the business of the Demerged Undertaking with reasonable diligence and business prudence and in the same manner as it had been doing hitherto; and

17.1.2 The Parties (with respect to the Demerged Undertaking) shall be entitled, pending the sanction of this Scheme, to apply to the Appropriate Authorities concerned as necessary under Applicable Law for such Permits which the Resulting Company may require to carry on the MFL Business and to give effect to this Scheme.

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

17.2.1 The Demerged Company shall be deemed to have been carrying on and shall carry on its business and activities of the Demerged Undertaking and shall be deemed to have held and stood possessed of and shall hold and stand possessed of the assets of the Demerged Undertaking for and on account of, and in trust for the Resulting Company;

17.2.2 All profits or income arising or accruing to the Demerged Company with respect to the Demerged Undertaking and all Taxes paid thereon (including but not limited to advance tax, tax deducted or collected at source, minimum alternate tax, dividend distribution tax, securities transaction tax, taxes withheld/ paid in a foreign country, etc.) or losses arising or incurred by the Demerged Company with respect to the Demerged Undertaking shall, for all purposes, be treated as and deemed to be the profits or income, Taxes or losses, as the case may be, of the Resulting Company;

17.2.3 All loans raised and all liabilities and obligations incurred by the Demerged Company with respect to the Demerged Undertaking, shall, subject to the terms of this Scheme, be deemed to have been raised, used or incurred for and on behalf of the Resulting Company and to the extent they are outstanding on the Effective Date, shall also, without any further act or deed be and be deemed to become the debts, liabilities, duties and obligations of the Resulting Company; and

17.2.4 The Parties shall be entitled, pending the sanction of the Scheme, as may be mutually agreed between them, to apply to the Appropriate Authorities concerned as necessary under Applicable Law for such Permits which the Resulting Company may require to carry on the MFL Business of the Demerged Company and to give effect to the Scheme.

18. APPLICATIONS/PETITIONS TO THE TRIBUNAL

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

19. MODIFICATION OR AMENDMENTS TO THIS SCHEME

- 19.1 The Board of Parties may make any modifications or amendments to this Scheme at any time and for any reason whatsoever, or which may otherwise be considered necessary, desirable or appropriate. The Board of the Parties may consent to any conditions or limitations that the Tribunal or any other Appropriate Authority may impose.
- 19.2 For the purposes of giving effect to this Scheme or to any modification hereof, the Board of the Demerged Company or the Board of the Resulting Company, acting jointly or individually, as may be relevant, (i) give such directions including directions for settling any question or difficulty that may arise and such directions shall be binding on the Resulting Company as if the same were specifically incorporated in this Scheme, (ii) do all such acts, deeds and things as may be necessary, desirable or expedient for carrying the Scheme into effect.

20. CONDITIONS PRECEDENT

- 20.1 This Scheme is conditional upon and subject to the following conditions precedent:
- 20.1.1 The Stock Exchanges having issued their observation / no-objection letters as required under the SEBI LODR Regulations read with the SEBI Schemes Master Circular and the SEBI Debt Circular;
- 20.1.2 This Scheme being approved by the respective requisite majorities of the various classes of (a) creditors (where applicable) of the Demerged Company and the Demerged Company Members; and (b) members and creditors (where applicable) of the Resulting Company, as required under the Act, subject to any dispensation of holding and convening meetings of members and creditors, that may be granted by the Tribunal;
- 20.1.3 the fulfilment, satisfaction or waiver (as the case may be) of any approvals or conditions mutually agreed by the Parties as required for completion of transactions contemplated under this Scheme;
- 20.1.4 Sanction of the Scheme by the Tribunal under Sections 230 to 232 of the Act and receipt of certified copy of the Sanction Order; and
- 20.1.5 The certified copy of the Sanction Order having been filed by the Parties with the RoC.
- 20.2 The Scheme shall not come into effect unless the aforementioned conditions mentioned in Clause 20.1 above are satisfied (or to the extent permissible under Applicable Law, waived by the Demerged Company) and in such an event, no rights and liabilities stated under this Scheme shall accrue to or be incurred inter se the Demerged Company and the Resulting Company or their respective shareholders or creditors or employees or any other Person.
- 20.3 On the approval of this Scheme by the shareholders of the Parties and such other classes of persons relating to the Parties, if any, such shareholders and classes of persons, shall also be deemed to have resolved and accorded all relevant consents under the Act or SEBI LODR Regulations or otherwise, to the same extent applicable to all the matters related to or arising pursuant to the Scheme and this Scheme itself.

21. WITHDRAWAL OF THIS SCHEME

- 21.1 The Demerged Company and the Resulting Company, acting jointly, shall be at liberty to withdraw the Scheme, as may be mutually agreed by the respective Boards of the Parties at any time before the Effective Date. In the event of withdrawal, no rights and liabilities whatsoever shall accrue to or be incurred by the respective Parties or their shareholders or creditors or employees or any other Person. In such case, each of the Parties shall bear its own costs and expenses or as may be otherwise mutually agreed.

22. IMPACT OF THE SCHEME ON HOLDERS OF DEMERGED COMPANY NCDs

- 22.1 Pursuant to this Scheme, there will be no change in terms and conditions of the Demerged Company NCDs. Details of the Demerged Company NCDs listed on BSE are set out in Schedule A. Transferring NCDs as set out in Schedule A hereto, form part of the Demerged Undertaking and will be transferred to the Resulting Company pursuant to this Scheme.
- 22.2 Safeguards for the protection of holders of NCDs of the Parties: Pursuant to the Scheme, the holders of Transferring NCDs as on the Effective Date will be transferred to the Resulting Company on same terms, including the coupon rate, tenure, redemption price, quantum, ranking nature of security, etc. Further, the holders of Retained NCDs as on the Effective Date will continue to hold NCDs of the Demerged Company, without any interruption, on same terms, including the coupon rate, tenure, redemption price, quantum, and nature of security, ISIN, etc..
- 22.3 The Demerged Company NCDs, as on the Effective Date, will continue to be freely tradable and listed on BSE, thereby providing exit option and liquidity to the holders of such NCDs.
- 22.4 In view of the provisions of this Clause 22 above, the Scheme will not have any adverse impact on the holders of the Demerged Company NCDs.

23. COSTS AND EXPENSES

All costs, charges and expenses payable in relation to or in connection with this Scheme and incidental to the completion of the transfer and vesting of the Demerged Undertaking in the Resulting Company, in pursuance of this Scheme including stamp duty on the order(s) of the Tribunal, if any, to the extent applicable and payable shall be borne and paid as mutually agreed between the Boards of the Parties.

24. SEVERABILITY

- 24.1 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 Parties may otherwise agree in writing.
- 24.2 Subject to Clause 24.1 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 Parties that such part shall be severable from the remainder of this Scheme and this Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to the Parties, in which case the Parties, 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 Tribunal or any court of competent jurisdiction, or unenforceable under present or future Applicable Laws.

25. SAVING OF CONCLUDED TRANSACTIONS

Nothing in this Scheme shall affect any transaction or proceedings already concluded or liabilities incurred by the Demerged Company in relation to the Demerged Undertaking until the Effective Date, to the end and intent that the Resulting Company shall accept and adopt all acts, deeds and things done and executed by the Demerged Company in respect thereto as done and executed on behalf of the Resulting Company.

SCHEDULE A

DETAILS OF DEMERGED COMPANY NCDs

	NCD 1	NCD 2	NCD 3
ISIN	INE647O08107	INE647O08115	INE647O08123
Face Value (INR)	10,00,000	1,00,000	1,00,000
Dividend / Coupon	Coupon	Coupon	Coupon
Terms of payment of dividends/ coupon including frequency, etc.	Annual Coupon with the coupon rate of 5.80%	Annual Coupon with the coupon rate of 7.80%	Annual Coupon with the coupon rate of 7.57%
Credit Rating	AA/Stable	AA/Positive	AA+/Stable
Tenure / Maturity	3 years	3 years	7 years
The terms of redemption	Interest to be paid annually and principle payable at maturity	Interest to be paid annually and principle payable at maturity	Interest to be paid annually and principle payable in 3 annual instalments at the end of 5 th , 6 th and 7 th year
Amount of redemption	INR 4,00,00,00,000 (Indian Rupees Four Hundred Crores Only)	INR 5,00,00,00,000 (Indian Rupees Five Hundred Crores Only)	INR 7,50,00,00,000 (Indian Rupees Seven Hundred Fifty Crores Only)
Date of redemption	09 September 2024	30 January 2026	12 September 2030
Redemption premium/ discount	NA	NA	NA
Early redemption scenarios, if any	Yes, in case the credit rating is downgraded to A	Yes, in case the credit rating is downgraded to A	Yes, in case the credit rating is downgraded to A+ or below
Other embedded features (put option, call option, dates, notification times, etc.)	NA	NA	NA
Other terms of instruments	As per Private Placement Offer letter dated September 6, 2021 and Debenture Trust Deed dated September 14, 2021	As per Private Placement Offer letter dated January 24, 2023 and Debenture Trust Deed dated January 31, 2023	As per Private Placement Offer letter dated September 11, 2023 and Debenture Trust Deed dated September 7, 2023
Latest audited financials along with notes to	https://www.abfrrl.com/		

	NCD 1	NCD 2	NCD 3
accounts and any audit qualifications			
Fairness Report	https://www.abfrl.com/		
An auditors' certificate certifying the payment / repayment capability of the resulting entity	NA	https://www.abfrl.com/	NA
Any other information/details pertinent for holders of NCDs	As per Private Placement Offer letter dated September 6, 2021 and Debenture Trust Deed dated September 14, 2021	As per Private Placement Offer letter dated January 24, 2023 and Debenture Trust Deed dated January 31, 2023	As per Private Placement Offer letter dated September 11, 2023 and Debenture Trust Deed dated September 7, 2023
Name of debenture trustee	Axis Trustee Services Limited	Axis Trustee Services Limited	Axis Trustee Services Limited

