

SCHEME OF ARRANGEMENT

BETWEEN

SCAL SERVICES LIMITED
[SCAL or Demerged Company]

AND

THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED
[BDMCL or Resulting Company]

AND

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

(A) PREAMBLE

The Scheme of Arrangement is presented under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 for demerger of Real Estate Business Undertaking (*defined hereinafter*) of Scal Services Limited (“SCAL” or “Demerged Company”) vesting into The Bombay Dyeing and Manufacturing Company Limited (“BDMCL” or “Resulting Company”) (*hereinafter referred to as the “Scheme”*).



(B) DESCRIPTION OF COMPANIES

I. **SCAL SERVICES LIMITED (“SCAL” or “Demerged Company”)** is a public company incorporated under the provisions of Companies Act, 1956 having its registered office at Raheja Point I, Wing 'A', Pt. Jawaharlal Nehru Road, Vakola, Santacruz (E), Mumbai - 400055, Maharashtra. The Demerged Company is engaged in *inter alia*, the following businesses: (a) Real Estate Business (“**Real Estate Business**”); and (b) Trading Business including business activities through E-Commerce Platform (“**Trading Business**”).

II. **THE BOMBAY DYEING MANUFACTURING AND COMPANY LIMITED (“BDMCL” or “Resulting Company”)** is a listed public company whose equity shares are listed on BSE Limited and National Stock Exchange of India Limited (NSE), incorporated and registered under the provisions of the Indian Companies Act, 1866, having its registered office at Neville House, J. N. Heredia Marg, Ballard Estate, Mumbai – 400001. The Resulting Company is engaged in the business of (a) Real Estate Activities (b) Polyester Staple Fibre and (c) Retail of Home Textiles.

(C) RATIONALE

Based on rationale mentioned herein the Board of Directors of both the Demerged Company and the Resulting Company have considered and approved this Scheme of Arrangement under the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 *inter alia* for Demerger of Real Estate Business Undertaking of SCAL vesting into BDMCL.

- (a) helping the Demerged Company to expand its Trading Business which comprises of a platform for digital marketing and distribution of textile products; and
- (b) Realignment and consolidation of its real estate business undertaking in Resulting Company in efficient manner and building strong capability to effectively meet future challenges in competitive business environment;
- (c) More focused management and greater visibility on the performance of individual businesses;
- (d) Synergies in operational process and creation of efficiencies by reducing time to market and benefiting customers as well as optimization of operation and capital expenditure; and
- (e) Leading to increased competitive strength, cost reduction and efficiencies, productivity gains by pooling the financial, managerial and technical resources, personnel capabilities, skills, expertise and technologies thereby significantly contributing to future growth.



The proposed scheme is expected to be beneficial to Demerged Company and Resulting Company and their respective shareholders, creditors and all other stakeholders and will enable Demerged Company and Resulting Company to achieve and fulfil their objectives more efficiently and economically.

(D) PARTS OF THE SCHEME:

This Scheme of Arrangement is divided into the following parts:

- **Part I** of the Scheme deals with definitions and interpretations, and sets out the share capital of all Companies which are parties to this Scheme;
- **Part II** of the Scheme deals with demerger of the Demerged Undertaking (*defined hereinafter*) from the Demerged Company as going concern, vesting with the Resulting Company;
- **Part III** deals with general terms and conditions applicable to this Composite Scheme;

- (E)** The arrangement under this Scheme will be effected under the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013. The demerger of the Demerged Undertaking of Demerged Company vesting with the Resulting Company shall be in compliance with the provisions of Section 2(19AA) of the Income Tax Act, 1961, respectively.

PART I

DEFINITIONS AND INTERPRETATIONS

1 DEFINITIONS

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

- (a) “**Act**” or “**the Act**” means the Companies Act, 2013, the rules and regulations made thereunder and will include any statutory amendment(s), modification(s) or re-enactment(s) thereof for time being in force;
- (b) “**Accounting Standards**” means the generally accepted accounting principles in India notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and to the extent in force and other relevant provisions of the Act;
- (c) “**Applicable Law**” means any applicable statute, notification, bye laws, rules, regulations, guidelines, rule of common law, policy, code, directives, ordinance, orders or instructions having the force of law enacted or issued by any Appropriate Authority, including any statutory amendment(s), modification(s) or re-enactment(s) thereof for the time being in force;



- (d) **“Appointed Date”** means July 1, 2018, or any other date as may be determined by the Appropriate Authority, being the date from which this Scheme shall be deemed to be effective, in the manner described in the Clause 4 of this Scheme;
- (e) **“Appropriate Authority”** means any applicable central, state or local government, legislative body, regulatory, administrative or statutory authority, or judicial body or authority, including, but not limited, to Securities and Exchange Board of India, Stock Exchanges, Registrar of Companies and National Company Law Tribunal;
- (f) **“Board”** in relation to the Demerged Company and Resulting Company as the case may be, means the Board of Directors of such company, and shall include any Committee of Directors duly constituted and authorized for the purposes of matters pertaining to the arrangement as contemplated under this Scheme and / or any other matter relating thereto;
- (g) **“Demerged Company”** or **“SCAL”** means **Scal Services Limited** is a public company, limited by shares, incorporated under the provisions of the Companies Act, 1956 and validly existing under Companies Act, 2013, under Corporate Identity No. U65990MH1983PLC031492 and having its Registered Office at Raheja Point I, Wing 'A', Pt. Jawaharlal Nehru Road, Vakola, Santacruz (E), Mumbai - 400055;
- (h) **“Demerged Undertaking”** means Real Estate Business undertaking being transferred to the Resulting Company under this Scheme on a going concern basis inclusive of but not limited to all assets (movable or immovable, tangible or intangible) including any rights attached thereto or any other right of similar nature, records, the operations, licenses, deferred tax asset, tax credits (including service tax and goods and service tax credit), the liabilities and obligations related to Real Estate Business undertaking. It shall also include any personnel, intellectual property rights including rights registered for Real Estate Business undertaking, or such other rights or tangible or intangible properties belonging to, or forming part of, or relating or appertaining or attributable to the division identified as the Real Estate Business undertaking of the Demerged Company. For the purpose of this Scheme, it is clarified that liabilities pertaining to the Demerged Undertaking of the Demerged Company shall include:
- (i) The liabilities, which arise out of the activities or operations of the Demerged Undertaking of the Demerged Company;
 - (ii) Specific loans and / or other financing facilities raised, incurred and / or utilized solely for the activities or operations of the Demerged Undertaking of the Demerged Company;
 - (iii) Liabilities other than those referred to in Sub-Clauses (i) and (ii) above, and not



directly relatable to the Remaining Business of the Demerged Company, being the amounts of general or multipurpose borrowings, if any of the Demerged Company, allocated to the Demerged Undertaking of the Demerged Company in the same proportion which the value of the assets transferred bears to the total value of the assets of the Demerged Company immediately before giving effect to this Scheme.

- (i) **“Effective Date”** means the last of the dates on which the certified copies of the Order of the National Company Law Tribunal sanctioning the Scheme of Arrangement is filed with the Registrar of Companies by the Demerged Company and Resulting Company;
- (j) **“Employees”** means all the employees of the Demerged Company and Resulting Company, as the case may be respectively as on the Effective Date, in relation to Part II and/ or Part III of this Scheme;
- (k) **“IT Act”** means the Income-tax Act, 1961, any re-enactment thereof and the rules, regulations, circulars and notifications issued thereunder, each as amended from time to time and to the extent in force;
- (l) **“Registrar of Companies” or “RoC”** means the Registrar of Companies having jurisdiction over the Companies forming part of this Scheme;
- (m) **“Remaining Undertaking”** means all the undertaking, businesses, activities and operations of the Trading Business including business activities through E-Commerce Platform of Demerged Company other than those comprised in real estate business;
- (n) **“Resulting Company” or “BDMCL”** means **The Bombay Dyeing and Manufacturing Company Limited**, a public company limited by shares incorporated under the provisions Indian Companies Act, 1866 and validly existing under Companies Act, 1956 and Companies Act, 2013, under Corporate Identity No. L17120MH1879PLC000037 and having its Registered Office at Neville House, J N Heredia Marg, Ballard Estate, Mumbai MH 40001;
- (o) **“Scheme” or “the Scheme” or “this Scheme”** means this Scheme of Arrangement in its present form submitted to the NCLT or as the case may be this Scheme with such modification(s), if any made, as per Clause 16 of the Scheme;
- (p) **“Stock Exchanges”** means BSE Limited and National Stock Exchange of India Limited, as may be applicable.



- (q) "Tribunal" or "NCLT" means the National Company Law Tribunal ("NCLT") as constituted and authorized as per the provisions of the Act for approving any scheme of arrangement, compromise or reconstruction of companies under Sections 230 to 232 of the Companies Act, 2013.

2 INTERPRETATION

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning prescribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, Income-tax Act, 1961 and other Applicable Laws, rules, regulations, bye laws, as the case may be, including any statutory modification or re-enactment thereof from time to time.

In this Scheme, unless the context otherwise requires:

- (i) the words "including", "include" or "includes" shall be interpreted in a manner as though the words "without limitation" immediately followed the same;
- (ii) any document or agreement includes a reference to that document or agreement as varied, amended, supplemented, substituted, novated or assigned, from time to time, in accordance with the provisions of such a document or agreement;
- (iii) the words "other", "or otherwise" and "whatsoever" shall not be construed *ejusdem generis* or be construed as any limitation upon the generality of any preceding words or matters specifically referred to;
- (iv) the headings are inserted for ease of reference only and shall not affect the construction or interpretation of the relevant provisions of this Scheme;
- (v) the term "Clause" or "Sub-Clause" refers to the specified clause of this Scheme, as the case may be;
- (vi) reference to any legislation, statute, regulation, rule, notification or any other provision of law means and includes references to such legal provisions as amended, supplemented or re-enacted from time to time, and any reference to legislation or statute includes any subordinate legislation made from time to time under such a legislation or statute and regulations, rules, notifications or circulars issued under such a legislation or statute;
- (vii) Words in the singular shall include the plural and *vice versa*.



3 SHARE CAPITAL

- 3.1 The authorized, issued, subscribed and paid-up share capital of SCAL as on March 31, 2018 is as under:

Share Capital	Amount in Rs.
Authorized Share Capital	
2,00,000 Equity Shares of Rs.100/- each	2,00,00,000
28,00,000 Unclassified Shares of Rs.100/- each	28,00,00,000
TOTAL	30,00,00,000
Issued, Subscribed and Paid-up Share Capital	
1,60,000 Equity Shares of Rs.100/- each	1,60,00,000
TOTAL	1,60,00,000

Subsequent to the above date and till date of Board approval, there has been no change in the issued, subscribed and paid up capital of SCAL.

- 3.2 The authorized, issued, subscribed and paid-up share capital of BDMCL as on March 31, 2018 is as under:

Share Capital	Amount in Rs.
Authorized Share Capital	
53,00,00,000 Equity Shares of Rs. 2 each	106,00,00,000
TOTAL	106,00,00,000
Issued, Subscribed and Paid-up Share Capital	
20,65,34,900 Equity Shares of Rs. 2 each fully paid up	41,30,69,800
TOTAL	41,30,69,800

Subsequent to the above date and till date of Board approval, there has been no change in the issued, subscribed and paid up capital of BDMCL.

4 DATE OF TAKING EFFECT AND OPERATIVE DATE

Each section of the Scheme set out herein in its present form or with any modifications(s) in accordance with Clause 16 of the Scheme shall, unless otherwise specified, be effective from the Appointed Date but operative from the Effective Date.



PART II

TRANSFER OF THE DEMERGED UNDERTAKING FROM THE DEMERGED COMPANY AND VESTING WITH THE RESULTING COMPANY

5 TRANSFER OF DEMERGED UNDERTAKING OF THE DEMERGED COMPANY AND VESTING WITH THE RESULTING COMPANY

5.1 Subject to the provisions of the Scheme in relation to the modalities of demerger and vesting, upon the Scheme coming into effect and with effect from the Appointed Date, the Demerged Undertaking together with all their properties, assets, investments, liabilities, rights, benefits, interests and obligations therein, shall demerge from the Demerged Company and be transferred to, and stand vested with the Resulting Company, and shall become the property of and an integral part of the Resulting Company, subject to existing encumbrances, without any further act, instrument or deed and without any approval or acknowledgement of any third party. Without prejudice to the generality of the above, in particular, the Demerged Undertaking shall stand transferred to and vested with the Resulting Company, in the manner described in Sub-Clauses (a) – (k) below:

- (a) Upon the Scheme coming into effect and with effect from the Appointed Date, all immovable property pertaining to the Demerged Undertaking, whether freehold or leasehold and any documents of title, rights and easements in relation thereto, shall stand transferred and vested with the Resulting Company, and shall become the property and an integral part of the Resulting Company, without any further act, instrument or deed. Upon the Scheme coming into effect, the Resulting Company shall be entitled to exercise all rights and privileges and be liable to pay all taxes and charges, and fulfil all obligations, in relation to or applicable to such immovable properties. The mutation/substitution of the title to and interest in such immovable properties shall be made and duly recorded in the name of the Resulting Company, by the appropriate authorities pursuant to the sanction of the Scheme by the NCLT and the Scheme becoming effective in accordance with the terms hereof. The Demerged Company shall take all steps as may be necessary to ensure that lawful and peaceful possession, right, title, interest of such immovable property of the Demerged Undertaking is given to the Resulting Company in accordance with the terms hereof.



- (b) Upon the Scheme coming into effect and with effect from the Appointed Date, all the assets of the Demerged Undertaking as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and delivery or by transfer or by vesting and recording pursuant to the Scheme, shall stand transferred and vested in the Resulting Company, and shall become the property and an integral part of the Resulting Company, without any further act, instrument or deed and without any approval or acknowledgement of any third party. The transfer and vesting pursuant to this Sub-Clause shall be deemed to have occurred by manual delivery or endorsement and delivery, as appropriate to the property being transferred and vested, and the title to such property shall be deemed to have been transferred and vested accordingly.
- (c) The intercompany balances, loans and advances, debentures, intercompany agreements, if any, pertaining to the Demerged Undertaking, outstanding between the Demerged Company and the Resulting Company in respect of the Demerged Undertaking will stand cancelled.
- (d) Upon the Scheme coming into effect and with effect from the Appointed Date, any and all other movable property (except those specified elsewhere in this Clause) including all sundry debts and receivables, outstanding loans and advances, if any, relating to the Demerged Undertaking, recoverable in cash or in kind or for value to be received, actionable claims, bank balances and deposits, if any with government, semi-government, local and other authorities and bodies, customers and other persons shall, without any act, instrument or deed and without any approval or acknowledgement of any third party become the property of the Resulting Company.
- (e) Upon the Scheme coming into effect and with effect from the Appointed Date, all debts, liabilities, duties and obligations, secured or unsecured, relating to the Demerged Undertaking, including financial obligations arising out of the loans of the Demerged Company and general and multipurpose borrowings, if any, dealt with in accordance with Section 2(19AA) of the IT Act, shall become and be deemed to be, the debts, liabilities, duties and obligations of the Resulting Company, without any further act, instrument or deed. The Resulting Company shall meet, discharge and satisfy the same to the exclusion of the Demerged Company. It is hereby clarified that it shall not be necessary to obtain the consent of any third party or other person, who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this Sub-Clause. However, the Demerged Company and the Resulting Company shall, if required, file appropriate forms with the ROC accompanied by the sanction



order of the NCLT or a certified copy thereof and execute necessary deeds or documents in relation to creation / satisfaction / modification of charges to the satisfaction of the lenders, in relation to the assets being transferred to the Resulting Company as part of the Demerged Undertaking and / or in relation to the assets remaining in the Demerged Company after the demerger and vesting of the Demerged Undertaking with the Resulting Company pursuant to this Scheme becoming effective in accordance with the terms hereof.

- (f) Upon the Scheme coming into effect and with effect from the Appointed Date, all incorporeal or intangible property of or in relation to the Demerged Undertaking shall stand transferred to and vested with the Resulting Company, and shall become the property and an integral part of the Resulting Company without any further act, instrument or deed and without any approval or acknowledgement of any third party.
- (g) Upon the Scheme coming into effect and with effect from the Appointed Date, all letters of intent, memorandum of understanding, memoranda of agreements, tenders, bids, experience and / or performance statements, contracts, deeds, bonds, agreements, insurance policies, guarantees and indemnities, schemes, arrangements, undertakings and other instruments of whatsoever nature or description, in relation to the Demerged Undertaking to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, shall be in full force and effect against or in favour of the Resulting Company and may be enforced by or against the Resulting Company as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto, without any further act, instrument or deed and without any approval or acknowledgement of any third party.
- (h) Upon the Scheme coming into effect and with effect from the Appointed Date, all rights, entitlements, licenses, applications and registrations relating to copyrights, trademarks, service marks, brand names, logos, patents and other intellectual property rights of every kind and description, whether registered, unregistered or pending registration, and the goodwill arising there from, relating to the Demerged Undertaking, to which either the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible or entitled, shall become the rights, entitlement or property of the Resulting Company and shall be enforceable by or against the Resulting Company, as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto or the holder or owner thereof.
- (i) Upon the Scheme coming into effect and with effect from the Appointed Date, all permits, grants, allotments, recommendations, rights, entitlements, licenses



- and registrations, approvals, clearances, tenancies, privileges, powers, taxes, tax credits (including, but not limited to, credits in respect of income tax (including carry forward tax losses including unabsorbed depreciation etc.), sales tax, GST Credits, value added tax, turnover tax, excise duty, service tax, goods and service tax, minimum alternate tax credit, facilities of every kind and description of whatsoever nature, in relation to the Demerged Undertaking to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, shall be enforceable by or against the Resulting Company, as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto.
- (j) Upon the Scheme coming into effect and with effect from the Appointed Date, any statutory or regulatory licenses, grants, allotments, recommendations, no-objection certificates, permissions, registrations, approvals, consents, permits, quotas, exemptions, entitlements or rights required to carry on the operations of the Demerged Undertaking or granted to the Demerged Company in relation to the Demerged Undertaking shall stand transferred and vested with the Resulting Company, without any further act, instrument or deed and without any approval or acknowledgement of any third party. The benefit of, and the obligations under, all such statutory and regulatory licences, permissions, grants, allotments, recommendations, no-objection certificates, permissions, registrations, approvals, consents, permits, quotas, exemptions, entitlements or rights required to carry on the operations of the Demerged Undertaking shall also stand transferred to and vested with and become available to the Resulting Company pursuant to this Scheme without any further act, instrument or deed and without any approval or acknowledgement of any third party. If the consent or approval of any licensor or authority is required to give effect to the provisions of this Sub-Clause, the said licensor or authority shall make and duly record the necessary substitution/endorsement in the name of the Resulting Company pursuant to the Scheme becoming effective in accordance with the terms hereof.
- (k) It is clarified that in accordance with applicable provisions of tax laws, upon the Scheme coming into effect and with effect from the Appointed Date:
- (i) all tax liabilities, tax dues, any tax at source deducted or suffered or any entitlement to refund / advance tax paid and all obligations of and claims by or on behalf of the Demerged Company in relation to the Demerged Undertaking until the Appointed Date shall continue to remain the obligations, entitlements and claims of the Demerged Company;
 - (ii) to the extent permitted by Section 72A(4) of the IT Act carry forward tax losses and unabsorbed depreciation of the Demerged Company in relation to the Demerged Undertaking until the Appointed Date shall be treated as the carry forward tax losses and unabsorbed depreciation, as the case may



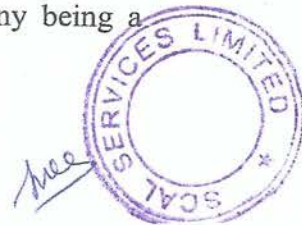
be, of the Resulting Company and shall be available for utilisation by the Resulting Company;

- (iii) all indirect tax credit (including MODVAT / CENVAT / service tax / goods and service tax etc.) of the Demerged Company in relation to the Demerged Undertaking until the Appointed Date shall be treated as credit of, the Resulting Company and shall be available for utilisation by the Resulting Company;
 - (iv) all future incentives, un-availed credits and exemptions and other statutory benefits whether relating to direct or indirect taxes including but not limited to excise (including MODVAT / CENVAT), customs, value added tax, sales tax, service tax, goods and service tax to which any of the Demerged Company is entitled in relation to the Demerged Undertaking shall be available for the benefit of the Resulting Company and shall stand transferred and vested in the Resulting Company without any further act, instrument or deed required by either the Resulting Company or the Demerged Company and without any approval or acknowledgement of any third party as if all such incentives, exemptions and entitlements had arisen to and were always the incentives and entitlements of the Resulting Company.
- (1) Upon the Scheme coming into effect, the Demerged Company and the Resulting Company shall be entitled to file / revise / reopen their financial statements (including balance sheet and profit and loss statement) and its statutory/tax returns and related tax payment certificates and to claim refunds/credits and advance tax / tax deducted at source / minimum alternate tax credits as may be required consequent to the implementation of the Scheme.

5.2 The Resulting Company shall at any time upon the Scheme coming into effect and in accordance with the provisions hereof, if so required under any law or otherwise, execute deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to the Demerged Undertaking to which the Demerged Company has been a party, in order to give formal effect to the above provisions.-

6 CONSIDERATION

6.1 Upon this Scheme becoming effective and upon vesting of the Demerged Undertaking of the Demerged Company into the Resulting Company in terms of this Scheme, the Resulting Company shall without any further application or deed, issue and allot Preference Shares, credited as fully paid-up, to the extent indicated below, to the members of the Demerged Company (other than the Resulting Company being a



member in the Demerged Company), holding fully paid up equity shares in the Demerged Company and whose names appear in the Register of Members of the Demerged Company on the Effective Date or to such of their respective heirs, executors, administrators or other legal representative or other successors in title as may be recognized by the Board of Directors of the Resulting Company in the following manner:

3 (Three) fully paid up 8% Redeemable Non-convertible Non-Cumulative Preference Share of Rs. 100 each of the Resulting Company shall be issued and allotted for every 1 (One) equity share of Rs. 100 each held in the Demerged Company.

- 6.2 The Preference Shares shall be issued on terms and conditions consistent with the principal terms and conditions set out in Schedule I.
- 6.3 The Shares to be issued by the Resulting Company pursuant to Clause 6.1 above shall be issued in physical form by the Resulting Company, unless otherwise requested in writing by the shareholders of the Demerged Company and Shares issued pursuant to Scheme shall not be listed in any stock exchange(s) unless required by any extant regulations.
- 6.4 The Resulting Company shall, if necessary and to the extent required, increase or reclassify its Authorized Share Capital to facilitate issue of Preference Shares under this Scheme.
- 6.5 The Preference Shares to be issued by the Resulting Company to the equity shareholders of the Demerged Company shall be subject to the Scheme and the Memorandum and Articles of Association of the Resulting Company.
- 6.6 It is hereby clarified that while issuing Preference Shares by the Resulting Company to any equity shareholders of the Demerged Company in respect of fractional entitlements, if any, as on the date referred to in Clause 6.1, of such equity shareholder, such fractional entitlements, if any, of such equity shareholders of the Demerged Company shall be rounded off to the nearest highest integer.
- 6.7 On the approval of the Scheme by the equity shareholders of the Resulting Company pursuant to Section 230 to 232 of the Companies Act, 2013 it shall be deemed that equity shareholders of the Resulting Company have also accorded their consent under sections 23, 42, 55 and 62 of the 2013 Act and/or other provisions of the Act and rules



made thereunder as may be applicable for the aforesaid issuance of Preference Shares of the Resulting Company, as the case may be, to the shareholders of the Demerged Company, and all actions taken in accordance with this Clause 6.1 of this Scheme shall be deemed to be in full compliance of sections 23, 42, 55 and 62 of the 2013 Act and other applicable provisions of the Act and that no further resolution or actions under sections 42, 55 and 62 of the 2013 Act and/or any other applicable provisions of the Act and ruled made thereunder, including, *inter alia*, issuance of a letter of offer by the Resulting Company shall be required to be passed or undertaken.

7 ACCOUNTING TREATMENT IN THE BOOKS OF THE DEMERGED COMPANY AND RESULTING COMPANY

7.1 In the books of the Demerged Company:

Pursuant to the Scheme coming into effect, with effect from the Appointed Date, the Demerged Company shall account for the demerger, in its books of account in accordance with the accounting standards prescribed under section 133 of the Act as applicable and general accepted accounting principles in India in the following manner:

7.1.1 The Demerged Company shall transfer all assets and liabilities pertaining to the Demerged Undertaking as on the Appointed Date at the values appearing in its books of account and correspondingly reduce from its books of account, the book values appearing on Appointed Date in accordance with the provisions of section 2(19AA) of the Income Tax Act;

7.1.2 The difference i.e. the excess or shortfall, as the case may be, of the net book value of assets over the liabilities transferred pertaining to or attributable to the Demerged Undertaking, and demerged from the Demerged Company pursuant to the Scheme, shall be carried to Capital Reserve.

7.2 In the books of the Resulting Company:

Recording the transfer of assets and liabilities on demerger:

Pursuant to the Scheme coming into effect, with effect from the Appointed Date, the Resulting Company shall account for the demerger, in its books of accounts such that:

7.2.1 The Resulting Company shall initially record the assets and liabilities of the Demerged Undertaking, transferred to and vested in it pursuant to this Scheme, at their respective book values as appearing in the books of account of the Demerged Company immediately before the demerger in accordance with the provisions of section 2(19AA) of the Income Tax Act;

7.2.2 The Resulting Company shall credit its share capital account with the face value of New Preference Shares issued in accordance with Clause 6.1.

7.2.3 The surplus / deficit between the value of Net Assets ("Net Assets" means excess of value of assets over the value of liabilities as per Clause 7.2.1) pertaining to the



Demerged Undertaking and the amount of New Preference Shares issued under Clause 6.1 above shall be credited to capital reserve / debited to goodwill as the case may be.

- 7.2.4 Having recorded the transfer of the assets and the liabilities as aforesaid, the Resulting Company shall make necessary adjustments such that all the assets and liabilities acquired (including assets and liabilities not specifically recognized by the Demerged company in its financial statements), as well as shares issued and the resultant goodwill/ capital reserve arising on demerger are reflected at their acquisition date fair values as required for compliance with the mandatory Indian Accounting Standards, specifically, Ind AS 103 'Business Combinations', notified under Section 133 of the Act, read with the rules made there under and other Generally Accepted Accounting Principles. Further, acquisition related costs will also be accounted in accordance with the requirements of Ind AS 103 'Business Combinations'.

8 RECLASSIFICATION OF AUTHORISED SHARE CAPITAL OF RESULTING COMPANY

- 8.1 Upon sanction of this Scheme, 2,00,00,000 (Two Crore) equity shares of face value of Rs. 2 each of the Resulting Company is to be reclassified as 4,00,000 (Four Lakh) Preference Shares of Rs. 100 each of the Resulting Company. Accordingly with effect from the Effective Date, the Authorised Share Capital of the Resulting Company shall stand to Rs. 106,00,00,000/- (Rupees One Hundred Six Crores only) divided into 51,00,00,000 (Fifty One Crore) Equity Shares of Rs. 2 each and 4,00,000 (Four Lakh) Preference Shares of Rs. 100 each and Clause 5 (Capital Clause) of the Memorandum of Association and Clause 3 of Articles of Association of the Resulting Company shall stand altered as under:

Clause 5 of Memorandum of Association

5. The Authorized Share Capital of the Company is Rs. 1,06,00,00,000 (Rupees One Hundred and Six Crores) divided into 51,00,00,000 (Fifty One Crore) equity shares of the face value of Rs. 2/- (Rupees Two) and 4,00,000 (Four Lakh) preference shares of the face value of Rs. 100/- (Rupees Hundred) each with the power to increase or reduce the capital, to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred or special rights, privileges, or conditions as may be determined by or in accordance with the regulations of the Company to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company.



Clause 3 of Articles of Association

3. *The Authorized Share Capital of the Company is Rs. 1,06,00,00,000 (Rupees One Hundred and Six Crores) divided into 51,00,00,000 (Fifty One Crore) equity shares of the face value of Rs. 2/- (Rupees Two) and 4,00,000 (Four Lakh) preference shares of the face value of Rs. 100/- (Rupees Hundred) each*

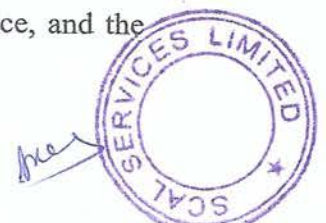
- 8.2 It is clarified that the approval of the members of the Resulting Company to this Scheme shall be deemed to be their consent / approval also to the alteration of the Memorandum and Articles of Association of the Resulting Company as may be required under Sections 13, 14, 61 and 64 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and the Companies Act, 1956.

9 REMAINING UNDERTAKING OF DEMERGED COMPANY

- 9.1 The Remaining Undertaking and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and remain vested in and be managed by the Demerged Company.
- 9.2 All proceedings by or against the Demerged Company under any statute, whether pending on the Effective Date or which may be instituted at any time thereafter, and relating to the Remaining Undertaking of the Demerged Company (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the remaining undertaking) shall be continued and enforced against the Demerged Company.
- 9.3 If proceedings are taken against the Resulting Company in respect of matters referred to in Clause 9.2 above relating to the Remaining Undertaking, it shall defend the same in accordance with the advice of the Demerged Company and at the cost of the Demerged Company, and the latter shall reimburse and indemnify the Resulting Company, against all liabilities and obligations incurred by the Resulting Company in respect thereof.

10 EMPLOYEES

- 10.1 On the Scheme becoming operative, all staff and employees of the Demerged Company pertaining to the Demerged Undertaking in service on the Effective Date shall be deemed to have become staff and employees of the Resulting Company without any break in their service and on the basis of continuity of service, and the



terms and conditions of their employment with the Resulting Company shall not be less favourable than those applicable to them with reference to their employment in the Demerged Company.

10.2 It is expressly provided that, on the Scheme becoming effective, the Provident Fund, Gratuity Fund, Superannuation Fund or any other Special Fund or Trusts, if any, created or existing for the benefit of the staff and employees of the Demerged Company pertaining to the Demerged Undertaking or all purposes whatsoever in relation to the administration or operation of such Fund or Funds or in relation to the obligation to make contributions to the said Fund or Funds in accordance with the provisions thereof as per the terms provided in the respective Trust Deeds, if any, to the end and intent that all rights, duties, powers and obligations of the Demerged Company in relation to the Demerged Undertaking in relation to such Fund or Funds shall become those of the Resulting Company. It is clarified that the services of the staff and employees of the Demerged Company pertaining to the Demerged Undertaking will be treated as having been continuous for the purpose of the said Fund or Funds.

10.3 With effect from the date of filing of the Scheme with the NCLT and up to and including the effective date, the Demerged Company shall not vary the terms and conditions of employment of any of the employees of the Demerged Company pertaining to the Demerged Undertaking except in the ordinary course of business or without the prior consent of Board of Directors of the Resulting Company or pursuant to any pre-existing obligation undertaken by the Demerged Company.

11 CONDUCT OF BUSINESS UNTIL THE EFFECTIVE DATE

Till the Effective Date:

11.1 The Demerged Company shall carry on and be deemed to have carried on business and activities relating to Demerged Undertaking and shall stand possessed of all its assets and properties referred to above, in trust for the Resulting Company and shall account for the same to the Resulting Company. The Demerged Company shall hold the said assets with utmost prudence until the Effective Date.

11.2 All profits or income arising or accruing in favour of the Demerged Company in relation to Demerged Undertaking and all taxes paid thereon (including but not limited to advance tax, tax deducted at source, minimum alternate tax credit, Service tax, goods and service tax, taxes withheld / paid in foreign country, value added tax credit, CENVAT credit etc.) or losses / expenses arising or incurred by the Demerged Company in relation to Demerged Undertaking shall, for all purpose, be treated as and



deemed to be the profits or income, taxes or losses or expenses, as the case may be, of the Resulting Company.

12 LEGAL PROCEEDINGS

- 12.1 If any suit, appeal or other proceedings of whatever nature by or against the Demerged Company relating to the Demerged Undertaking is pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of this demerger or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings shall be continued, prosecuted and enforced by or against the Resulting Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Demerged Company as if the Scheme had not been made.
- 12.2 On and from the Effective Date, the Resulting Company shall be entitled to initiate or continue all legal proceedings in relation to the Demerged Undertaking vested with the Resulting Company.

13 CONTRACTS, DEEDS AND OTHER INSTRUMENTS

- 13.1 Subject to the other provisions of the Scheme, all contracts, deeds, bonds, agreements and other instruments of whatsoever nature relating to the Demerged Undertaking, to which the Demerged Company are a party, or the benefit to which the Demerged Company may be eligible, subsisting or operative immediately on or before the Effective Date, shall be in full force and effect against or in favour of the Resulting Company and may be enforced as fully and effectively as if instead of the Demerged Company, the Resulting Company had been a party or beneficiary thereto.
- 13.2 As a consequence of the demerger of the Demerged Company vesting with the Resulting Company in accordance with or pursuant to this Scheme, the recording of change in name in the records of the statutory or regulatory authorities from the Demerged Company to the Resulting Company, whether relating to any licence, permit, approval or any other matter, or whether for the purposes of any transfer, registration, mutation or any other reason, shall be carried out by the concerned statutory or regulatory or any other authority subject to appropriate documentation by the Resulting Company.

14 SAVING OF CONCLUDED TRANSACTIONS

The demerger, transfer and vesting of the Demerged Undertaking with the Resulting Company and the continuance of proceedings by or against the Demerged Company until the Effective Date, to the extent it relates to the Demerged Undertaking shall not



affect any transaction or proceedings already concluded by the Demerged Company on or before the Effective Date, to the end and intent that the Resulting Company accepts and adopts all acts, deeds and things done and executed by the Demerged Company in respect thereto as done and executed on behalf of itself.

PART III
GENERAL TERMS AND CONDITIONS

15 APPLICATION TO NCLT

15.1 The Demerged Company and Resulting Company shall make all necessary applications / petitions under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the said Act to the NCLT for sanction of this Scheme under the provisions of the law.

16 MODIFICATION OR AMENDMENTS TO THE SCHEME

16.1 Subject to approval of the NCLT, the Demerged Company and Resulting Company by their respective Board of Directors or any duly authorized committee may make or consent to any modifications or amendments to the Scheme, or to any conditions or limitations that the NCLT or any other authority may deem fit to direct or impose, or which may otherwise be considered necessary, desirable or appropriate by the respective Board of Directors or committees, including withdrawal of this Scheme and solve all difficulties that may arise for carrying out the Scheme and do all acts, deeds and things necessary for putting the Scheme into effect. No modification or amendment to the Scheme will be carried out or effected by the respective Boards without approaching the NCLT.

16.2 The Demerged Company and Resulting Company shall be at liberty to withdraw from this Scheme, in case any condition or alteration is / are imposed by the NCLT or any other authority is unacceptable to them or otherwise if so mutually agreed.

16.3 For the purpose of giving effect to this Scheme or to any modification thereof, the Board of Directors of the Demerged Company and Resulting Company or any other duly authorized committee thereof are authorized severally to give such directions including directions for settling any question of doubt or difficulty that may arise under this Scheme or in regard to and of the meaning or interpretation of this Scheme or implementation thereof or in any matter whatsoever connected therewith, and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in the Scheme.



17 CONDITIONALITY OF THE SCHEME

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

- 17.1 The Scheme being approved by the requisite majorities in number and value of such classes of persons including the members and / or creditors of the Demerged Company and Resulting Company, as may be directed by the Tribunal or any other competent authority or any other appropriate authority under the applicable provisions of the Act, as may be applicable
- 17.2 The requisite consent, approval or permission of the Central Government or any other statutory or regulatory authority, which by law or regulations or otherwise may be necessary for the implementation of this Scheme.
- 17.3 Certified or authenticated copy of the Order(s) of the NCLT sanctioning the Scheme being filed with the Registrar of Companies by Demerged Company and Resulting Company as may be applicable.

18 EFFECT OF NON-RECEIPT OF APPROVALS

- 18.1 In the event of any of the said sanctions and approvals referred to in the preceding clause not being obtained and/ or the Scheme not being sanctioned by the NCLT or such other competent authority and / or the Order not being passed as aforesaid before September 30, 2019 or within such further period or periods as may be agreed upon between Demerged Company and Resulting Company by their respective Board of Directors (and which the Board of Directors of the Companies are hereby empowered and authorised to agree to and extend the Scheme from time to time without any limitation), this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law.

19 COSTS, CHARGES & EXPENSES

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of Demerged Company and Resulting Company arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne by the Demerged Company and Resulting Company as may be mutually agreed upon by the Board of Directors of respective Companies.



Schedule 1

Terms of issue of Redeemable Preference Shares (RPS)

Sr. No.	Particulars	Terms
1	Face Value	The RPS issued pursuant to Clause 6.1 of the Scheme shall have a face value of Rs. 100 (Rupees Hundred) per RPS
2	Coupon	8% (Eight per cent) per annum, payable annually, subject to deduction of taxes at source if applicable
3	Accumulation of dividend	The RPS shall be non-cumulative, non-convertible and non-participating in nature.
4	Voting Rights	Non-voting except in accordance with Section 47 of the Companies Act, 2013.
5	Tenure	36 (Thirty Six) months from the date of allotment
6	Redemption	The Resulting Company shall have an option to redeem the Preferences Shares any time within 36 months from the date of allotment of such Preference Shares, at par.
7	Listing	The Preference Shares will not be listed on any stock exchange(s) unless required by the extant regulations.

For THE BOMBAY DYEING & MFG. CO. LTD.


(SANJIVE ARORA)
COMPANY SECRETARY

For Scat Services Limited


Director