

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

**NCL ALLTEK & SECCOLOR LIMITED**

**AND**

**NCL HOLDINGS (A&S) LIMITED**

**AND**

**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

**PART I – GENERAL**

- A. NCL Alltek & Seccolor Limited is a company incorporated under the Companies Act, 1956, having its Registered office at 4<sup>th</sup> Floor, Plot No.1, Ganga Enclave, Kompally Road, Petbasheerabad, Hyderabad - 500067 (the **“Demerged Company”, or “Transferor Company” or “NASL”**). The Transferor Company is engaged in the business of manufacture of various Building materials like Window profiles, Paints, Emulsions and Putties, AAC Bricks etc. NASL also holds investments in various subsidiaries engaged in different activities like Real Estate, Seeds and Agro Products, Energy, Chemicals etc.
- B. NCL Holdings (A&S) Limited is a company incorporated under the Companies Act, 2013, having its Registered office at Plot No.1, 4<sup>th</sup> Floor, Survey No. 12 & 14, Ganga Enclave, Petbasheerbagh, Quthbulla, Hyderabad - 500055 (the **“Resulting Company”, or “Transferee Company” or “NHL”**). The Transferee Company has been incorporated to take over the assets and investments in relation to the non building material activities of the Transferor Company
- C. NASL’s investments in companies with diverse activities have resulted in the dilution of the identity of the Transferor Company as a Building Materials Company, though it’s primary activity consists of manufacturing and trading in various building materials.
- D. The Board of Directors of the Transferor Company felt that it is desirable to re-establish its identity as a business entity primarily focusing on manufacture of building materials, and that such a focused activity will enhance the shareholders’ value.
- E. The Board of Directors of the Transferor Company has therefore decided to retain the activity of manufacturing of building materials and to transfer all its other investments to a separate company i.e., the Resulting Company which has been formed with the specific purpose of taking over such investments.
- F. Accordingly a Scheme of Arrangement (hereinafter referred to as **“Scheme” or “Scheme of Arrangement”**) has been prepared whereby all the shareholders of NASL will be allotted shares in the Resulting Company in the same proportion as they currently hold in NASL

- G. The Scheme of Arrangement has been approved by the Board of Directors of both the Transferor as well as the Resulting Company.
- H. The demerger of the other investments would help the Transferor Company and Resulting Company to focus on their respective businesses more effectively which requires diversified strategies and planning, and also seek further investments from different sets of investors interested in their respective focused activities.
- I. Bifurcation of the Transferor Company into two companies by virtue of the Scheme will also give an option to the shareholders to sell their shares from either the Transferor or Resulting Company in which they are not interested, while retaining their investment in the activity in which they are interested.
- J. This scheme has been drawn up so that the Demerger of the demerged undertaking from the Transferor Company to the Resulting Company is compliant with the conditions relating to the demerger as specified in section 2(19AA) of the Income Tax Act, 1961.
- K. The Board of Directors of NASL and NHL are of the opinion that the transfer would result in benefit to the shareholders, creditors and employees of both the companies and the general public.

## 1. DEFINITIONS

- 1.1. In the Scheme unless repugnant to the meaning or context thereof, the following expressions shall have the following meaning:

**‘Act’ or ‘The Act’** means the Companies Act, 2013 including any statutory modifications, re-enactment or amendments for the time being in force.

**‘Appointed Date’** means the 1<sup>st</sup> of April, 2017 or such other date as may be fixed by the Hon’ble National Company Law Tribunal or by such other authority having jurisdiction under law.

**‘Board of Directors’ or ‘Board’** in relation to each of the Transferor Company and the Resulting Company as the case may be means the Board of directors of such Company or companies.

**‘Demerger’** means the transfer by way of demerger of the demerged undertaking from the Transferor Company to the resulting company.

**‘Demerged undertaking’** means the undertaking of the Transferor Company comprising its investments in other companies and the assets which are not used or connected with the manufacture of building materials by the Transferor Company.

**“Effective Date”** means the last of the dates on which all the conditions and matters referred to in Clause 15 hereof have been fulfilled. References in this Scheme to the date of “coming into

effect of this Scheme” or “effectiveness of the Scheme” shall mean the Effective Date.

“**Income Tax Act**” means the Income Tax Act, 1961, including any statutory modifications, re-enactments or amendments thereof for the time being in force.

“**Record Date**” shall have the meaning ascribed to it in Clause 12.1 hereof.

“**Registrar of Companies**” or the “**ROC**” means the Registrar of Companies, Andhra Pradesh and Telangana at Hyderabad.

“**Remaining Business**” means all other business, divisions, assets and liabilities of the Transferor Company other than the Demerged undertaking existing as on the appointed date or acquired thereafter.

“**Specified Date**” means the date to be fixed by the Board of Directors of the Transferor Company for the purpose of determining the members of the Transferor Company to whom shares will be allotted pursuant to Clause 12 of this Scheme.

“**Tribunal**” means the Hon’ble National Company Law Tribunal having jurisdiction to sanction this Scheme.

1.2 The Schedules to this Scheme shall form an integral and inseparable part of this Scheme.

## 2. DATE OF COMING INTO EFFECT

The Scheme shall be deemed to be effective from the Appointed Date but shall be operative from the Effective Date.

## 3. SHARE CAPITAL

a) The authorized, subscribed and paid up share capital of the Transferor Company as on 31.03.2017 was as follows:

<b>Particulars</b>	<b>Amount (Rs.)</b>
<b>Authorised Capital</b> 1,50,00,000 Equity Shares of Rs.10/- each	15,00,00,000/-
<b>Subscribed and Paid-up Capital</b> 57,84,868 Equity Shares of Rs.10/- each	5,78,48,680/-

b) The authorized, subscribed and paid up share capital of the Transferee Company as on 10.01.2018 was as follows:

<b>Particulars</b>	<b>Amount (Rs.)</b>
<b>Authorised Capital</b> 20,00,000 Equity Shares of Rs.10/- each	2,00,00,000/-
<b>Subscribed and Paid-up Capital</b> 70 Equity Shares of Rs.10/- each	700/-

## PART II – THE SCHEME

### 4. INCORPORATION OF THE RESULTING COMPANY:

The Resulting Company has been incorporated with the objective of taking over the investments and other assets of the Transferor Company not directly used in the manufacture of building materials.

### 5. TRANSFER OF UNDERTAKINGS

5.1. Upon the coming into effect of the Scheme and with effect from the Appointed Date, the Demerged undertaking (including all the estate, assets, rights, claims, title, interests and authorities including accretions and appurtenances of the Demerged undertaking) shall, subject to the provisions of Sections 230 to 232 of the Act and all other applicable provisions of applicable laws, rules and regulations for the time being in force, without any further act or deed, shall stand transferred to at their respective book values and vested in and deemed to have been transferred to or vested in, as going concern, into the Resulting Company together with all the estates, assets, titles, interest and Employees therein.

5.2. The investments and other assets pertaining to the Demerged Undertaking to be transferred to the Resulting Company shall consist of the following:

**Rs in Lakhs**

S.No	Particulars	Book value as on 31.03.17
<b>a</b>	<b><u>Investments</u></b>	
1	0,371 Equity Shares of Rs.10/- each held in NCL Industries Ltd	707.57
2	9,13,154 Equity Shares of Rs.100/- each held in Kakatiya Industries Pvt Ltd	913.15
3	1,61,050 Equity Shares of Rs.100/- each held in NCL Green Habitats Pvt Ltd	620.30
4	6,36,000 Equity Shares of Rs.10/- each held in Suncrop Sciences Pvt Ltd	63.60
5	5,29,994 Equity Shares of Rs.10/- each held in Eastern Ghat Renewable Energy Ltd	53.00
	<b>Sub Total</b>	<b>2357.62</b>
<b>b</b>	<b><u>Long Term Loans ,advances and ICDs given to subsidiaries</u></b>	
1	Kakatiya Industries Pvt Ltd	97.68
2	NCL Green Habitats Pvt Ltd	2262.32
3	Eastern Ghat Renewable Energy Ltd	189.00
4	Suncrop Sciences Pvt Ltd	297.93
	<b>Sub Total</b>	<b>2846.93</b>
<b>c</b>	<b>Grand Total (a+b)</b>	<b>5204.55</b>

5.3. All the moveable assets including cash in hand of the Demerged undertaking capable of being passed by manual delivery or by endorsement shall be physically handed over by manual delivery or endorsement and delivery, to the end and intent that the

ownership and property therein passes to the Resulting Company on such handing over in pursuance of the provisions of Section 232 of the Act (as an integral part of the Demerged undertaking) without requiring any deed or instrument of conveyance for transfer of the same, subject to the provisions of this Scheme in relation to encumbrances in favor of banks and /or financial institutions. Such delivery and transfer shall be made on a date to be mutually agreed upon between the respective Board of Directors of Resulting Company and the Transferor Company within 60 days from the Effective Date.

- 5.4. As on the date of preparation of this Scheme, there are no liabilities or obligations of the Transferor Company attributable to the Demerged Undertaking. Should any such liabilities in respect of the Demerged Undertaking come to light or crystallise at a future date, such liabilities and obligations shall be discharged by the Transferor Company.
- 5.5. All the existing encumbrances, if any, in respect of the assets of the transferor company (including shares held by the Transferor Company in any other entity) transferred to the Resulting Company in terms of this Scheme shall continue to operate and shall be effective vis a vis the Resulting Company. The Transferor Company shall furnish such additional guarantees or comforts as may be required by the lenders or other entities in whose favor such encumbrances have been created prior to the transfer of the assets pursuant to this Scheme.
- 5.6. Upon this Scheme coming into effect, all the transactions entered into by the Transferor Company with effect from the Appointed Date shall be deemed to be the transactions of the Resulting Company, and the Resulting Company shall honour the obligations and liabilities in respect of such transactions, as though they have been originally entered into or contracted by the Resulting Company.
- 5.7. Without prejudice to the above and upon the effectiveness of this Scheme, the Transferor Company and the Resulting Company shall execute any instruments or documents and do all acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, if any with the Registrar of Companies and other authorities to give formal effect to the above provisions, if required.
- 5.8. Subject to the necessary consents being obtained in accordance with the terms of this Scheme, the provisions of the above sub-clauses shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue of any security document, all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.
- 5.9. With effect from the Appointed Date, all Permits, Quotas, Rights, Entitlements, Tenancies and Licenses relating to the Business, Premises, Privileges, Powers, Facilities of every kind and

description of whatsoever nature in relation to the Demerged undertaking and which are subsisting or having effect immediately before the Appointed Date, shall be and remain transferred in full force and effect in favour of the Resulting Company and may be enforced fully and effectually as if, instead of the Transferor Company, the Resulting Company had been beneficiaries or obligee thereto.

- 5.10. With effect from the Appointed Date, any and all Statutory Licenses, Permissions, Approvals and/or Consents held by the Transferor Company pertaining to the Demerged undertaking, required to carry on its business and operations shall stand vested in or deemed to be transferred to the Resulting Company without any further act or deed and shall be appropriately mutated by the statutory authorities or any other person concerned therewith in favor of the Resulting Company. The benefit of all statutory and regulatory permissions or approvals or consents required to carry on the operations of the Transferor Company shall vest in and become available to the Resulting Company pursuant to the Scheme coming into effect.
- 5.11. The entitlement to various benefits under incentive schemes and policies in relation to the Demerged undertaking shall stand transferred to and be vested in and/or be deemed to have been transferred to and vested in the Resulting Company with all benefits, entitlements and incentives of any nature whatsoever. Such entitlements shall include (but shall not be limited to) Income-Tax, Sales Tax, Value Added Tax, Turnover Tax, Excise Duty, Service Tax, Customs, GST and other Incentives in relation to the Demerged Undertaking to be claimed by the Resulting Company with effect from the Appointed Date as if the Resulting Company was originally entitled to all such benefits under such incentive schemes and/or policies, subject to continued compliance by the Resulting Company of all the terms and conditions subject to which the benefits under such incentive schemes were made available to the Transferor Company.
- 5.12. Since each of the Permissions, Approvals, Consents, Sanctions, Remissions (including remissions under Income Tax, Sales Tax, Value Added Tax, Turnover Tax, Excise Duty, Service Tax, Customs), Special reservations, GST, Holidays, Incentives, Concessions and other authorizations relating to the Demerged undertaking, shall stand transferred under this Scheme to the Resulting Company, the Resulting Company shall file the relevant intimations, if any, for the record of the statutory authorities who shall take them on file, pursuant to the Scheme coming into effect.
- 5.13. It is clarified that all the taxes including withholding taxes and duties paid or payable by the Transferor Company in relation to Demerged undertaking, from the Appointed Date onwards including all or any refunds and claims shall, for all purposes, be treated as the tax and/or duty liabilities or refunds and claims of the Resulting Company. Accordingly, upon the Scheme becoming effective, pursuant to the provisions of this Scheme, the Transferor

Company and the Resulting Company is expressly permitted to file its respective Income-Tax, Sales Tax, Value Added Tax, Turnover Tax, Excise Duty, Service Tax, Customs and any other return(s) (including revised returns) to claim advance tax, withholding tax, Input tax, Refunds/ Credits. Notwithstanding the above, tax compliances (including payment of taxes, maintenance of records, payments, returns, etc) carried out by the Transferor Company in respect of the Demerged undertaking from the Appointed Date up to the Effective Date should be considered as adequate compliance by the Resulting Company and the Resulting Company should be considered to have met them obligations under the respective tax legislations.

- 5.14. Further, if any taxes are deducted at source by the Transferor Company on any payments or credit of any sum in the books (from Appointed Date to the Effective Date) in respect of the Demerged Undertaking, and the said transaction needs to be cancelled in the books of the Transferor Company as a result of the transfer of the Demerged Undertaking, such taxes shall be deemed to be taxes paid by the Resulting Company and shall, in all proceedings, be dealt with accordingly.
- 5.15. Upon coming into effect of this Scheme, the Resulting Company shall be entitled to any tax credit (including Tax deducted at Source, Advance Tax and Self-Assessment Tax availed or paid under the provision of the Income tax Act, 1961) whether Central, State or Local availed/ paid by the Transferor Company up to the Appointed Date and that the same shall stand vested in the Resulting Company as and when paid by the Transferor Company.

## **6. CONTRACTS AND DEEDS**

- 6.1. Notwithstanding anything contrary contained in this Scheme, any and all existing contracts, deeds, bonds, agreements, undertakings, guarantees, indemnities and other instruments if any, of whatsoever nature relating to the Demerged undertaking and to which the Transferor Company is party or a beneficiary and subsisting or having effect on the Effective Date, shall be in full force and effect transferred in favor of the Resulting Company and may be enforced by or against the Resulting Company as fully and effectually as if, instead of the Transferor Company, the Resulting Company had been a party or beneficiary or oblige thereto, without any further act or deed.
- 6.2. The Resulting Company shall enter into and/or issue and /or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which the Transferor Company will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required or becomes necessary. The Resulting Company shall be deemed to be authorized to execute any such deeds, writings or confirmations on behalf of the Transferor Company and to implement or carry out all formalities required on the part of the Transferor Company to give effect to the provisions of this Scheme.

6.3. Without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of the Scheme, all Consents, Permissions, Licenses, Certificates, Insurance covers, Clearances, Authorities, Powers of Attorney given by, issued to or executed in favor of the Transferor Company in relation to the Demerged undertaking shall stand transferred to the Resulting Company as if the same were originally given by, issued to or executed in favor of the Resulting Company, and the Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Resulting Company.

## **7. LEGAL PROCEEDINGS**

7.1 Upon the Scheme becoming effective, all legal, taxation or other proceedings, suits, claims, actions before any statutory or quasi-judicial authority or tribunal of whatsoever nature, pertaining to the Demerged undertaking, by or against the Transferor Company pending and/or arising on or before the date on which this Scheme shall take effect, shall be continued and enforced by or against the Resulting Company only, to the exclusion of the Transferor Company in the manner and to the same extent as would have been continued and enforced by or against the Transferor Company. On and from the Effective Date, the Resulting Company shall and may, if required, initiate any legal proceedings in relation to the relevant matters pertaining to the Demerged Undertaking in the same manner and to the same extent as would or might have been initiated by the Transferor Company. Except as otherwise provided herein, the Transferor Company shall in no event be responsible or liable in relation to any such legal, taxation or other proceedings against the Resulting Company. The Resulting Company shall replace the Transferor Company or be added as party to such proceedings and shall prosecute or defend such proceedings at its own cost, in co-operation with the Transferor Company.

7.2 After the Appointed Date, if any proceedings pertaining to the Demerged undertaking are taken against the Transferor Company the same shall be defended by and at the cost of the Resulting Company.

7.3 The Resulting Company undertakes to have all legal, taxation or other proceedings initiated by or against the Transferor Company referred to in Sub-Clause 7.1 above transferred to its name as soon as is reasonably possible after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Transferor Company. Transferor and Resulting Company shall make relevant applications in that behalf.

## **8. SAVING OF CONCLUDED TRANSACTIONS**

The transfer and vesting of the properties, liabilities and obligations pertaining to the Demerged undertaking pursuant to this Scheme shall not affect any transactions or proceedings already completed by the Transferor Company before the Appointed Date to the end and intent that, the Resulting Company accepts all acts, deeds and things done and executed by and/or on behalf of the Transferor Company and pertaining to the Demerged undertaking which shall vest in the



Resulting Company in terms of this Scheme as acts, deeds and things made, done and executed by and on behalf of the Resulting Company.

## 9. EMPLOYEES

- 9.1. Employees on the Rolls of the Transferor Company pertaining to the Demerged undertaking, in service on the Effective Date shall be deemed to have become the employees of the Resulting Company with effect from the Appointed Date or from the date of their appointment after the Appointed Date without any interruption or break in their service as a result of the transfer and vesting of the Demerged undertaking to the Resulting Company. The terms and conditions of their employment with the Resulting Company with effect from the Effective Date shall not be less favorable than those applicable to them with reference to the Transferor Company on the Effective Date.
- 9.2. The existing Provident Fund, Gratuity Fund, Superannuation Fund, trusts, retirement fund or benefits and any other funds or benefits created by the Transferor Company inter alia for the said Employees (collectively referred to as the “**Funds**”) in terms of this Scheme shall be continued for the benefit of such employees on the same terms and conditions in the Resulting Company. With effect from the Effective Date, the Resulting Company shall make the necessary contribution for such Employees taken over. Upon the Scheme being effective, the Resulting Company shall, to the extent pertaining to the Demerged undertaking, stand substituted for the Transferor Company for all purposes whatsoever related to the administration or operation of such Fund or in relation to the obligations to make a contribution to the said Funds in accordance with the provisions of the Fund or according to the terms provided in the respective Fund deeds or other documents or, in the alternative, create / establish / setup / provide the facility of one or more alternative trusts being not less favorable than the existing Fund in the Transferor Company. The Resulting Company shall undertake and assume all the duties and obligations and takes over and assumes all the rights and powers of the Transferor Company in this regard. The services of the permanent Employees of the Transferor Company will be treated as having been continuous for the purposes of availing the benefits of the aforesaid Funds or provisions of any Funds for Employees.
- 9.3. The Resulting Company shall for the purpose of payment of any compensation, gratuity and other terminal benefits, take into account, the past services of such Employees with Transferor Company, and agrees and undertakes to pay the same as and when payable.
- 9.4. In so far as the existing benefits or funds created by the Transferor Company for the Employees of the Remaining Business are concerned, the same shall continue and Transferor Company shall continue to contribute to such funds and trusts in accordance with the provisions thereof, and such funds and trusts, if any, shall be held inter alia for the benefit of the Employees of the Remaining business.

## **10. CONDUCT OF BUSINESS FROM APPOINTED DATE TILL THE EFFECTIVE DATE**

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

- 10.1 The Transferor Company shall carry on and be deemed to have carried on its business and activities pertaining to the Demerged undertaking and shall hold and deal with all assets and properties and stand possessed of all rights, privileges, title, interest, authorities, contracts, investments and strategic decisions of the Demerged undertaking for and on account of and in trust for the Resulting Company.
- 10.2 Any income or profit accruing or arising to the Transferor Company from the Demerged undertaking and all costs, charges, expenses, losses and taxes (including but not limited to advance tax, tax deducted at source, minimum alternate tax credit, taxes withheld/paid in a foreign country, etc), arising or incurred by the Transferor Company pertaining to the Demerged undertaking for the period commencing from the Appointed Date shall for all purposes be treated as the income, profits, costs, charges, expenses, losses and payments, as the case may be, of the Resulting Company including accumulated losses and unabsorbed depreciation, if any.
- 10.3 The Transferor Company shall not utilize the profits or income, if any, in respect of the period from the Appointed Date and up to the Effective Date for the purpose of declaring or paying any dividend or for any other purpose except for the normal conduct of business of the Demerged undertaking without the prior written consent of the Resulting Company.
- 10.4 The Transferor Company shall not, without the prior written consent of the Resulting Company, encumber or otherwise deal with or dispose off the Demerged undertaking or any part thereof except in the usual course of business or pursuant to any pre-existing obligation undertaken by the Transferor Company prior to the Appointed Date.
- 10.5 As between the Appointed Date and the Effective Date, the Transferor Company shall carry on the business of the Demerged undertaking with reasonable diligence and prudence, in the ordinary course of business, and the Transferor Company shall not, in any material respect, alter or expand the business, other than such alterations or expansions as have already been commenced, except with the prior written consent of the Resulting Company and shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts or incur any other liability or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitment either for itself or on behalf of its subsidiaries or group companies or any third party, or sell, transfer, alienate, charge, mortgage or encumber or deal with the Demerged undertaking, save and except, in each case, in the following circumstances:

- i. If the same is in the ordinary course of business as carried on by it as on the date of filing this Scheme with the Tribunal; or
- ii. If the same is expressly permitted by this Scheme; or
- iii. If the written consent of the Resulting Company has been obtained; or
- iv. If any pre-existing obligations are undertaken by the Transferor Company prior to the Appointed Date.

10.6 The Transferor Company shall not vary or alter, except in the ordinary course of its business and as may be required for reorganization, the terms and conditions of employment of any of its employees.

10.7 The Resulting Company shall be entitled, pending the sanction of the Scheme by the Tribunal, to apply to the Central Government and all other agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which the Resulting Company may require to own and carry on the business of the Demerged undertaking.

10.8 With effect from the Effective Date, the Resulting Company shall commence and carry on and shall be authorized to carry on the business of the Demerged undertaking earlier carried on by the Transferor Company.

## **11. REMAINING BUSINESS**

11.1. The Remaining business and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Transferor Company, subject only to provisions of this Scheme in relation to encumbrances in favor of banks, financial institutions and trustees for the debenture-holders and lenders, if any.

11.2. All legal, taxation or other proceedings (including before any statutory or quasi-judicial authority or tribunal) by or against the Transferor Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to the Remaining Business (including those relating to any Property, Right, Power, Liability, Obligation or Duties of the Transferor Company in respect of the Remaining Business) shall be continued and enforced by or against the Transferor Company after the Effective Date. The Resulting Company shall in no event be responsible or liable in relation to any such legal, taxation or other proceedings against the Transferor Company, which relates to the Remaining business.

11.3. If proceedings are taken against the Resulting Company in respect of the matters referred to in Clause 11.2 above, it shall defend the same in accordance with the advice of the Transferor Company and at the cost of the Transferor Company, and the latter shall reimburse and indemnify the Resulting Company against all liabilities and obligations incurred by the Resulting Company in respect thereof.

### **PART III – ISSUE OF SHARES**

#### **12. ISSUE OF SHARES**

- 12.1. Upon the coming into effect of the Scheme and in consideration of the demerger of the Demerged Undertaking into the Resulting Company pursuant to the Scheme, the Resulting Company shall without any further act or deed and without any further payment, issue and allot to each member of the Transferor Company, whose name is recorded in the Register of Members of the Transferor company, on a date (**Record Date**) to be fixed in that behalf by the Board of Directors of the Transferor Company, Equity shares of the Resulting Company in the ratio of One Equity share in the Resulting Company of Rs.10/- credited as fully paid up for every One Equity share of Rs.10/- each, fully paid up held by such member in the Transferor Company to replicate or mirror the shareholding of the Transferor Company in the Transferee Company, excepting for the 70 equity shares of Rs. 10/- each taken by the subscribers to the Memorandum of Association of the Resulting Company.
- 12.2 The Authorised Share Capital of the Resulting Company shall be suitably increased to accommodate the proposed allotment of shares by it pursuant to this Scheme.
- 12.3. No valuation of shares has been carried out since the entire shareholding of the Transferor Company is being replicated in the Transferee Company at face value, by reducing the Share Premium and/or Reserves in the Transferor Company, with the Paid Up Capital of the Transferor Company remaining unchanged.
- 12.4. The new equity shares to be issued and allotted in terms hereof will be subject to the Memorandum and Articles of association of the Resulting Company
- 12.5. The Resulting Company shall, if and to the extent required, apply for and obtain any approvals from the concerned regulatory authorities for the issue and allotment by the Resulting Company of the new equity shares to the members of the Transferor Company.
- 12.6. In the event there are any pending disputes in respect of the ownership or title to any equity shares of the Transferor Company, equity shares to be issued by the Resulting Company pursuant to clause 12.1 of this scheme, shall, pending settlement of disputes by order of court or otherwise, be held by the trustees appointed by the Resulting company.
- 12.7. In the event of there being any pending and valid share transfers, whether lodged or outstanding, of any shareholder of the Transferor Company, the Board of Directors of the Transferor Company shall be empowered in appropriate cases, even subsequent to the Record Date, as the case may be, to effectuate such a transfer in the Transferor Company, as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the Transferor Company or Resulting Company, as the case may be, in respect of such shares.

- 12.8. Upon the transfer of the investments and assets pursuant to this Scheme, the Share Capital of the Transferor Company shall not stand reduced, but the Share Premium and/or Reserves standing in the accounts of the Transferor Company shall stand reduced to the extent of the value of the investments and assets transferred to the Resulting Company as appearing in the books of the Transferor Company.
- 12.9. The Share Premium and/or Reserves so reduced will stand transferred to the Resulting Company and will be shown as the Share Capital and Reserves of the Resulting Company in the following manner:
- a. The Share Capital of the Resulting Company created for the issue of shares to the shareholders of the Transferor Company as a result of the Scheme being implemented; and
  - b. The Reserves of the Resulting Company to represent the difference between the share capital so created in the Resulting Company and the book value of the assets transferred from the Transferor Company to the Resulting Company.

### **13. APPLICATIONS TO TRIBUNAL/OTHER AUTHORITY**

- 13.1. The Transferor and Resulting Companies shall jointly, with all reasonable dispatch, make all necessary applications under sections 230 to 232 of the Act and other applicable provisions of the Act to the Tribunal seeking orders for dispensing with or convening, holding and conducting of the meetings of the respective classes of the members and/or creditors of both the Companies as may be directed by the Tribunal
- 13.2. On the scheme being approved by the requisite majority of the classes of the members and/or creditors of both the Companies as directed by the Tribunal, the Transferor and Resulting Companies shall jointly, with all reasonable dispatch, apply to the Tribunal for sanctioning the Scheme of Arrangement under section 230 to 232 of the Act, and for such other order or orders, as the said Tribunal may deem fit for carrying this Scheme into effect.

### **14. MODIFICATIONS/AMENDMENTS TO THE SCHEME**

- 14.1. The Transferor and Resulting Companies (by its Directors or its Authorized Representative) in their full and absolute discretion may assent to any modification(s) or amendment(s) or any conditions or limitations in this Scheme which the Board of Directors of the Transferor Company or Resulting Company or the Tribunal or such other appropriate authority and/or any other authorities may deem fit to direct or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/or carrying out the Scheme.

14.2. Without prejudice to the generality of the foregoing, by any modification to the Scheme at any time and for any reason whatsoever, the implementation of the Scheme shall not get adversely affected as a result of acceptance of any such modification by the Board of Directors or its Authorized Representative of the Transferor and Resulting Companies, who are hereby authorized to take such steps and to do all acts, deeds and things as may be necessary, desirable or proper to give effect to this Scheme and to resolve any doubt, difficulties or questions whether by reason of any orders of the Tribunal or of any directive or orders of any other authorities or otherwise howsoever arising out of, under or by virtue of this Scheme and/or any matters concerning or connected therewith.

## **15. CONDITIONALITY OF THE SCHEME**

The Scheme is conditional upon and subject to:

- a) The Scheme being agreed to by the requisite majority of the members and creditors (where applicable) of the Transferor and Resulting Companies as required under the Act and the requisite sanction and orders of the Tribunal at Hyderabad or of such other authority having jurisdiction under law, being obtained; and
- b) Such other approval and sanctions including sanction of any Governmental authority, statutory authority as may be required by law in respect of the Scheme being obtained; and
- c) The certified copies of the above orders of the Tribunal or of such other authority having jurisdiction under law being filed with the Registrar of Companies, Andhra Pradesh and Telangana at Hyderabad.

## **16. COSTS, CHARGES AND EXPENSES**

Respective costs, charges and expenses (other than stamp duty and registration charges, if any, of or in respect of any deed, document, instrument or orders of the Tribunal which shall be borne by the Transferor Company) in relation to or connection with negotiations leading up to this Scheme and of carrying out and implementing the terms and provisions of this Scheme shall be borne and paid by the Transferor Company.

## **17. REVOCATION AND SEVERABILITY**

17.1. In the event of any of the sanctions and approvals referred to in the aforesaid Clause 15 not being obtained and/or complied with and/or satisfied and/or this Scheme not being sanctioned by the Tribunal or such other appropriate authority, this Scheme shall stand revoked and cancelled and shall be of no effect.

17.2. In the event of the revocation under sub-clause 17.1, no right and liabilities whatsoever shall accrue to or be incurred *inter se* by the Transferor Company or the Resulting Company or their respective shareholders or creditors or employees or any other person save and

except in respect of any act or deed done prior thereto as is contemplated here under or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with the applicable law and in such case, the Transferor Company shall bear all costs incidental to or arising out of such revocation / cancellation of the Scheme.

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

17.4. The Board of Directors of the Transferor Company shall be entitled to revoke, cancel and declare the Scheme to be of no effect, if the Board of Directors are of the view that the coming into effect of the Scheme could have adverse implications on the Transferor Company and/or the Resulting Company even after the Scheme has been sanctioned by the Tribunal but before the same has been actually given effect to.

### **SCHEDULE 1**

#### **Investments and other assets pertaining to the Demerged Undertaking to be transferred to the Resulting Company**

**Rs in Lakhs**

S.No	Particulars	Book value as on 31.03.17
<b>a</b>	<b><u>Investments</u></b>	
<b>1</b>	15,50,371 Equity Shares of Rs.10/- each held in NCL Industries Ltd	707.57
<b>2</b>	9,13,154 Equity Shares of Rs.100/- each held in Kakatiya Industries Pvt Ltd	913.15
<b>3</b>	1,61,050 Equity Shares of Rs.100/- each held in NCL Green Habitats Pvt Ltd	620.30
<b>4</b>	6,36,000 Equity Shares of Rs.10/- each held in Suncrop Sciences Pvt Ltd	63.60
<b>5</b>	5,29,994 Equity Shares of Rs.10/- each held in Eastern Ghat Renewable Energy Ltd	53.00
	<b>Sub Total</b>	<b>2357.62</b>
<b>b</b>	<b><u>Long Term Loans, advances and ICDs given to subsidiaries</u></b>	
<b>1</b>	Kakatiya Industries Pvt Ltd	97.68
<b>2</b>	NCL Green Habitats Pvt Ltd	2262.32
<b>3</b>	Eastern Ghat Renewable Energy Ltd	189.00
<b>4</b>	Suncrop Sciences Pvt Ltd	297.93
	<b>Sub Total</b>	<b>2846.93</b>
<b>c</b>	<b>Grand Total (a+b)</b>	<b>5204.55</b>