

**SCHEME OF ARRANGEMENT
BETWEEN
POONAM ROOFING PRODUCTS PRIVATE LIMITED
(DEMERGED COMPANY)
WITH
SAHYADRI INDUSTRIES LIMITED
(RESULTING COMPANY)
AND
THEIR RESPECTIVE SHAREHOLDERS**

This Scheme of Arrangement between Poonam Roofing Products Private Limited (the “Demerged Company”) with Sahyadri Industries Limited (the “Resulting Company”) and their respective shareholders is presented under Sections 230 to 232 and any other Section of the Companies Act, 2013, Companies (Compromises, Arrangements and Amalgamations) Rules, 2016; for demerger of Industrial Business Undertaking of the Demerged Company into the Resulting Company.

This Scheme is divided into following parts:

PART	PARTICULARS
I.	Background, Rationale, Definitions and Share Capital
II.	Demerger of Industrial Business Undertaking of Poonam Roofing Products Private Limited into Sahyadri Industries Limited.
III.	General Terms and Conditions

**PART-I
BACKGROUND, RATIONALE, DEFINITIONS AND SHARE
CAPITAL**

1. BACKGROUND

Poonam Roofing Products Private Limited

Poonam Roofing Products Private Limited was originally incorporated under the provisions of the Companies Act, 1956, as a Private Limited Company with the name and style as ‘Poonam Engineers and Consultants Private Limited’ vide Certificate of Incorporation dated 18th November, 1983, Name of the Company



then changed to 'Poonam Roofing Products Private Limited' vide Fresh Certificate of Incorporation dated 26th November, 1993. The Demerged Company got converted to a Public Limited Company and name of the Demerged Company was changed from 'Poonam Roofing Products Private Limited' to 'Poonam Roofing Products Limited' on 1st July, 1995. Further, the Demerged Company got converted to a Private Limited Company and name of the Company subsequently changes to its present name 'Poonam Roofing Products Private Limited' with effect from 25th November, 2002. The Corporate Identity Number (CIN) of Poonam Roofing Products Private Limited is U26953MH1983PTC031370. The Demerged Company is a private Limited Company, among other activities it is engaged in the business of finishing and other job work of Fibre Cement Sheets, accessories and other support services, Real Estate activities and other permissible businesses.

Sahyadri Industries Limited

Sahyadri Industries Limited was originally incorporated under the provisions of the Companies Act, 1956, as a Private Limited Company with the name and style as 'New Sahyadri Industries Private Limited' vide Certificate of Incorporation dated 13th June, 1994, The Resulting Company became Deemed Public Limited Company and Name of the Resulting Company was changed from 'New Sahyadri Industries Private Limited' to 'New Sahyadri Industries Limited' with effect from 19th March 1999. The Resulting Company then converted from Deemed Public Limited Company to Public Limited Company vide Certificate of Change of Name dated 6th June, 2001. Name of the Company was then changed from 'New Sahyadri Industries Limited' to its present name 'Sahyadri Industries Limited' vide Fresh Certificate of Incorporation consequent on Change of Name dated 1st February, 2006. The Corporate Identity Number (CIN) of Sahyadri Industries Limited is L26956PN1994PLC078941, primarily engaged in the business of Production of cement sheets and accessories, Generation of wind power electricity, Trading of steel doors. The



Resulting Company is Listed Company and its equity shares are listed on the BSE Limited.

2. RATIONALE OF THE SCHEME OF ARRANGEMENT

It is proposed to demerge the Industrial Business Undertaking of Poonam Roofing Products Private Limited into Sahyadri Industries Limited. This arrangement would *inter alia* have the following benefits:

- 2.1** Demerged Company is engaged in finishing and other job-work of Fibre Cement Sheets, accessories and other support services for the Resulting Company. Hence, consolidation of Industrial Business Undertaking with Resulting Company is a strategic fit and will help streamline the business of Resulting Company in the growing markets.
- 2.2** Consolidation of the Industrial Business Undertaking with the Resulting Company shall thereby result in making available increased resources including skilled and experienced workforce and assets including surplus land available for expansion of the activities of Resulting Company and as a result, sustain growth in long term.
- 2.3** “Swastik” brand which is licensed to the Resulting Company is owned by the Demerged Company. Vesting of the brand in the Resulting Company will result in adding value, boosting the reputation, saving of significant cash flow in future and enhancing flexibility in developing the Brand as well as product portfolio.
- 2.4** Enhance competitive strength, achieve cost reduction, efficiencies and productivity gains by pooling resources of Resulting Company and Industrial Business Undertaking.

3. DEFINITIONS

In this Scheme, unless inconsistent with the subject or context, the following expression shall have the following meaning: -



- 3.1 “Poonam Roofing Products Private Limited” or “PRPPL” or “the Demerged Company”** means **“Poonam Roofing Products Private Limited”** a company incorporated under the Companies Act, 1956, and having its registered office at 39/D, Gultekdi, J.N. Road, Pune 411037.
- 3.2 “Sahyadri Industries Limited” or “SIL” or “the Resulting Company”** means **“Sahyadri Industries Limited”**, a company incorporated under the Companies Act, 1956 and having its registered office at 39/D, Gultekdi, J.N. Road, Pune 411037.
- 3.3 “Act”** means the Companies Act 2013 including any rules, regulations, orders and notifications made there under or any statutory modification thereto or re-enactment thereof for the time being in force.
- 3.4 “Applicable Law(s)”** means any statute, notification, bye laws, rules, regulations, guidelines, rule or common law, policy, code, directives, ordinance, schemes, notices, orders or instructions law enacted or issued or sanctioned by any Appropriate Authority including any modification or re-enactment thereof for the time being in force.
- 3.5 “Appointed Date”** shall mean **1st April 2020** or such other date as may be fixed by the National Company Law Tribunal.
- 3.6 “Appropriate Authority”** means any governmental, statutory, regulatory, departmental or public body or authority of India including Securities and Exchange Board of India, Stock Exchanges, Registrar of Companies, National Company Law Tribunal etc. as may be applicable.
- 3.7 “Employees”** means all the permanent employees of the Industrial Business Undertaking who are on the pay-roll of the Demerged Company as on the Operative Date.
- 3.8 “Operative Date”** means the date on which certified copies of the NCLT order sanctioning this Scheme is filed with the Registrar of Companies, Pune.



3.9 “Record Date” in relation to the Scheme means the date to be fixed by the Board of Directors of Demerged Company in consultation with Board of Directors of the Resulting Company or a Committee of / person duly authorized by the Board of Directors, for the purpose of issuance and allotment of equity shares of the resulting Company as consideration to the shareholders of the Demerged Company, pursuant to this scheme in terms of clause 9 below.

3.10 “SEBI” means the Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992.

3.11 “Stock Exchanges” means BSE Limited (“BSE”).

3.12 “Tribunal” shall mean the Hon’ble National Company Law Tribunal, Mumbai Bench, at Mumbai, having jurisdiction over the Companies (hereinafter referred to as “**the Tribunal**”) constituted by the Central Government by a Notification in the Official Gazette and the proceedings initiated under Section 230 to 232 of the Companies Act, 2013.

3.13 “Demerged Undertaking” or “Industrial Business Undertaking” of Poonam Roofing Products Private Limited shall mean the Job work Business including registered trademark “Swastik” as a going concern together with all its assets, rights, licenses and all its debts, outstanding liabilities, duties and obligations as on the Appointed Date and without prejudice to the generality of the foregoing clause the said undertaking shall mean and include (without limitation):

3.13.1 All assets and properties whether movable or immovable, tangible and intangible, corporeal or incorporeal, intellectual property whether in possession or reversion, whether recorded in books of accounts or not, present or contingent, fixed assets including the land & buildings situated at Plot



No. 33,55,56,57 Block No. D-III, Pimpri Industrial Area, MIDC, Chinchwad, Akurdi Taluka Haveli, Pune-411 019 and Business runs thereon, debtors, current assets, loans and advances, powers, licenses, brands, tenancy rights, registrations, contracts, engagements, arrangements, rights, titles, interests, benefits and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, and all other interests belonging to or in the ownership, power or possession or in the control of or vested in or granted in favour of or being related to the Demerged Undertaking (hereinafter referred to as “the said **Assets**”).

3.13.2 All debts, liabilities, duties and obligations of the Demerged Undertaking (hereinafter referred to “the said **Liabilities**”).

3.13.3 Without prejudice to the generality of Sub-clause 3.13.1 and 3.13.2 above, the Demerged Undertaking shall include all assets including claims, powers, consents, registrations, contracts, enactments, arrangements, rights, titles, interest, benefits, advantages, lease-hold rights and, systems of any kind whatsoever, and benefits of all agreements and other interests including rights and benefits under various schemes of different taxation laws as may belong to including refund, rights and powers of every kind, nature and description of whatsoever probabilities, liberties, easements, advantages, and approval of, whatsoever nature and wheresoever situated, belonging to or in ownership, power or possession or control or entitlement and all other assets relating to the Demerged Undertaking as identified and approved by the Board.



3.13.4 Employees, if any, engaged by ‘Poonam Roofing Products Private Limited’ with respect to Demerged Undertaking; and

3.13.5 For the purpose of this Scheme, it is clarified that liabilities pertaining to the Demerged Undertaking shall include:

- i.** Liabilities which directly and specifically arise out of the activities or operations of the Demerged Undertaking;
- ii.** Liabilities both present and contingent;
- iii.** Specific loans and borrowings raised, if any, incurred and utilized solely for the activities or operations of the Demerged Undertaking;
- iv.** Liabilities other than those referred to in (i) or (ii) or (iii) above, i.e. the amounts of general or multi-purpose borrowings of “**Poonam Roofing Products Private Limited**” allocated to the Demerged Undertaking in proportion as identified by the management on the Appointed Date, however, the same without detriment to the security for such borrowings to the lenders as it existed before the Scheme coming into operation.

Explanation:

Any question that may arise as to whether a specific asset or liability pertains or does not pertain to the Demerged Undertaking or whether it arises out of the activities or operations of the Demerged Undertaking or not will be decided by mutual agreement between the Board of Directors of the Demerged Company and the Resulting Company. All amendment /modification pursuant to this clause shall be subject to approval of the National Company Law Tribunal.



3.14 “Remaining Business” means all the assets & liabilities of Real Estate Business & other permissible businesses except assets and liabilities of the Demerged Undertaking.

3.15 “Scheme of Arrangement” or “this Scheme” or “the Scheme” means this Scheme of Arrangement between the Demerged Company and the Resulting Company and their respective shareholders in its present form with any amendment/modifications approved or imposed or directed by the shareholders or creditors and/or by the Tribunal and accepted by the board of directors of the Demerged Company and the Resulting Company.

3.16 Any references in the Scheme to “upon the Scheme becoming operative” or “operativeness of the Scheme” shall mean the Operative Date.

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

4. SHARE CAPITAL

4.1 The Authorised, Issued, Subscribed and Paid-up Share Capital of Poonam Roofing Products Private Limited as on 31st March 2019 is as under:

Particulars	Amount in Rs.
Authorized Share Capital	
75,000 Equity Shares of Rs. 100/- each	75,00,000
TOTAL	75,00,000
Issued, Subscribed and Paid up Share Capital	
24,000 Equity Shares of Rs. 100/- each fully paid up	24,00,000
TOTAL	24,00,000



There is no change in the share capital of PRPPL till date from 31st March 2019.

- 4.2 The Authorised, Issued, Subscribed and Paid-up Share Capital of Sahyadri Industries Limited as on 31st March 2019 is as under:

Particulars	Amount in Rs.
Authorized Share Capital	
1,20,00,000 Equity Shares of Rs. 10/- each	12,00,00,000
TOTAL	12,00,00,000
Issued, Subscribed and Paid up Share Capital	
95,61,500 Equity Shares of Rs. 10/- each fully paid up.	9,56,15,000
TOTAL	9,56,15,000

There is no change in the share capital of SIL till date from 31st March 2019. The Shares of SIL is listed on BSE Limited. As on date, Demerged Company holds 33,602 (Thirty-Three Thousand Six Hundred and Two) Equity Shares of the Resulting Company.

PART-II

DEMERGER OF INDUSTRIAL BUSINESS UNDERTAKING OF POONAM ROOFING PRODUCTS PRIVATE LIMITED INTO SAHYADRI INDUSTRIES LIMITED

5. TRANSFER AND VESTING OF THE UNDERTAKING

The Demerged Undertaking of the Demerged Company shall be transferred to and vested in or be deemed to be transferred to and vested, on a going concern basis, in the Resulting Company in the following manner:

- 5.1 With effect from the Appointed Date, the whole of the Demerged Undertaking comprising of all Assets and properties (whether movable or immovable) including 'Swastik Brand' and all other Assets and Liabilities of whatsoever nature and wheresoever situated, shall, under



the provisions of Section 230 to Section 232 and all other applicable provisions, if any, of the Act, without any further act or deed (save as provided in clauses 5.2 and 5.3 below) be transferred to and vested in and/or be deemed to be transferred to and vested in the Resulting Company as a going concern so as to become as the Assets and Liabilities of the Resulting Company from the Appointed Date and to vest in the Resulting Company all the rights, title, interest or obligations of the Undertaking of Demerged Company therein.

5.2 All the movable assets including cash in hand, if any, of the Demerged Undertaking of Demerged Company, capable of passing by manual delivery or by endorsement and delivery, shall be so delivered or endorsed and delivered, as the case may be, to the Resulting Company in pursuance of the provisions of this Scheme, Section 230 to 232 of the Companies Act, 2013, and other applicable laws, without requiring any deed or instrument of conveyance for the same and upon such transfer the same shall become the property, estate, assets, rights, title interest and authorities of the Resulting Company.

5.3 In respect of movables other than those specified in sub-clause 5.2 above, including sundry debtors, outstanding loans and advances, investment in securities, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, Semi-Government, local and other authorities and bodies, and other persons, the following modus operandi for intimating to third parties shall to the extent possible be followed:

5.3.1 The Resulting Company shall, if so required, under any law or otherwise, give notice in such form as it may deem fit and proper, to each person, debtor or depositor as the case may be, relating to the Demerged Undertaking, that pursuant to the



Tribunal having sanctioned the Scheme of the Demerged Company and the Resulting Company, the said debt, loan advance or deposit be paid or made good or held on account of the Resulting Company as the person entitled thereto to and that appropriate entry should be passed in its books to record the aforesaid change;

5.3.2 Demerged Company shall, if so required, under any law or otherwise, also give notice in such form as they may deem fit and proper to each person, debtor or depositor, relating to the Demerged Undertaking, that pursuant to the Tribunal having sanctioned the Scheme of the Demerged Company and the Resulting Company, the said debt, loan, advance or deposit be paid or made good or held on account of the Resulting Company and that the right of the Demerged Company to recover or realize the same stands extinguished.

5.4 Without prejudice to the generality of the above, in respect of such of the assets and properties pertaining to the Demerged undertaking of the Demerged Company as are immovable in nature, the same shall be so transferred as a part of the Demerged Undertaking and shall, upon such transfer, become as and from the Appointed Date, the immovable assets of the Resulting Company, without any further act, instrument or deed, and it shall not be necessary to obtain the consent of any third party or other person in order to give effect to the provisions of this clause. From Operative Date, the Resulting Company shall be entitled to exercise and enjoy all rights and privileges attached to such immovable properties and shall be liable to pay the ground rent and taxes and fulfill all obligations going forward. The mutation or substitution of the title to the immovable properties shall upon this Scheme becoming effective, be made and duly recorded in



the name of the Resulting Company by Appropriate Authorities pursuant to the sanction of this Scheme.

- 5.5** With effect from the Appointed Date, all, debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of the Demerged Undertaking of the Demerged Company shall also under the provisions of Section 230 to 232 of the Act read with rules made thereunder, without any further act or deed, be transferred to or be deemed to be transferred to Resulting Company so as to become as from the Appointed Date the debts, liabilities, contingent liabilities, duties and obligations of Resulting Company and it shall not be necessary to obtain the consent of any third party or another person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of this sub-clause.
- 5.6** All assets of the Demerged Undertaking of Demerged Company shall deemed to be transferred to and vested in and/or be deemed to be transferred to and vested in the Resulting Company as a going concern so as to become the assets of the Resulting Company as from the Appointed Date, upon Scheme becoming operative the Demerged Company will follow the necessary procedure to transfer them in the name of Resulting Company. The registrations in the name of the Demerged Company with respect to the Demerged Undertaking shall be deemed to be transferred in the name of the Resulting Company from the Appointed Date.
- 5.7** In case of registrations in the name of the Demerged Company pertaining to the Demerged Undertaking, other than the registrations mentioned above, the Resulting Company may make a fresh application to the appropriate authorities to procure the same, by complying with the requisite laws or regulations.



- 5.8** It is clarified that the Scheme shall not in any manner affect the rights and interest of the creditors of the Demerged Company or be deemed to be prejudicial to their interests.
- 5.9** For the purpose of effectively transferring the amounts lying in the Bank accounts and shares lying in demat accounts of the Demerged Company pertaining to its Demerged Undertaking and for recovering the amounts due, the Resulting Company shall be entitled to continue with such bank accounts and demat account after the operative Date.
- 5.10** The existing encumbrances over the assets and properties of the Resulting Company or any part thereof which relate to the liabilities and obligations of the Resulting Company prior to the Operative Date shall continue to relate only to such assets and properties and shall not extend or attach to any of the assets and properties of the Demerged Undertaking transferred to and vested in the Resulting Company by virtue of this Scheme. Provided always that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created in relation to the Demerged Undertaking which shall vest in the Resulting Company by virtue of the Scheme and the Resulting Company shall not be obliged to create any further or additional security there for after the Scheme has become operative or otherwise unless specifically provided hereinafter in this Scheme.
- 5.11** On and from the Appointed Date, all loans, investments, advances, deposits, inter-company balances or other obligations, if any, due between or amongst the Demerged Company and the Resulting Company, pertaining to the Demerged Undertaking, shall come to an end and suitable effect shall be given in the books of the Resulting Company. For removal of doubts, it is hereby clarified that from the Appointed Date, there would be no accrual



of interest or other charges in respect of any such loans, advances, deposits, inter-company balances or other obligations (if any) inter-se between the Demerged Company and the Resulting Company pertaining to the Demerged Undertaking.

5.12 The provisions of this clause 5 shall operate notwithstanding anything to the contrary contained in any instrument, deed, document or writing or terms of sanction or issue of any security document, all of which instrument, deeds, documents or writings shall stand modified and/or superseded by the foregoing provisions.

5.13 The Arrangement of the Demerged Company with the Resulting Company, pursuant to and in accordance with this Scheme, shall take place with effect from the Appointed Date and shall be in accordance with Section 2(19AA) of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section of the Income Tax Act, 1961, at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the Income Tax Act, 1961, shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the Income Tax Act, 1961. Such modification will however not affect the other parts of the Scheme.

6. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS.

Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments entered into by the Demerged Company, if any, of whatsoever nature and relating only to the Demerged Undertaking subsisting or being in force on the Operative Date, shall be in full force and effect against or in favour of the Resulting Company, as the case may be, and may be enforced by or against the Resulting Company as fully and



effectually as if, instead of the Demerged Company, the Resulting Company had been a party thereto from inception. The Resulting Company shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any arrangements, confirmations or novations, in order to give formal effect to the provisions of this Scheme. The Resulting Company shall be deemed to be authorised to execute any deeds, writings or confirmations on behalf of the Demerged Company and to implement or carry out all formalities required on the part of the Demerged Company to give effect to the provisions of Part II of the Scheme.

7. LEGAL PROCEEDINGS

7.1. All legal proceedings of whatsoever nature by or against the Demerged Company pending and/or arising at the Appointed Date relating only to the Demerged Undertaking of the Demerged Company, as and from the Operative Date, shall be continued and enforced by or against the Resulting Company in the manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company.

7.2. After the Appointed Date, if any proceedings are taken against the Demerged Company or its successor in respect of the matters referred to in clause 7.1 above, it shall defend the same at the cost of Resulting Company and the Resulting Company shall reimburse and indemnify the Demerged Company or its successor against all liabilities and obligations incurred by the Demerged Company or its successor in respect thereof. The Resulting Company undertakes to have all legal or other proceedings initiated by or against the Demerged Company referred to in clause 7.1 above, transferred into its name and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company or its successor.



7.3. In respect of the legal proceedings of whatsoever nature by or against the Demerged Company pending and/or arising at the Appointed Date relating only to the Demerged Undertaking of the Demerged Company, if the Demerged Company or the Resulting Company receive any compensation by the Order of the Court or otherwise which cannot be divided amongst the Demerged Company and the Resulting Company, the same will be so divided between the Demerged Company and the Resulting Company as mutually decided by the Statutory Auditors of the Demerged Company and the Resulting Company.

8. **EMPLOYEES:**

8.1 All permanent Employees pertaining to the Demerged Undertaking of Demerged Company, if any, in service on the Operative Date, shall become employees of the Resulting Company on such date without any break or interruption in service and on terms and conditions as to remuneration not less favorable than those subsisting with reference to the Demerged Company as on the said date. The services of such employees shall not be treated as having been interrupted for the purpose of provident fund or gratuity or superannuation or statutory purposes or otherwise and for all purposes will be reckoned from the date of appointment with the Demerged Company. All the rights, duties, powers and obligations of the Demerged Company in relation to the provident fund or gratuity or superannuation or statutory funds pertaining to the employees of the Demerged Undertaking shall become those of the Resulting Company.

8.2 It is expressly provided that, upon the Scheme becoming operative, the provident fund, gratuity fund, contribution towards employees state insurance, superannuation fund, retirement fund or any other special fund or trusts created or existing for the benefit of the Employees of Demerged Undertaking (collectively referred to as the “**Funds**”) shall



be transferred to similar Funds created/ to be created by the Resulting Company and shall be held for their benefit pursuant to this Scheme or, at the Resulting Company's sole discretion, maintained as separate Funds by the Resulting Company. In the event that the Resulting Company does not have its own Funds in respect of any of the above, the Resulting Company may, subject to necessary approvals and permissions, continue to contribute to the relevant Funds of the Demerged Company, until such time that the Resulting Company creates its own Funds, at which time the funds and the investments and contributions pertaining to the Employees of Demerged company shall be transferred to the Funds created by the Resulting Company.

9. ISSUE OF SHARES/CONSIDERATION:

9.1 Upon the Scheme becoming operative and in consideration of the transfer and vesting of the Demerged Undertaking of the Demerged Company in the Resulting Company in terms of this Scheme, the Resulting Company shall, without any application or deed, issue and allot to the shareholders of the Demerged Company whose names appear in the register of members of the Demerged Company as on the Record Date, 577 Equity Share of the face value of Rs. 10/- each, fully paid up of the Resulting Company for every 10 (Ten) Equity Shares of the face value Rs. 100/- each held by the shareholders in the Demerged Company.

9.2 The shares issued by Resulting Company to the members of Demerged Company pursuant to Clause 9.1 above shall be issued in Dematerialized form. The members of the Demerged Company whose names appear in the register of shareholders on the Record Date are required to provide their Depository participant details to the Resulting Company on or before such date as may be determined by the Board of Directors of the Demerged Company.



- 9.3** In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Demerged Company, the Board of Directors of the Demerged Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer in the Demerged Company respectively, as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or transferee of equity shares in the Resulting Company issued by the Resulting Company after the effectiveness of this Scheme.
- 9.4** Any Fraction arising on issue of shares pursuant to clause 9.1 will be rounded off to nearest integer.
- 9.5** The Equity Shares to be issued shall be listed and admitted to trading on the Stock Exchange in terms of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. The Resulting Company shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the Stock Exchange with respect to the issue of equity shares under this Scheme. On such formalities being fulfilled, the Stock Exchange shall list and/or admit such equity shares issued pursuant to this Scheme, for the purpose of trading.
- 9.6** The equity shares allotted pursuant to this Scheme shall remain frozen in the depositories system till listing / trading permission is given.
- 9.7** There will be no change in the shareholding pattern or control in the Resulting Company between the Record Date and the listing which may affect the basis on which approval is received from the Stock Exchange.
- 9.8** The Equity Shares of Resulting Company issued and allotted by the Resulting Company in terms of this Scheme shall be subject to the provisions of the



Memorandum and Articles of Association of the Resulting Company and shall rank pari passu in all respects with the existing Equity Shares of the Resulting Company, with all rights thereto and shall be entitled to full dividend, if any, which may be declared by the Resulting Company after the Operative Date of the Scheme.

9.9 The Resulting Company shall, if necessary and to the extent required, increase or reclassify its Authorized Share Capital to facilitate issue and allotment of Shares under this Scheme.

9.10 The issue and allotment of Equity Shares of the Resulting Company to the shareholders of the Demerged Company as provided in the Scheme as an integral part thereof, shall be deemed to be made in compliance with the procedure laid down under the provisions of the Act.

10. ACCOUNTING TREATMENT

Notwithstanding anything to the contrary herein, upon the Scheme becoming effective, the Demerged Company and the Resulting Company shall give effect to the accounting treatment in its books of account in accordance with the accounting standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 or such other applicable rule.

10.1 Accounting Treatment in the books of Poonam Roofing Products Private Limited

10.1.1 Demerged Company will transfer all the Assets & Liabilities of the Industrial Business Undertaking at their respective book values at the Appointed Date to the Resulting Company.

10.1.2 The difference between the excess of the book value of the assets over the book value of liabilities pertaining to the Demerged Undertaking pursuant the Scheme of Arrangement shall be first adjusted against the Capital Reserve and balance, if any shall be adjusted against



Profit & Loss Account of Poonam Roofing Products Private Limited.

10.2 Accounting Treatment in the Books of Sahyadri Industries Limited

- 10.2.1** Sahyadri Industries Limited shall account for the transfer and vesting of the Demerged Undertaking in its books of accounts as per “pooling of interest method” in accordance with Appendix C to Ind AS 103 – Business Combinations of entities under common control.
- 10.2.2** The Resulting Company shall record the Assets and Liabilities of the Demerged Undertaking, transferred and vested in it pursuant to this Scheme, at their respective book values appearing in the books of the Demerged Company immediately before the Appointed Date.
- 10.2.3** The Resulting Company shall credit its equity share capital account with the face value of New Shares issued in accordance with Clause 9.1.
- 10.2.4** The difference i.e. the excess (or deficit) of the value of the assets over the transferred liabilities pertaining to the Demerged Undertaking, after taking into account the nominal value/face value of the shares issued by the Resulting Company, shall be transferred to the Capital Reserve account in the books of the Resulting Company.
- 10.2.5** All inter-corporate deposits, investments, loans and advances, outstanding balances or other obligations if any as on the Operative Date between the Demerged Company to the extent pertaining to the Demerged Undertaking and the Resulting Company shall stand cancelled and corresponding effect shall be given in the books of account and the records of Resulting Company for the reduction of any assets or liabilities, as the case may be. There would be no accrual of



interest or other charges and there shall be no obligation/outstanding in that behalf in respect of any such inter-corporate deposits, loans and advances, outstanding balances or other obligations with effect from the Appointed Date.

10.2.6 No adjustments shall be made to reflect fair values or recognize any new assets or liabilities. The only adjustments that shall be made are to harmonize differences in accounting policies, if any.

10.2.7 In case of any difference in the accounting policy between Resulting Company and the Demerged Undertaking of the Demerged Company, the impact of the same up to the Appointed Date will be quantified and adjusted in the Profit & Loss account of the Resulting Company to ensure that the financial statements of the Resulting Company reflect the financial position on the basis of consistent accounting policy.

11. OPERATIVE DATE OF THE SCHEME

The Scheme set out herein in its present form or with any modification(s) as approved or imposed or directed by the Hon'ble Tribunal shall be effective from the Appointed Date but shall become operative from the Operative Date.

12. CONDUCT OF ACTIVITIES BY THE DEMERGED COMPANY TILL OPERATIVE DATE:

With effect from the appointed date of the Scheme and up to and including the Operative Date:

12.1 The Demerged Company shall carry on or deemed to have carried on all their respective activities pertaining to the Demerged Undertaking and shall be deemed to have held or stood possessed of and shall hold and stand possessed of all the said Assets for and on account of and in trust for the Resulting Company.

12.2 All the profits or income accruing or arising to the Demerged Undertaking of the Demerged Company or



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

12.3 The Demerged Company shall carry on its respective activities pertaining to the Demerged Undertaking with reasonable diligence, business prudence and shall not alienate, charge, mortgage, encumber or otherwise deal with the assets of the Demerged Undertaking or any part thereof except in the ordinary course or pursuant to any pre-existing obligation undertaken by the Demerged Company prior to the Appointed Date or except with prior written consent of the Resulting Company.

12.4 The Demerged Undertaking of Demerged Company shall not, without prior written consent of the Resulting Company, undertake any new activities.

12.5 The Demerged Company shall not, without prior written consent of the Resulting Company, take any major policy decisions in respect of management and activity of the Demerged Undertaking and shall not change its present capital structure.

12.6 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 the Resulting Company or pursuant to any pre-existing obligation undertaken by the Demerged Company, as the case may be, prior to the Appointed Date.

12.7 The Resulting Company shall be entitled, pending the sanction of the Scheme, to apply to the Central/State Government, and all other agencies, departments and authorities concerned as are necessary under any law or rules, for such consents, approvals and sanctions, which



the Resulting Company may require pursuant to this Scheme.

13. SAVING OF CONCLUDED TRANSACTIONS & PROCEEDINGS

The transfer of and vesting of the Demerged Undertaking, as per this Scheme and the continuance of proceedings by or against the Resulting Company shall not affect any transaction or proceedings already concluded by the Demerged Company in respect of the Demerged Undertaking, on or after the Appointed Date till the Operative 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 if done and executed by the Demerged Company on behalf of the Resulting Company.

14. TAXES AND DUTIES

14.1 All tax liabilities / refunds / credits / claims relating thereto under the Income-tax Act, Customs Act, Central Excise Act, Goods and services Tax, State sales tax laws, Central Sales Tax Act, Service tax, or other applicable laws / regulations dealing with taxes / duties / levies [hereinafter in this Clause referred to as "**Tax Laws**"] pertaining to the Demerged Undertaking of the Demerged Company to the extent not provided for or covered by tax provision in the financial statements made as on the date immediately preceding the Appointed Date shall be treated as liabilities / refunds / credits / claims of the Resulting Company and shall be transferred to the Resulting Company. Any surplus in the provision for taxation/ duties/ levies account including advance tax and TDS, credit for minimum alternate tax/ service tax, Goods and Service Tax or such other credits as on the date immediately preceding the Appointed Date will also be transferred to and become the advance tax/other tax of the Resulting Company.



14.2 The refund under the Tax Laws due to the Demerged Company pertaining to its Demerged Undertaking consequent to the assessments made on the Demerged Company whether before or after the appointed date and for which whether credit is taken or not in the financial statements as on the date immediately preceding the Appointed Date shall also belong to and be received by the Resulting Company.

14.3 Without prejudice to the generality of the above, all benefits, credits, refunds, exemptions, incentives or concessions under Tax Laws as may be applicable, with respect to the Demerged Undertaking, to which the Demerged Company is entitled to in terms of the applicable Tax Laws of the Union and State Governments in India, shall be available to and vest in the Resulting Company.

14.4 The Resulting Company shall be entitled to file / revise its income tax returns, service tax returns, Value Added Tax returns, Central Sales Tax returns, Goods and Service Tax Return, tax deducted at source certificates, tax deducted at source returns and other statutory returns and filings, if required under the Tax Laws, and shall have the right to claim or adjust refunds, advance tax credits, credit for minimum alternate tax / tax deducted at source / foreign taxes withheld/ paid, input tax credits etc. of the Demerged Company if any, as may be required consequent to implementation of this Scheme.

15. REMAINING BUSINESS

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 Demerged Company which shall continue to exist as a legal entity.

15.1 All employees of Remaining Business of the Demerged Company, who are in service on the date immediately preceding the Operative Date shall continue to remain



employees of the Demerged Company without any break or interruption in service and on terms and conditions no less favourable than those on which they are engaged by the Demerged Company as on the Operative Date.

15.2 All legal or other proceedings by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted in future and relating to the Remaining Business, shall be continued and enforced by or against the Demerged Company.

15.3 All profits accruing to the Demerged Company or all losses incurred by it relating to the Remaining Business with effect from the Appointed Date and thereafter, shall be treated as the profits or losses, as the case may be, of the Demerged Company.

16. INCOME TAX COMPLIANCE

The Scheme is drawn in compliance with Section 2(19AA) of the Income Tax Act, 1961 pertaining to demerger and always should be read as in compliance of the said Section. If any terms or provisions of the Scheme is / are inconsistent with the provisions of Section 2(19AA) of the Income Tax Act, 1961, the provisions of Section 2(19AA) of the Income Tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent necessary to comply with the said Section 2(19AA) of the IT Act.

PART – III

GENERAL TERMS AND CONDITIONS

17. APPLICATION TO THE NATIONAL COMPANY LAW TRIBUNAL

The Demerged Company and the Resulting Company shall make applications and/or petitions under Sections 230 to 232 read with other applicable provisions of the Act to the Tribunal, Mumbai Bench or such other appropriate authority in respect of the Demerged Company and Resulting Company for sanction of this Scheme.

18. MODIFICATIONS, AMENDMENTS TO THE SCHEME



The Demerged Company and the Resulting Company by their respective Directors or authorized person so nominated in that behalf, may assent to any modification or amendment to this Scheme which the Tribunal and/ or any other authority 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 in the best interest of all stakeholders. All amendment/modification pursuant to this clause shall be subject to the approval of Tribunal. The Demerged Company and the Resulting Company by their respective Directors or authorized person so nominated in that behalf be and are hereby authorized to take such steps and do all acts, deeds and things as may be necessary, desirable or proper to give effect to this Scheme and to resolve any doubts, 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. All amendment/modification pursuant to this clause shall be subject to the approval of Tribunal.

19. SCHEME CONDITIONAL UPON APPROVALS / SANCTIONS

19.1 The Stock Exchange having issued their no-objection letter as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the SEBI Circular CFD/DIL3/CIR/2017/21 dated 10th March, 2017 and CFD/ DIL3/ CIR/ 2018/ 2 dated 3rd January, 2018 and any other circulars, notifications etc. as may be applicable.

19.2 The Scheme is conditional upon scheme being approval by the public shareholders of the Resulting Company through e-voting in terms of para 9(a) of part I of Annexure I of SEBI circular No. CFD/DIL3/CIR/2017/21 dated March 10 2017 and the scheme shall be acted upon only if vote cast by the public shareholders in favour of



the proposal are more than the number of votes cast by the public shareholders against it.

19.3 Approval in terms with the applicable provisions of the Act and guidelines/ regulations/ circulars issued by SEBI as amended and updated from time to time, as may be considered necessary to give effect to this Scheme, and/or as may be directed by the NCLT.

19.4 The sanction of the Hon'ble Tribunal being obtained under Sections 230 to 232 and other relevant provisions of the Act, as required on behalf of the Demerged Company and the Resulting Company.

19.5 The requisite consents, approvals or permissions if any of the Government Authority or any other Statutory Agencies which by law may be necessary for the implementation of this Scheme.

19.6 The Certified Copies or Authenticated Copies of such orders sanctioning the Scheme being filed with the Registrar of Companies, Pune.

19.7 All other sanctions and approvals as may be required under any law with regard to this Scheme are obtained.

20. EFFECT OF NON-RECEIPT OF APPROVAL / SANCTION:

In the event of any of the said sanctions and approvals referred to in the preceding Clause 19 not being obtained and / or the Scheme not being sanctioned by the Hon'ble Tribunal or such other competent authority and / or the order or orders not being passed as aforesaid, or for any other reason, the Scheme cannot be implemented, the Scheme shall become null and void and the Resulting Company shall bear the entire cost, charges and expenses in connection with the Scheme unless otherwise mutually agreed.

21. EXPENSES CONNECTED WITH THE SCHEME

All cost including Stamp Duty, charges and expenses in relation to or in connection with this Scheme and of carrying out and completing the terms and provisions of this Scheme and/or



incidental to the completion of Arrangement of the Demerged Company and the Resulting Company in pursuance of the Scheme shall be borne and paid by the Resulting Company only. Similarly, the Resulting Company shall alone bear any duties or taxes leviable including stamp duty in pursuance to or as a consequence of this Scheme of Arrangement.

