

**COMPOSITE SCHEME OF ARRANGEMENT**

**BETWEEN**

**GREENPLY INDUSTRIES LIMITED**

**AND**

**GREENPANEL INDUSTRIES LIMITED**

**AND**

**THEIR RESPECTIVE SHAREHOLDERS**

**AND**

**THEIR RESPECTIVE CREDITORS**

**FOR**

**THE DEMERGER OF THE DEMERGED UNDERTAKING OF**

**GREENPLY INDUSTRIES LIMITED TO GREENPANEL**

**INDUSTRIES LIMITED**

**UNDER SECTIONS 230 TO 232 READ WITH SECTION 66 OF THE**

**COMPANIES ACT, 2013**

**I. PRELIMINARY**

- 1.1 This Composite Scheme of Arrangement is presented for the demerger (that is, transfer and vesting) of the Demerged Undertaking (*as defined below*) of Greenply Industries Limited, a company incorporated under the Companies Act, 1956, and having its registered office at Makum Road, P.O. Tinsukia, Tinsukia 786125, in the State of Assam, India (hereinafter referred to as the “**Demerged Company**”); as a going concern, into Greenpanel Industries Limited, a company incorporated under the Companies Act, 2013, having its registered office at Makum Road, P.O. Tinsukia, Tinsukia 786125, in the State of Assam, India (hereinafter referred to as the “**Resulting Company**”). The Resulting

Company is a wholly owned subsidiary of the Demerged Company.

## II. RATIONALE OF THE SCHEME

2.1 The Demerged Company is engaged in the following lines of business through the following undertakings:

(i) the “**Transferred Business**”: As part of this business undertaking, primary activities means –

Business comprising of manufacturing, marketing and trading of Medium Density Fibre Boards (MDF), Pre-Laminated MDF, Wood Floors, Plywood, Decorative Veneers, Doors and allied products. Presently, this business consists of the MDF manufacturing unit situated at Routhu Suramala, Chittoor (Andhra Pradesh), MDF manufacturing unit and Plywood and allied products manufacturing unit located in a common plot at Pantnagar (Uttarakhand), registered, marketing, branch and administrative office(s) located in India and overseas subsidiary viz. Greenply Trading Pte. Limited (registered in Singapore) excluding its investment of USD 37,50,000 (37,50,000 ordinary shares of USD 1 each) in Greenply Alkema (Singapore) Pte. Ltd. (registered in Singapore).

(ii) the “**Remaining Business**”: As part of this business undertaking, primary activities means –

Business comprising of manufacturing, marketing and trading

of Plywood, Decorative Veneers, Veneers, Doors and allied products. Presently, this business consists of manufacturing units situated at Tizit (Nagaland), Kriparampur (West Bengal), Bamanbore (Gujarat) and registered, marketing, branch, Corporate and other office(s) located in India and subsidiaries viz. Greenply Holdings Pte. Ltd. (registered in Singapore), Greenply Middle East Limited (registered in Dubai, UAE), Greenply Gabon SA (registered in Gabon, West Africa) and investment of USD 37,50,000 (37,50,000 ordinary shares of USD 1 each) in Greenply Alkema (Singapore) Pte. Ltd., Singapore (Joint Venture Company) held by Greenply Trading Pte. Limited (registered in Singapore) and Greenply Industries (Myanmar) Pvt. Ltd. (registered in Myanmar) controlled by Greenply Alkema (Singapore) Pte. Ltd., Singapore.

- 2.2 Each of the aforementioned businesses of the Demerged Company have been nurtured and developed from a nascent stage and are currently at different stages of maturity, with differing capital and operating requirements including risk and competition, necessitating different management approaches and focus.
- 2.3 Under this Scheme, it is proposed to demerge the Transferred Business of the Demerged Company, and all the estate, assets, rights, claims, title, interest, licenses, liabilities, employees, accretions and appurtenances of the Demerged Company pertaining to the Transferred Business (“**Demerged Undertaking**”, as defined more particularly in Paragraph 1.6 of Part A of this Scheme) and transfer it to the Resulting Company. The proposed demerger of the Demerged

Undertaking envisaged in this Scheme, is aimed at achieving the following business and commercial objectives and is expected to result in the following benefits for the Demerged Company and the Resulting Company:

- (i) Enhanced strategic flexibility to build a viable platform solely focusing on each of the businesses.
- (ii) Enable dedicated management focus, resources and skill set allocation to each business, which will in turn accelerate growth and unlock significant value for the shareholders of the Demerged Company.
- (iii) Provide enhanced strategic flexibility in the operation of each of the aforementioned businesses.
- (iv) Expanding the potential client / customer market for each business vertical.
- (v) Access to various sources of funds and investments for the rapid growth of both the businesses.

2.4 The nature of technology, risk, competition and capital intensity involved in each of the undertakings of the Demerged Company is distinct from each other. Consequently, each undertaking of the Demerged Company is capable of addressing independent business opportunities, deploying different technologies and attracting different sets of investors, strategic partners, lenders and other

stakeholders. Hence, as part of an overall business reorganisation plan, it is considered desirable and expedient to reorganise and reconstruct the Demerged Company by demerging the Demerged Undertaking to the Resulting Company in the manner and on the terms and conditions contained in this Scheme.

- 2.5 Pursuant to the Scheme, all Shareholders of the Demerged Company as on the Record Date will receive equity shares in the Resulting Company and subsequently, such Shareholders of the Demerged Company will hold equity shares in both, the Demerged Company and the Resulting Company. It will give such Shareholders of the Demerged Company the ability to continue to remain invested in both or either of the Companies, giving them greater flexibility in managing and/or dealing with their investments.
- 2.6 The Scheme is beneficial to the respective shareholders, creditors, employees and all stakeholders of the Demerged Company and the Resulting Company. The Scheme is expected to contribute in furthering and fulfilling the objects of both the Companies and in the growth and development of their respective businesses.
- 2.7 The Scheme has been approved by the respective Boards of the Demerged Company and the Resulting Company and it has been decided that requisite application / petition before the NCLT (*as defined below*) for seeking the necessary directions and the sanction of this Scheme, shall be filed. The Scheme is also subject to the approval of the requisite majority of the respective shareholders and/or creditors, as the case may be, of the Demerged Company and

the Resulting Company and / or such other statutory approvals/ clearances, if any, as more particularly set out in the Scheme.

2.8 The transfer of the Demerged Undertaking shall be on a going concern basis.

### **III. PARTS OF THE SCHEME**

This Scheme is divided into the following parts:

- **PART A** deals with definitions and share capital;
- **PART B** deals with the transfer and vesting of the Demerged Undertaking of the Demerged Company into the Resulting Company, including consideration and accounting treatment;
- **PART C** deals with the general terms and conditions applicable to this Scheme.

## **PART A**

### **DEFINITIONS AND SHARE CAPITAL**

#### **1 DEFINITIONS**

In this Scheme, unless repugnant to the context or meaning thereof, the following expressions shall have the following meanings:

1.1 “**Act**” means the Companies Act, 2013, as applicable and the rules and regulations made thereunder and shall include any statutory modifications, re-enactment or amendment thereof.

- 1.2 **“Appointed Date”** for the purpose of this Scheme and Income Tax Act, 1961, means 1<sup>st</sup> April, 2018 .
- 1.3 **“Board of Directors”** or **“Board”** in relation to the Demerged Company and the Resulting Company, as the case may be, means the board of directors of such Company and includes any committee of directors constituted by the board of the respective Companies.
- 1.4 **“Companies”** means the Demerged Company and the Resulting Company, collectively.
- 1.5 **“Demerged Company”** means Greenply Industries Limited, incorporated under the Companies Act, 1956, bearing CIN L20211AS1990PLC003484 and having its registered office at Makum Road, P.O. Tinsukia, Tinsukia 786125, in the State of Assam, India.
- 1.6 **“Demerged Undertaking”** means the entire activities, operations, business division and undertaking of the Demerged Company pertaining to the Transferred Business as is presently carried out by the Demerged Company and which is being transferred to the Resulting Company on a going concern basis along with all related assets, liabilities, employees, rights, powers and shall include (without limitation) in particular the following:
- (i) all assets (including appliances, accessories, furniture, fixtures and leasehold improvements, where applicable) whether movable or immovable, tangible or intangible, including all

rights, titles and interest in connection with the land, and buildings thereon, whether corporeal or incorporeal, leasehold or otherwise, plant and machinery, capital work in progress, advances, sundry debtors, cash and bank balances, other fixed assets, benefit of any deposits, financial assets, investments, benefit of any bank guarantees and all other assets whether real or personal, present, future or contingent relating to the Demerged Undertaking, except as provided in this Scheme;

- (ii) all permits, rights (including, without limitation, rights under any customer contracts, supply contracts, insurance contracts or other contracts or agreements), licenses including, without limitation, approvals, authorizations, consents, tenancies, offices, entitlements, bids, tenders, letters of intent, expressions of interest, municipal and other statutory permissions, approvals, consents, licenses, registrations, subsidies, concessions, exemptions, remissions and unabsorbed depreciation, tenancies in relation to office, lease rights, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, and installations, utilities, electricity and other services, provisions, funds, benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Demerged Undertaking;
- (iii) all deposits and balances with Government (including share of advance taxes, taxes deducted at source in connection with the business of the Demerged Undertaking, entitlements to refund

and / or credits of service tax, central excise, GST in connection with the business of the Demerged Undertaking, entitlements to refund and / or credits of the value added tax (in all states) in connection with the business of the Demerged Undertaking and such other tax credits as may pertain to the Demerged Undertaking), semi-government, local and other authorities and bodies, customers, other persons, earnest moneys and/or security deposits paid or received by the Demerged Company, directly or indirectly in connection with or in relation to the Demerged Undertaking;

- (iv) all employees of the Demerged Company substantially engaged in the Demerged Undertaking and those employees that are determined by the Board of Directors of the Demerged Company to be substantially engaged in or in relation to the business of the Demerged Undertaking;
- (v) all debts, borrowings, obligations, duties and liabilities both present and future (including deferred tax liabilities, contingent liabilities and the liabilities and obligations under any licenses or permits or schemes) of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilized, whether secured or unsecured, whether in rupees or foreign currency, relating to the Demerged Undertaking;
- (vi) all trade and service names and marks (including any right to use trademarks), patents, copyrights (including any right to use copyrights), designs, brand names (including the right to use

brand names), patents, use of technology rights, and other intellectual property rights of any nature whatsoever, books, records, files, papers, engineering and process information, software licenses (whether proprietary or otherwise), drawings, computer programmes, manuals, data, catalogues, quotations, sales and advertising material, lists of present and former customers and suppliers, other customer information, customer credit information, customer pricing information, and all other records and documents, whether in physical or electronic form relating to business activities and operations of the Demerged Undertaking; and

(vii) all legal proceedings of whatsoever nature by or against the Demerged Company pending or threatened on the Appointed Date and relating to the Demerged Undertaking.

1.7 “**Effective Date**” means the date on which certified copies of the orders of the NCLT sanctioning this Scheme are filed with the Registrar of Companies at Shillong by the Demerged Company and the Resulting Company and if such filing is made on different dates, then the last of such dates. References in this Scheme to the date of “**coming into effect of this Scheme**” or “**effectiveness of this Scheme**” or “**being effective**” or “**becoming effective**” will mean the Effective Date.

1.8 “**Greenpanel Shareholder Group**” means Shiv Prakash Mittal and Shobhan Mittal (on behalf of Trade Combines, Partnership Firm), Shobhan Mittal, Santosh Mittal, Prime Holdings Private Limited,

Vanashree Properties Private Limited, Shiv Prakash Mittal, Chitwan Mittal, Master Aditya Mittal, Educational Innovations Private Limited, Niranjana Infrastructure Private Limited, Showan Investment Private Limited, Bluesky Projects Private Limited and Trade Combines Pte. Ltd. (Incorporated in Singapore).

- 1.9 **“Greenply Shareholder Group”** means Rajesh Mittal, Sanidhya Mittal, Karuna Mittal, S. M. Management Private Limited, RS Homcon Limited, R. M. Safeinvest Private Limited, Brijbhumi Merchants Private Limited, Brijbhumi Tradevin Private Limited, Mastermind Shoppers Private Limited, Dholka Plywood Industries Private Limited, Mittalgreen Plantations LLP, Rajesh Mittal & Sons, HUF and RKS Family Foundation.
- 1.10 **“NCLT”** means Guwahati, Assam bench of the National Company Law Tribunal as constituted under the Act.
- 1.11 **“Record Date”** means the date to be fixed mutually by the Board of Directors of the Demerged Company and the Resulting Company for the purpose of determining the names of the Shareholders of the Demerged Company, as applicable, who shall be entitled to shares of the Resulting Company under Paragraph 12 hereto, upon coming into effect of this Scheme.
- 1.12 **“Resulting Company”** means Greenpanel Industries Limited, incorporated under the Companies Act, 2013, bearing CIN U20100AS2017PLC018272 and having its registered office at Makum Road, P.O. Tinsukia, Tinsukia 786125, in the State of Assam,

India.

- 1.13 “**Scheme**” means this composite scheme of arrangement in relation to the demerger of the Demerged Undertaking of the Demerged Company into the Resulting Company in its present form or as may be modified from time to time in accordance with Paragraph 18 of this Scheme or as may be approved or directed by the NCLT.
- 1.14 “**SEBI**” means the Securities and Exchange Board of India.
- 1.15 “**Shareholders**” means the persons registered as holders of equity shares of the respective Companies.
- 1.16 “**Takeover Code**” means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- 1.17 The Scheme has been drawn up to comply with the conditions relating to “Demerger” as specified under 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 at a later date including resulting from an amendment of law or for any other reason whatsoever until the Effective Date, 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.
- 1.18 The words importing the singular include the plural; words importing

any gender include every gender.

- 1.19 Any word or expression used and not defined in the Scheme but defined in the Act shall have the meaning respectively assigned to them in the Act or the Securities Contracts (Regulation) Act, 1956, as applicable.

## **2 DATE OF TAKING EFFECT AND OPERATIVE DATE**

The Scheme, though operative from the Appointed Date, shall become effective from the Effective Date.

## **3 SHARE CAPITAL**

- 3.1 The authorized, issued, subscribed and paid-up share capital of the Demerged Company as on 31<sup>st</sup> March 2018 is as under:

<i>Particulars</i>	<i>Rupees (INR)</i>
<u>CAPITAL:</u>	
<u>Authorised:</u>	
16,00,00,000 equity shares of INR 1.00 each	21,00,00,000
50,00,000 Cumulative Redeemable Preference Shares of INR 10.00 each	
<u>Issued, Subscribed and Paid –up:</u>	
12,26,27,395 equity shares of INR 1.00 each	12,26,27,395

- 3.2 The authorized, issued, subscribed and paid-up share capital of the

Resulting Company as on 31<sup>st</sup> March 2018 is as under:

<i>Particulars</i>	<i>Rupees(INR)</i>
<u>CAPITAL:</u>	
<u>Authorised:</u>	
1,00,00,000 equity shares of INR 1.00 each	1,00,00,000
<u>Issued, Subscribed and Paid –up:</u>	
10,00,000 equity shares of INR 1.00 each	10,00,000

Subsequent to 31<sup>st</sup> March 2018 there has been no change in the authorized, issued, subscribed and paid up share capital of the Demerged Company and the Resulting Company.

## **PART B**

### **DEMERGER OF THE DEMERGED UNDERTAKING OF THE DEMERGED COMPANY INTO THE RESULTING COMPANY**

#### **4 TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING**

- 4.1 On and from the Appointed Date and subject to the provisions of the Scheme in relation to the mode of transfer and vesting, the Demerged Undertaking as a going concern shall be transferred to and vested in or be deemed to be transferred to and vested in the Resulting Company without any further act, deed, instrument, matter or thing, in such a manner that:

4.1.1 all the assets of the Demerged Undertaking immediately before the demerger become the assets of the Resulting Company by virtue of the demerger;

4.1.2 all the liabilities of the Demerged Undertaking immediately before the demerger become the liabilities of the Resulting Company by virtue of the demerger.

With effect from the Effective Date, the Resulting Company shall commence and carry on and shall be authorized to carry on the business carried on by the Demerged Undertaking in addition to the business of the Resulting Company.

4.2 **Transfer of assets, movable and immovable property**

Without limiting the generality of the foregoing, on and from the Appointed Date and subject to the provisions of the Scheme in relation to the mode of transfer and vesting, the Demerged Undertaking as a going concern shall be transferred to and vested in or be deemed to be transferred to and vested in the Resulting Company in the following manner:

4.2.1 With effect from the Appointed Date, all the assets of the Demerged Undertaking whether movable or immovable, of whatsoever nature and wheresoever situated, shall, under the provisions of Sections 230 to 232 and all other applicable provisions, if any, of the Act, without any further act or deed,

be transferred to and vested in and deemed to be transferred to and vested in the Resulting Company as a going concern so as to become, as from the Appointed Date, the assets of the Resulting Company and to vest all the right, title and interest therein to the Resulting Company. With effect from the Appointed Date, the Resulting Company shall be entitled to exercise all rights and privileges and be liable to pay ground rent, municipal taxes and fulfill all obligations, in relation to or applicable to transfer of immovable properties to the Resulting Company. The mutation of title/ assignment of leases in respect of the immovable properties in the name of the Resulting Company shall be made and duly recorded by the appropriate authorities pursuant to the sanction of this Scheme by the NCLT and this Scheme becoming effective in accordance with the terms hereof without any further act or deed on part of the Resulting Company.

4.2.2 With effect from the Appointed Date, all the moveable assets including plant & machinery, furniture & fixtures, office equipment, vehicles, computers, air conditioner, electric installation, fire extinguisher, inventories, cash in hand of the Demerged Undertaking, capable of transfer by physical delivery or by endorsement and/or delivery shall be so delivered or endorsed and/or delivered as the case may be to the Resulting Company to the end and intent that the property therein passes to the Resulting Company, on such delivery or endorsement and/or delivery in pursuance of the provisions of Sections 230 to 232 and other applicable provisions of the Act.

4.2.3 In respect of the movable properties of the Demerged Undertaking (other than those specified in Paragraph 4.2.2 above) including sundry debtors, receivables, bills, credits, loans and advances, recoverable in cash or in kind or for value to be received, bank balances and deposits with government, semi-government authorities, local and other authorities and bodies or with any company or other person, the Resulting Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, give notice in such form as it may deem fit and proper, to each of such person, debtor or depositor, as the case may be, that pursuant to the NCLT having sanctioned the Scheme, such debt, loan, advance, bank balance, or deposit be paid or made good or held on account of the Demerged Undertaking as the person entitled thereto to the end and intent that the right of the Demerged Undertaking to recover or realize all such debts (including the debts payable by such person or depositor to the Demerged Undertaking) stands without any further act or deed, transferred and assigned to the Resulting Company and that appropriate entries should be passed in its books to record the aforesaid change.

4.2.4 The Resulting Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation/notice in favour of any other party to any contract or arrangement to which the Demerged Undertaking is party or

any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Resulting Company shall under the provisions of the Scheme be deemed to be authorised to execute any such writings, instruments and deeds on behalf of the Demerged Undertaking and to implement or carry out all such formalities or compliance referred to above on the part of the Demerged Undertaking to be carried out or performed to give effect to the provisions of this Paragraph 4.2.

4.2.5 Subject to the other provisions of this Scheme, all entitlements, licenses, permissions, approvals, clearances, authorisations, consents, brand names, trademarks, copyrights, patents, other intellectual property rights registrations and no-objection certificates obtained by the Demerged Company for the operations of the Demerged Undertaking and/or to which the Demerged Company is entitled to in relation to the Demerged Undertaking in terms of the various statutes/ schemes/ policies, etc. of the Overseas, Union and State Governments, local authorities, local bodies and other statutory authorities and bodies, shall be available to and vest in the Resulting Company, without any further act or deed and shall be mutated by the statutory authorities concerned therewith in favour of the Resulting Company. Since the Demerged Undertaking will be transferred to and vested in the Resulting Company as a going concern without any break or interruption in the operations thereof, the Resulting Company shall be entitled to enjoy the benefit of all such entitlements, licenses, permissions,

approvals, clearances, authorizations, consents, intellectual property rights, registrations and no-objection certificates as enjoyed by the Demerged Company and to carry on and continue the operations of the Demerged Undertaking on the basis of the same upon this Scheme becoming effective. Accordingly, all existing and future incentives, unavailed credits and exemptions and other statutory benefits, including in respect of Income Tax for the period commencing on and from the Appointed Date, excise (including Modvat / Cenvat), customs (including EPCG, DFIA, advance license, SHIS, FMS, FPS, Incremental Export Incentive Scheme, TED etc.), VAT, sales tax, goods and services tax, entry tax, octroi, service tax and other taxes, incentives and duties to which the Demerged Company is entitled in relation to the Demerged Undertaking in terms of the various Statutes/ Schemes/ Policies, etc. of Overseas, Union and State Governments shall be available to and vest in the Resulting Company upon this Scheme becoming effective.

4.2.6 The transfer and/or vesting of all the assets and liabilities of the Demerged Undertaking to the Resulting Company and the continuance of all the contracts and proceedings by or against the Resulting Company shall not affect any contract or proceedings relating to the assets or the liabilities, tenancy rights, licenses already concluded by the Demerged Company on or after the Appointed Date.

4.2.7 Further, the experience, track record and credentials of the

Demerged Company in relation to the Demerged Undertaking in carrying out the Transferred Business prior to its transfer to the Resulting Company shall be taken into account and treated and recognized as the experience, track record and credentials in relation to such Demerged Undertaking even after its transfer to the Resulting Company, including for the purpose of eligibility, standing, evaluation and participation of the Resulting Company in all existing and future bids, tenders, contracts, request for proposals / quotation, of clients Central/ State Governments, statutory bodies or agencies thereof.

#### 4.3 **Transfer of liabilities**

4.3.1 With effect from the Appointed Date, all debts, liabilities, duties, obligations of every kind, nature and description of the Demerged Undertaking (subject to the provisions of Paragraphs 4.3.4 to 4.3.7) shall, under the provisions of Sections 230 to 232 of the Act without any further act or deed be transferred to or be deemed to be transferred to the Resulting Company so as to become as from the Appointed Date the debts, liabilities, duties, obligations of the Resulting Company and further 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 Scheme. Without limiting the generality of the foregoing, the export obligations including EPCG export obligations arising on account of licences issued / granted to

and pertaining to the Demerged Undertaking of the Demerged Company shall stand transferred to and become the export obligations of the Resulting Company which shall meet, discharge and satisfy the same with effect from the Appointed Date.

4.3.2 If and to the extent there are inter-corporate loans, deposits, receivables or balances between the Demerged Undertaking and the Resulting Company, the obligations in respect thereof shall, on and from the Appointed Date, come to an end and suitable effect shall be given in the books of accounts and records of the Resulting Company, if required, for such adjustments of debts or liabilities, as the case may be. 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 inter-corporate loans, deposits, receivables or balances between the Demerged Company in relation to the Demerged Undertaking and the Resulting Company.

4.3.3 The transfer and/or vesting of the properties as aforesaid shall be subject to the existing charges, hypothecation and mortgages, if any, over or in respect of all the aforesaid assets or any part thereof of the Demerged Undertaking.

Provided however, that any reference in any security documents or arrangements, to which the Demerged Company is a party, to the assets of the Demerged Undertaking which it

has offered or agreed to be offered as security for any financial assistance or obligations, to any secured creditors of the Demerged Company, shall be construed as reference only to the assets of the Demerged Undertaking as are vested in the Resulting Company by virtue of the aforesaid Paragraph, to the end and intent that such security, mortgage and charge shall not extend or be deemed to extend, to any of the assets or to any of the other units or divisions of the Resulting Company or the Demerged Company, unless specifically agreed to by the Resulting Company with such secured creditors.

Provided that the Scheme shall not operate to enlarge the security of any loan, deposit or facility created by or available 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 thereof after the Scheme has become effective or otherwise.

4.3.4 As regards any tax Liability arising in connection with excise show cause notice received from the Office of the Director General of Central Excise Intelligence, Delhi Zonal Unit, dated February 15, 2011 and other connected notices issued by the relevant subordinate governmental authorities with respect to the subject matter of the above mentioned notice or any order, amendment, revision, further issuance or replacement thereof, or in or about the matter covered by the aforesaid show cause notice (“**Excise Notices**”), any tax Liability arising out of the Excise Notices for period up to June 30, 2017 and which is

finally adjudicated and/or settled by March 31, 2022; 32% of the finally adjudicated/ settled Liability amount shall be paid by the Demerged Company to the Resulting Company in case the Resulting Company pays tax under Minimum Alternative Tax (MAT) in the year in which the tax Liability arises and 29% in case the Resulting Company is under normal tax Liability in the year in which the tax Liability arises. The payment by the Demerged Company to the Resulting Company shall be made seven days before the payment has to be made by the Resulting Company to the Government.

4.3.5 Further, as regards any tax Liability arising in connection with disputed dues of excise duty on resin production at the Demerged Company's manufacturing unit at Pantnagar, Uttarakhand, for the period upto June 30, 2017 and which is finally adjudicated and/or settled by March 31, 2022; 44% of the finally adjudicated / settled Liability amount shall be paid by the Demerged Company to the Resulting Company in case the Resulting Company pays tax under Minimum Alternative Tax (MAT) in the year in which the tax Liability arises and 40% in case the Resulting Company is under normal tax Liability in the year in which the tax Liability arises. The payment by the Demerged Company to the Resulting Company shall be made seven days before the payment has to be made by the Resulting Company to the Government.

4.3.6 Further, as regards any tax Liability arising in connection with disputed dues of excise duty in respect of the Demerged

Company's manufacturing unit at Tizit (Nagaland) relating to refund of excise duty under Notification Number 32/99-CE for the period upto June 30, 2017 and which is finally adjudicated and/or settled by March 31, 2022, 44% of the finally adjudicated / settled liability amount shall be paid by the Resulting Company to the Demerged Company in case the Demerged Company pays tax under Minimum Alternative Tax (MAT) in the year in which the tax liability arises and 40% in case the Demerged Company is under normal tax liability in the year in which the tax liability arises. The payment by the Resulting Company to the Demerged Company shall be made seven days before the payment has to be made by the Demerged Company to the Government.

4.3.7 Further, any tax Liability arising in connection with disputed dues of excise duty in respect of the Demerged Company's manufacturing units at Kriparampur (West Bengal) and Bamanbore (Gujarat) relating to disallowance of discounts claimed on sale of goods for the period upto June 30, 2017 and which is finally adjudicated and/or settled by March 31, 2022, 44% of the finally adjudicated / settled liability amount shall be paid by the Resulting Company to the Demerged Company in case the Demerged Company pays tax under Minimum Alternative Tax (MAT) in the year in which the tax liability arises and 40% in case the Demerged Company is under normal tax Liability in the year in which the tax Liability arises. The payment by the Resulting Company to the Demerged Company shall be made seven days before the payment has to

be made by the Demerged Company to the Government.

It is hereby clarified that, for the purpose of above paras i.e. 4.3.4 to 4.3.7: (i) “**Liability**” shall include duty, penalty, interest or any amount paid on composition; (ii) “**finally adjudicated/settled**” shall mean such final adjudication/settlement where neither party shall have a right to prefer any further appeal or have any further recourse against the demand arising out of the Excise Notices and disputed dues.

4.3.8 This Scheme shall be deemed to ensure that any amount owing by the Demerged Company as on the Appointed Date, or at any time thereafter, is owned either by the Demerged Company or the Resulting Company such that the liabilities and debts pertaining to the Demerged Undertaking are taken over by the Resulting Company and those pertaining to the Remaining Business continue to be the debts or liabilities of the Demerged Company. Any charge, security interest, lien, statutory lien or statutory charge pertaining to any assets of the Demerged Undertaking shall continue to have effect only on the assets of the Demerged Undertaking in the Resulting Company and shall cease to have effect on the assets of the Remaining Business. Likewise, any charge, security interest, lien, statutory lien or statutory charge pertaining to any assets of the Remaining Business shall continue to have effect only on the assets of the Remaining Business in the Demerged Company and shall cease to have effect on the assets of the Demerged Undertaking.

Subject to the Paragraph above, if any creditor has any charge, security interest, lien, statutory lien or statutory charge on any of the assets or properties of Demerged Undertaking of the Demerged Company, such creditor shall continue to enjoy and hold such charge, lien or security interest upon the properties of Demerged Undertaking in the Resulting Company.

## **5 BUSINESS AND PROPERTY OF THE DEMERGED UNDERTAKING TO BE HELD IN TRUST FOR THE RESULTING COMPANY**

For the period beginning on and from the Appointed Date and ending on the Effective Date:

- 5.1 The Demerged Company in relation to the Demerged Undertaking shall carry on and be deemed to have carried on all its business and activities and shall be deemed to have held and possessed of and shall continue to hold and stand possessed of all the assets, properties and liabilities for and on account of and in trust for the Resulting Company. The Demerged Company hereby undertakes to hold the assets, properties and liabilities with utmost prudence until the Effective Date.
- 5.2 All the profits or income accruing or arising to the Demerged Undertaking and all costs, charges, expenditure, taxes or losses arising or incurred by the Demerged Undertaking shall, for all purposes, be treated and be deemed to be and accrue as profits, income, costs,

charges, expenditure, taxes or losses, as the case may be, of the Resulting Company.

- 5.3 The Demerged Undertaking shall carry on its business and activities until the Effective Date with reasonable diligence, and business prudence and shall not, alienate, charge, mortgage, encumber or otherwise deal with or dispose of the assets or any part thereof, except in the ordinary course of business or pursuant to any pre-existing obligation undertaken by the Demerged Company in relation to the Demerged Undertaking.

Provided however, the Demerged Company in relation to the Demerged Undertaking shall in the ordinary course of business be entitled to borrow in the form of loans, if deemed necessary by it and further consent for this purpose will not be required of the Resulting Company in that behalf.

- 5.4 The Demerged Company in relation to the Demerged Undertaking shall not, without the prior written consent of the Board of Directors of the Resulting Company, undertake any new business or substantial expansion of the business which relates to the Demerged Undertaking.
- 5.5 The Demerged Company shall not make any change in its capital structure, either by an increase (by issue of rights shares, bonus shares, convertible debentures or otherwise), decrease, re-classification, subdivision or re-organisation or in any other manner whatsoever other than the changes pursuant to any prior commitments, obligations or arrangements or acts and deeds already made except by mutual

consent of the Board of Directors of the Resulting Company and the Demerged Company.

## **6 LEGAL PROCEEDINGS**

6.1 All proceedings by or against the Demerged Company pending and/or arising on or before the Effective Date in relation to the Demerged Undertaking shall not abate, not be discontinued or not be in any way prejudicially affected by reason of the transfer of the business of the Demerged Company pursuant to this Scheme but the proceedings shall be continued, prosecuted and enforced by or against the Resulting Company as effectually and in the same manner and to the same extent as it would be or might have been continued, prosecuted and enforced by or against the Demerged Company as if the Scheme had not been made. On and from the Effective Date, the Resulting Company shall initiate, continue and defend any proceedings which were earlier in the name of the Demerged Company.

6.2 On and from the Appointed Date but on or before the Effective Date, if any proceedings are taken against or initiated by the Demerged Company in relation to the Demerged Undertaking, the same shall be defended by the Demerged Company for and on behalf of the Resulting Company.

6.3 It is clarified that any amounts received by the Demerged Company after the Appointed Date on account of any proceedings, including proceedings under various Tax Laws (*as defined below*) shall be deemed to have been received in trust and on behalf of the Resulting

Company and the same shall forthwith be remitted by the Demerged Company to the Resulting Company upon the Scheme becoming effective.

## **7 CONTRACTS, DEEDS AND OTHER INSTRUMENTS**

7.1 All acts, contracts, agreements, deeds, bonds or any other instruments executed by the Demerged Company in relation to the Demerged Undertaking on or before the Appointed Date shall be in full force and effect against or in favor of the Resulting Company as the case may be and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary thereto.

7.2 All acts, contracts, agreements deeds, bonds or any other instruments executed by the Demerged Company in relation to the Demerged Undertaking after the Appointed Date but before the Effective Date shall be in full force and effect against or in favor of the Resulting Company as the case may be and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary thereto.

7.3 Upon the Scheme coming into effect and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments of whatsoever nature to which the Demerged Company in relation to the Demerged Undertaking is a party or to the benefit of which the Demerged Company in relation to the Demerged Undertaking may be eligible, and which are subsisting or having effect

immediately before the Effective Date, shall be in full force and effect against or in favor of the Resulting Company as the case may be and may be enforced as fully and effectually as if, instead of the Demerged Company in relation to the Demerged Undertaking, the Resulting Company had been a party or beneficiary thereto. The Resulting Company shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any multipartite agreements, arrangements, confirmations or novation to which the Demerged Company in relation to the Demerged Undertaking will also be a party in order to give formal effect to the provisions of this Scheme, if so required or becomes necessary.

- 7.4 The Resulting Company may, at any time, after the coming into the effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of any party to any contract or arrangement to which the Demerged Company in relation to the Demerged Undertaking is a party or any writings, as may be necessary, to be executed in order to give formal effect to the above provisions. The Resulting Company shall under the provisions of the Scheme be deemed to be authorised to execute any such writings on behalf of the Demerged Company, in relation to the Demerged Undertaking, in order to implement or carry out all such formalities or compliances referred to above.

## **8 STAFF, WORKMEN AND EMPLOYEES OF THE DEMERGED UNDERTAKING**

- 8.1 All staff, workmen and employees of the Demerged Undertaking in

continuous service on the Effective Date shall become the staff, workmen and employees of the Resulting Company on such date without any break or interruption in service and on the terms and conditions not in any way less favourable to them than those subsisting with reference to the Demerged Undertaking as the case may be on the said date. The Resulting Company shall be liable to pay to the workman, in the event of his retrenchment, compensation on the basis that his service has been continuous and has not been interrupted by the transfer.

8.2 It is expressly provided that as far as the provident fund, gratuity fund, superannuation fund or any other special fund or schemes created or existing for the benefit of the staff, workmen and employees of the Demerged Undertaking are concerned, upon the Scheme becoming effective, the Resulting Company shall stand substituted for the Demerged Company for all purposes whatsoever related to the administration or operation of such schemes or funds or in relation to the obligation to make contributions to said funds in accordance with provisions of such schemes and said funds as per the terms provided in the respective trust deeds/ other documents. To this end and intent, all the rights, duties, powers and obligations of the Demerged Company in relation to such funds/schemes shall become those of the Resulting Company. It is clarified that the services of the staff, workmen and employees of the Demerged Undertaking will be treated as having been continuous for the purpose of the aforesaid funds or provisions.

8.3 The Demerged Company in relation to the Demerged Undertaking

shall not vary the terms and conditions of the employment of its employees except in the ordinary course of business.

## **9 ACCOUNTING TREATMENT**

Notwithstanding anything to the contrary herein, upon this Scheme becoming effective, the Resulting Company shall give effect to the accounting treatment in the books of accounts in accordance with the accounting standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, or any other relevant or related requirement under the Act, as applicable on the Appointed Date.

The Demerged Company and Resulting Company both being entities under common control, the accounting would be done at book values for the all the assets and liabilities acquired by the Resulting Company of the Demerged Undertaking by applying the principles as set out in Appendix C of IND AS 103 'Business Combinations'.

### **9.1 IN THE BOOKS OF THE DEMERGED COMPANY**

9.1.1 Upon the Scheme becoming effective, the Demerged Company shall reduce the book value of assets (ignoring revaluation, if any) and the liabilities pertaining to the Demerged Undertaking as on the Appointed Date.

9.1.2 The difference between value of the assets and value of the liabilities transferred in accordance with the aforesaid Paragraph

will be recorded in the following order: (1) Capital Redemption Reserve; (2) Securities Premium Reserve; (3) General Reserve; (4) Retained Earnings in the books of the Demerged Company. If value of liabilities transferred is more than value of assets transferred to Resulting Company, then the balance shall be recorded in capital reserves.

## 9.2 **IN THE BOOKS OF THE RESULTING COMPANY**

9.2.1 Upon the Scheme becoming effective, the Resulting Company shall:

- (a) record the assets and liabilities pertaining to the Demerged Undertaking, at the respective book values (ignoring revaluation if any) as appearing in the books of Demerged Company as on the Appointed Date;
- (b) credit to its share capital account, the aggregate face value of the equity shares issued by it pursuant to this Scheme and Paragraph 12.

9.2.2 The excess of assets of the Demerged Undertaking as on the Appointed Date over the (i) book value of the liabilities of the Demerged Undertaking as on the Appointed Date and (ii) paid up value of the equity shares issued by the Resulting Company to the Shareholders of Demerged Company (the amount credited as share capital), will be credited to the capital reserve account of the Resulting Company. In case of there being a shortfall, the

same shall be debited to goodwill.

## **10 TREATMENT OF TAXES**

10.1 Any tax liabilities under the Income Tax Act, 1961, Wealth Tax Act, 1957, Customs Act, 1962, Central Excise Act, 1944, Goods and Services Tax Act, 2017, any other state sales tax/value added tax laws, service tax, stamp laws or other applicable laws/regulations (hereinafter in this Paragraph referred to as "**Tax Laws**") dealing with taxes/duties/levies allocable or related to the Demerged Undertaking to the extent not provided for or covered by tax provisions in the accounts made as on the date immediately preceding the Appointed Date shall be transferred to Resulting Company, subject to the provisions of Paragraphs 4.3.4 to 4.3.7 of this Scheme.

10.2 All taxes (including income tax, wealth tax, sales tax, excise duty, customs duty, service tax, value added tax, goods and services tax, etc.) paid or payable by the Demerged Company in respect of the operations and/or the profits of the Demerged Undertaking on and from the Appointed Date, shall be on account of the Resulting Company and, in so far as it relates to the tax payment (including without limitation income tax, wealth tax, sales tax, excise duty, customs duty, service tax, value added tax, goods and services tax, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Demerged Company in respect of the profits or activities or operation of the Demerged Undertaking on and from the Appointed Date, the same shall be deemed to be the corresponding item paid by the Resulting Company, and, shall, in all proceedings, be

dealt with accordingly, subject to the provisions of Paragraphs 4.3.4 to 4.3.7 of this Scheme.

10.3 Any refund under the Tax Laws due to the Demerged Company consequent to the assessments made on Demerged Company in relation to the Demerged Undertaking and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Resulting Company.

10.4 Without prejudice to the generality of the above, all benefits including under the income tax, sales tax, excise duty, customs duty, service tax, value added tax, goods and services tax, etc., to which the Demerged Company are entitled to in terms of the applicable Tax Laws of the central and state governments, shall be available to and vest in the Resulting Company.

## **11 SAVING OF CONCLUDED TRANSACTIONS**

11.1 The transfer of all the assets and liabilities and the licenses and permits and membership etc. under Paragraph 4 above and the continuance of proceedings by or against the Resulting Company under Paragraph 6 above shall not affect any transaction or proceedings already concluded by the Demerged Company in relation to the Demerged Undertaking on or before the Appointed Date, and after the Appointed Date till 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 the Demerged Undertaking.

## **12 CONSIDERATION**

- 12.1 In consideration of the transfer and vesting of the Demerged Undertaking in accordance with the provisions of this Scheme, the share capital of the Resulting Company shall be increased in the manner set out in this Paragraph 12.
- 12.2 Upon the Scheme becoming effective and in consideration of the demerger including the transfer and vesting of the Demerged Undertaking into the Resulting Company, the Resulting Company shall, without any further application or deed, for every 1 (one) fully paid-up equity share of Re. 1 (Rupee One) each of the Demerged Company, issue and allot to each member of the Demerged Company whose name appears in the register of members of the Demerged Company as on the Record Date, 1 (one) fully paid-up equity share of Re. 1 (Rupee One) each, of the Resulting Company.
- 12.3 Upon issue of the new equity shares to the Shareholders of the Demerged Company on the Record Date, all existing equity shares held by the existing Shareholders of the Resulting Company (i.e. not including the Shareholders of the Demerged Company on the Record Date), shall stand cancelled, without any further act or deed. The reduction of capital of the Resulting Company pursuant to this Scheme shall be given effect as an integral part of the Scheme and the consent given to the Scheme by the Shareholders and creditors of the Resulting Company shall be deemed to be their consent under the provisions of Section 66 and all other applicable provisions of

the Act to such reduction of capital of the Resulting Company and the Resulting Company shall not be required to convene any separate meeting for that purpose. The order of the NCLT sanctioning the Scheme shall be deemed to be an order under Section 66 of the Act. Notwithstanding the reduction of the subscribed and paid-up equity share capital of the Resulting Company, the Resulting Company shall not be required to add “And Reduced” as suffix to its name.

12.4 Such new equity shares issued by the Resulting Company shall, pursuant to circular issued by SEBI on March 10, 2017 bearing no. CFD/DIL3/CIR/2017/21 (as amended from time to time) and in accordance with the compliance with requisite formalities under applicable laws, be listed and/or admitted to trading on the relevant stock exchange(s) where the existing equity shares of the Demerged Company are listed and/or admitted to trading.

12.5 The equity shares to be issued by the Resulting Company to the Shareholders of the Demerged Company on the Record Date pursuant to this Paragraph 12 shall be issued:

12.5.1 in dematerialized form, if the shares are held in dematerialized form by the Shareholders of the Demerged Company on the Record Date.

12.5.2 in physical form, if the shares are held in physical form by the Shareholders of the Demerged Company on the Record Date. New share certificates shall be issued and delivered by registered post to such Shareholders of the Demerged

Company on the Record Date for the number of shares entitled by them under the Scheme.

- 12.6 The equity shares of the Resulting Company to be issued to the members of the Demerged Company pursuant to this Paragraph 12 shall be subject to the memorandum and articles of association of the Resulting Company and shall rank *pari passu* in all respects with the existing equity shares of Resulting Company.
- 12.7 The new equity shares in the Resulting Company allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/ trading permission is given by the designated stock exchange. Till the listing of the equity shares of the Resulting Company to be issued pursuant to this Scheme, there shall be no change in the pre-arrangement capital structure and shareholding pattern or control in the Resulting Company which may affect the status of approval of the stock exchanges to this Scheme. The Resulting Company will not issue/ reissue any shares, not covered under this Scheme.
- 12.8 Equity shares of the Resulting Company are allotted to the Shareholders of the Demerged Company on the Record Date in terms of this Scheme by virtue of their interest in the Demerged Company as a whole, including the Demerged Undertaking. However, in order to achieve the objectives of concentration of resources efficiently, and focused management for the Transferred Business as well as the Remaining Business which is an integral objective of this Scheme, within 36 (thirty six) months from the listing of the equity shares of the Resulting Company, there shall be a realignment of shareholding between the Greenply

Shareholder Group and the Greenpanel Shareholder Group such that:

(a) the Greenpanel Shareholder Group shall transfer in one or more transactions, on the stock exchange or otherwise, such number of equity shares of the Demerged Company as mutually agreed, to the Greenply Shareholder Group; and (b) the Greenply Shareholder Group shall transfer in one or more transactions, on the stock exchange or otherwise, such number of equity shares of the Resulting Company as mutually agreed, to the Greenpanel Shareholding Group. Such realignment of shareholding shall be subject to compliance with the Takeover Code and other applicable laws. For the purpose of availing exemption under Regulation 10 of the Takeover Code, the promoters of the Demerged Company shall be deemed to have been the promoters of the Resulting Company for the same duration they have been promoters of the Demerged Company and this recognition shall be available on the listing of the equity shares of the Resulting Company. Statutory exemptions for the transfer of shares of the Resulting Company amongst the Greenply Shareholder Group and the Greenpanel Shareholder Group shall be deemed to be available to the Greenply Shareholder Group and the Greenpanel Shareholder Group under the Takeover Code as detailed below.

12.9 The proposed transfer will neither change the total shareholding / voting rights of the promoter groups of the Demerged Company nor will it affect or prejudice the interests of the public shareholders in any way.

12.10 Upon consummation of transfer envisaged in Paragraph 12.8 above,

12.10.1 Shiv Prakash Mittal and Shobhan Mittal (on behalf of Trade Combines, Partnership Firm), Shobhan Mittal, Santosh Mittal, Prime Holdings Private Limited, Vanashree Properties Private Limited, Shiv Prakash Mittal, Chitwan Mittal, Master Aditya Mittal, Educational Innovations Private Limited, Niranjana Infrastructure Private Limited, Showan Investment Private Limited, Bluesky Projects Private Limited and Trade Combines Pte. Ltd. (Incorporated in Singapore) shall cease to be a part of the promoter/ promoter group of the Demerged Company. Similarly, Rajesh Mittal, Sanidhya Mittal, Karuna Mittal, S. M. Management Private Limited, RS Homcon Limited, R. M. Safeinvest Private Limited, Brijbhumi Merchants Private Limited, Brijbhumi Tradevin Private Limited, Mastermind Shoppers Private Limited, Dholka Plywood Industries Private Limited, Mittalgreen Plantations LLP, Rajesh Mittal & Sons, HUF and RKS Family Foundation shall not form part of the promoter/ promoter group of the Resulting Company.

12.10.2 The Demerged Company and the Resulting Company shall be managed and controlled by their respective shareholders, i.e. the Resulting Company shall be under the exclusive management and control of the Greenpanel Shareholder Group and the Demerged Company shall be under the exclusive management and control of the Greenply Shareholder Group. The shareholders of the Resulting Company and the Demerged Company may reconstitute their respective board of directors to reflect the change in

shareholding.

- 12.11 It is clarified that the transfer of the equity shares of both, the Demerged Company and the Resulting Company, and the consequent change in management and control of the respective Companies made in terms of this Paragraph 12 shall be pursuant to and is an integral part of this Scheme. Such transfer and change in control, being exempt under Regulation 10 of the Takeover Code, shall not trigger the open offer requirements in the Demerged Company and/or the Resulting Company under Regulation 3 or Regulation 4 of the Takeover Code.
- 12.12 In the event of there being any pending share transfers, whether lodged or outstanding, of any member 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 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 the Scheme.
- 12.13 The issue and allotment of equity shares by the Resulting Company, to the Shareholders of the Demerged Company as provided hereunder is an integral part of the Scheme and shall be deemed to have been carried out as if the procedure laid down under Section 62(1)(c) of the Act and any other applicable provisions of the Act have been complied with.

12.14 For the purpose of issue of equity shares to the Shareholders of the Demerged Company on the Record Date, the Resulting Company shall, if and to the extent required, apply for and obtain the required statutory approvals.

12.15 The new equity shares to be issued by the Resulting Company pursuant to this Scheme in respect of any equity shares of the Demerged Company which are held in abeyance under the provisions of Section 126 of the Act or otherwise shall pending allotment or settlement of dispute by order of Court or otherwise, be held in abeyance by the Resulting Company.

## **PART C**

### **GENERAL TERMS AND CONDITIONS**

#### **13 TRANSACTIONS BETWEEN THE APPOINTED DATE AND THE EFFECTIVE DATE**

13.1 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 for such consents, approvals and sanctions which the Resulting Company may require to carry on the business of the Demerged Undertaking.

#### **14 APPLICATION TO THE NCLT**

14.1 The Demerged Company and Resulting Company shall, with all reasonable dispatch, make applications to the NCLT seeking orders

for dispensing with or, if required, convening, holding and conducting of the meetings of the members and/or creditors of the Demerged Company and the Resulting Company as may be directed by the NCLT.

- 14.2 On the Scheme being agreed to by the requisite majorities of the Shareholders and/or creditors of the Demerged Company and Resulting Company, if so directed to be taken by the NCLT, the Demerged Company and Resulting Company shall, with all reasonable dispatch, apply to the NCLT for sanctioning the Scheme under the provisions of the Act, and for such other order or orders, as the NCLT may deem fit for carrying this Scheme into effect.

## **15 SCHEME CONDITIONAL ON APPROVAL/SANCTIONS**

This Scheme is specifically conditional upon and subject to:

- 15.1 The sanction or approval under any law or of the Central Government or any other agency, department or authorities concerned (including but not limited to, SEBI and the relevant stock exchange(s)) being obtained and granted in respect of any of the matters in respect of which such sanction or approval is required.
- 15.2 The approval of, and agreement to the Scheme by the requisite majority of the Shareholders and creditors of the Demerged Company and the Resulting Company, if required as may be directed by the NCLT on the application made for directions under the provisions of the Act. Such approval will be obtained from the Shareholders of the

Demerged Company by way of a resolution passed through e-voting and through voting in any other manner as required under applicable laws.

15.3 The sanction of the NCLT being obtained by the Demerged Company and by the Resulting Company under the applicable provisions of the Act.

15.4 The certified copies of order of the NCLT sanctioning the Scheme being filed with the concerned Registrar of Companies, Shillong.

## **16 EFFECT OF NON-APPROVALS**

16.1 In the event of any of the approvals or conditions enumerated in Paragraph 15 above not being obtained or complied or for any reasons this Scheme cannot be implemented then the Board of Directors of the Demerged Company and the Resulting Company shall waive such conditions as they consider appropriate to give effect appropriately and, as far as possible, to this Scheme and failing such agreement or in case this Scheme is not sanctioned by the NCLT, then the Scheme shall become null and void and in that event no rights and liabilities whatsoever shall accrue to or be incurred, inter-se, between the Demerged Company and the Resulting Company or their respective Shareholders or creditors or any other person.

## **17 VALIDITY OF EXISTING RESOLUTIONS, ETC.**

17.1 Upon the coming into effect of this Scheme, the resolutions, if any, of

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

## **18 MODIFICATION, WITHDRAWAL OR AMENDMENT TO THE SCHEME**

- 18.1 Subject to approval from the NCLT, the Demerged Company and the Resulting Company through its respective Board of Directors are hereby empowered and authorized to assent from time to time to any modifications or amendments or substitution of this Scheme or to any conditions or limitations which the NCLT, SEBI, Central Government or any other statutory authorities may impose and to settle all doubts or difficulties that may arise for carrying out the Scheme and to do and execute all acts, deeds, matters and things as may be necessary for bringing this Scheme into effect. The Demerged Company and the Resulting Company by their respective Boards of Directors are authorised to do and execute all acts, deeds, matters and things necessary for bringing this Scheme into effect, or review the position relating to the satisfaction of the conditions of this Scheme and if necessary, waive any of such conditions (to the extent permissible under law) for bringing this Scheme into effect, and/or give such

consents as may be required in terms of this Scheme. In the event that any conditions are imposed by the NCLT or any governmental authorities, which the Board of Directors of the Demerged Company or the Resulting Company find unacceptable for any reason, the Demerged Company and the Resulting Company shall be at liberty to withdraw the Scheme.

18.2 The Demerged Company and the Resulting Company, by their respective Board of Directors, or any such persons or committees of persons as authorized by the Boards, be and are hereby authorised to take all such steps as may be necessary, desirable or proper for the purposes of implementing the Scheme and to resolve any doubts, difficulties or questions regarding the implementation of this Scheme or otherwise arising under this Scheme, whether by reason of any directive or orders of any other authorities or otherwise, howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.

18.3 The Demerged Company and the Resulting Company through its respective Board of Directors are hereby empowered and authorized to withdraw this Scheme prior to the Effective Date in any manner and at any time.

## **19 NON-COMPETE**

19.1 The Demerged Company shall not, directly or indirectly, compete with the Resulting Company's business of medium density fiberboard (MDF) for a period of 7 (seven) years from the Effective Date or such

reduced period, as may be mutually agreed between the Demerged Company and the Resulting Company.

- 19.2 Similarly, the Resulting Company shall not, directly or indirectly, expand its Plywood business (except to the extent of the Plywood business transferred along with the Demerged Undertaking; it being clarified that the Resulting Company shall not expand or increase the capacity of the Plywood unit transferred pursuant to this Scheme as well), for a period of 7 (seven) years from the Effective Date or such reduced period, as may be mutually agreed between the Demerged Company and the Resulting Company.

## **20 USE OF TRADEMARKS AND BRAND NAMES**

- 20.1 The Demerged Company and the Greenply Shareholder Group shall be entitled to use the trademarks/brand 'GREEN' with or without prefix/suffix (or any variant thereof) in respect of any future products. Similarly, the Resulting Company and the Greenpanel Shareholder Group shall be entitled to use the trademarks/ brand 'GREEN' with or without prefix/suffix (or any variant thereof) in respect of their future products.
- 20.2 Further, the Demerged Company and the Greenply Shareholder Group shall not be entitled to use the trademarks/ brand 'GREENPANEL' with or without prefix/suffix (or any variant thereof) in respect of any products after effectiveness of this Scheme. Similarly, the Resulting Company and the Greenpanel Shareholder Group shall not be entitled to use the trademarks/ brand 'GREENPLY' with or without

prefix/suffix (or any variant thereof) in respect any products after effectiveness of this Scheme.

## **21 REMAINING BUSINESS**

Save and except the Demerged Undertaking of the Demerged Company and as expressly provided in this Scheme, nothing contained in this Scheme shall affect the Remaining Business of the Demerged Company which shall continue to belong to and be vested in and be managed by the Demerged Company.

## **22 DECLARATION OF DIVIDENDS**

The Demerged Company shall be entitled to declare and pay dividends, whether interim or final, to its Shareholders in respect of the accounting period prior to the Effective Date. It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any Shareholder of the Demerged Company and/or the Resulting Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the Board of Directors of the Demerged Company and subject to the approval of the Shareholders of the Demerged Company.

## **23 COSTS, CHARGES & EXPENSES & STAMP DUTY**

All costs, charges, stamp duty and any other expenses of the Demerged Company and the Resulting Company in relation to or in

connection with this Scheme and for carrying out and implementing/completing the terms and provision of the Scheme and/or incidental to the completion of the demerger of the Demerged Undertaking in pursuance of this Scheme shall be borne and paid in equal proportion between the Demerged Company and the Resulting Company.

## **24 DISQUALIFICATION OF INDEPENDENT DIRECTOR**

The name of Ms. Sonali Bhagwati Dalal (DIN:01105028), Independent Director of the Demerged Company was published by the Ministry of the Corporate Affairs (“MCA”) on its website in the list of directors disqualified under Section 164(2) of the Companies Act, 2013. Subsequently a petition was filed by her before the Hon’ble High Court of Delhi pursuant to which, the Hon’ble High Court of Delhi has stayed the impugned list of Disqualified Directors to the extent it includes her name. To avail the Condonation of Delay Scheme, 2018, she has filed an appeal before the National Company Law Tribunal, New Delhi (“NCLT, New Delhi”) for revival of the concerned defaulting company (in relation to which she has been named as a defaulting director) and the appeal is pending for disposal. In view of the pendency of the appeal before the NCLT, New Delhi, the Hon’ble High Court of Delhi has vide its order dated May 07, 2018 extended the stay till disposal of the said appeal.