

SCHEME OF AMALGAMATION

OF

ZUARI SUGAR & POWER LIMITED
(TRANSFEROR COMPANY)

WITH

ZUARI INDUSTRIES LIMITED
(FORMERLY KNOWN AS ZUARI GLOBAL LIMITED)
(TRANSFeree COMPANY)

AND

THEIR RESPECTIVE SHAREHOLDERS AND
CREDITORS

(UNDER SECTIONS 230-232 AND OTHER
APPLICABLE PROVISIONS OF THE COMPANIES
ACT, 2013)

For ZUARI INDUSTRIES LIMITED
(formerly Zuari Global Limited)


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GENERAL

I. Preamble and Overview of the Scheme

1. This Scheme of Amalgamation (hereinafter referred to as "the Scheme" or "this Scheme") provides for the amalgamation of **M/S. ZUARI SUGAR & POWER LIMITED** (hereinafter referred to as "the Transferor Company" or "ZSPL") with **M/S. ZUARI INDUSTRIES LIMITED (FORMERLY KNOWN AS ZUARI GLOBAL LIMITED)** (hereinafter referred to as "the Transferee Company" or "ZIL") and their respective shareholders and creditors with effect from the Appointed Date (as defined hereinafter), pursuant to the provisions of Sections 230-232 and other relevant provisions of the Companies Act, 2013.
2. In addition, this Scheme also provide for various other matters consequential, supplemental and/or otherwise integrally connected therewith.

II. Description of Companies

1. **ZSPL**, the Transferor Company, is a public limited company incorporated on 27 June 2008 under the name and style of "**M/S. ZUARI FINANCIAL SERVICES LIMITED**" under the provisions of the Companies Act, 1956. The CIN of the company is **U65100GA2008PLC007282** and its registered office is at Jai Kisaan Bhawan, Zuarinagar, Goa-403726, India. Further, the name of the company was changed to "**M/S. ZUARI SUGAR & POWER LIMITED**" and a fresh certificate of incorporation consequent upon change of name was issued on **06.08.2015**. It

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was incorporated to carry on the business of sugar manufacture and refinery and the manufacture of any other that may be decided upon by or on behalf of the Company and the business of buyers, sellers, importers, exporters, Commission Agents and dealers of any goods or merchandise whatsoever and to transact all manufacturing or treating and preparing processes and mercantile business that may be necessary or expedient and to purchase and vend the raw material and manufactured articles and ancillary matters.

2. **ZIL**, the Transferee Company, was incorporated on 12 May 1967 under the provisions of the Companies Act, 1956. The equity shares of ZIL are listed on the National Stock Exchange of India Limited (hereinafter called 'NSE') and the BSE Limited (hereinafter called 'BSE'). The CIN of the company is **L65921GA1967PLC000157** and its registered office is at Jai Kisaan Bhawan, Zuarinagar, Goa-403726, India. ZSPL is wholly owned subsidiary of ZIL. ZIL is primarily engaged in the following main businesses:

(a) To carry on agri related businesses for the manufacture of sugar, refined sugar, artificial sweeteners, pharma sugar, sugar cubes/sachets, branded sugar, fortified sugar and all value added sugar products and related products, manufacture, extraction and production of bio-diesel, seeds production, distribution, developing various hybrid strains and patenting them, commercial nurseries for cultivation of sugar cane or any other crops used for production of sugar, entail agri research and development activities and collaborations with research and development activities and collaborations with research institutions and foreign partners for the said purpose and to generally carry out all activities and business as may be needed or incidental for the manufacture of sugar and related products as permitted by law.

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(b) To manufacture, trade, buy, sell, exploit or deal in all by-products and products of whatever nature derived from the process of manufacture of sugar and those arising out of the objects specified above.

(c) To produce, import, export, stock or otherwise trade in Molasses, rectified spirit and alcohol (of all types and descriptions), ethanol and all other products arising out of the manufacturing process for sugar or which is germane to the said object, for sale, distribution, export and import for industrial, human or commercial use or for any other purpose.

(d) To carry on the business of distillery, generation of power for captive consumption and supply, sale or export of electric power, whether by the use of bio-mass, bagasse, any other feed stock or from any other substances and to establish, own, manage and maintain power plants, power generators, electricity generating works, factories and other works and conveniences in connection therewith and to generate, use, sell, supply and distribute electricity arising out of the carrying on of the objects specified above.

(e) To manufacture bio-fertilizers and bio-products of all types and descriptions which can be advantageously derived from the by products derived from the manufacture of sugar and to buy, sell, import, export or otherwise deal in the same.

In addition to above, ZIL is also engaged in the business to manufacture, produce, refine, process, formulate, mix or prepare, mine or otherwise acquire, invest in, own, hold, use, lease, mortgage, pledge, buy, sell, exchange, distribute, assign, transfer or otherwise dispose of trade, deal in and with, import and export any and all classes and kinds agricultural chemicals, fertilizers, manures, their mixtures and formulations (including but not limiting). Carry on business of contractors, erectors, construction of buildings, houses, apartments, structures etc.

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II. Rationale for the Scheme

ZSPL, the Transferor Company and ZIL, the Transferee Company are under the same management and ZIL is the holding company of ZSPL. With a view to streamline and rationalize group structure and eliminate duplicate corporate procedures, it is desirable to amalgamate ZSPL (Transferor Company) with ZIL (Transferee Company). Combining of all the activities of ZSPL with that of ZIL would be in the interest of ZSPL being its wholly owned subsidiary. By this amalgamation, duplicating facilities in accounting, purchasing, marketing, etc. will be eliminated and it would create economies in administrative and managerial costs by consolidating operations and reduce duplication of administrative responsibilities, multiplicity of records and legal and regulatory compliances. Operating inefficiencies of small concerns will be controlled by the superior management emerging from the amalgamation. The amalgamated company will be in a better position to operate than the amalgamating company individually. Both the companies have resolved to effectuate the amalgamation.

The amalgamation of the Transferor Company with the Transferee Company would *inter alia* have the following benefits:

1. Greater integration, greater financial strength and flexibility for the amalgamated entity, which would result in maximizing overall shareholder value and will improve the competitive position of the combined entity.
2. Improved organizational capability and leadership, arising from the pooling of resources to compete successfully in an increasingly competitive industry.
3. Strengthening of brand "Zuari" leading to a stronger market presence.
4. Greater leverage in operations planning and process optimization and enhanced flexibility.
5. Cost savings are expected to flow from more focused operational efforts, rationalization, standardization and simplification of business processes, administration, finance, accounts, legal, and other related

functions, leading to elimination of duplication and rationalization of administrative expenses.

6. Simplification of group structure by eliminating duplication of work, multiple entities in similar business thus enabling focus on core competencies and achieve group synergies.
7. Proposed business re-alignment will create enhanced value for the stakeholders of both the Companies. This Scheme is not expected to be in any manner prejudicial to the interest of the concerned shareholders, members, creditors, employees or general public at large.

In view of the aforesaid, the Board of Directors of both Transferor Company as well as the Transferee Company have considered and proposed the amalgamation of the entire business of the Transferor Company with the Transferee Company in order to benefit the stakeholders of the Transferor Company and the Transferee Company. Accordingly, the Board of Directors of both Transferor Company and the Transferee Company have formulated this Scheme for the transfer and vesting of the entire business of the Transferor Company with and into the Transferee Company pursuant to the provisions of Sections 230-232 and other relevant provisions of the Companies Act, 2013.

III. Parts of the Scheme:

The Scheme is divided into following parts:

- (i) **Part A** – dealing with definitions of the terms used in this Scheme and the share capital of both Transferor Company and the Transferee Company;
- (ii) **Part B** – dealing with amalgamation of Transferor Company with the Transferee Company;
- (iii) **Part C** – dealing with the accounting treatment of the amalgamation in the books of the Transferee Company; and

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(iv) **Part D** – dealing with the dissolution of Transferor Company and the general terms and conditions applicable to this Scheme and other matters consequential and integrally connected thereto.

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PART A

DEFINITIONS AND SHARE CAPITAL

(i) DEFINITIONS

1. In this Scheme, unless repugnant to the context, the following expressions shall have the following meaning:

1.1 **“Act”** or **“the Act”** means the Companies Act, 2013, ordinances, rules and regulations and/or other guidelines or notifications made thereunder and shall include any statutory modifications, reenactments or amendments thereof.

1.2 **“Amalgamation”** or **“amalgamation”** means amalgamation of the Transferor Company with the Transferee Company, on a going concern basis in accordance with section 2(1B) of the Income-Tax Act, 1961, in terms of Part B of the Scheme.

1.3 **“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 (as defined hereinafter) including any modification or re-enactment thereof for the time being in force.

1.4 **“Appointed Date”** means **April 1, 2022** or such other date as may be mutually agreed to by the Board of Directors (as defined hereinafter) of Transferor Company and Transferee Company or such other date as the National Company Law Tribunal may direct/ fix.

1.5 **“Appropriate Authority”** means any Governmental Authority (as defined hereinafter), statutory, regulatory, departmental or public body or authority of the relevant jurisdiction, including Registrar of Companies (as defined hereinafter), Regional Director (as defined

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hereinafter), Official Liquidator, High Court of Bombay at Goa, NCLT (as defined hereinafter), Stock Exchanges (as defined hereinafter), SEBI (as defined hereinafter), any relevant tax authority and any other relevant competent authorities.

1.6 **“Board of Directors”** or **“Board”** means the Board of Directors of both the Transferor Company and the Transferee Company, as the case may be, and shall include a duly constituted committee of directors or any person authorized by the Board of Directors or such committee of directors thereof.

1.7 **“Companies”** shall collectively mean the Transferor Company and the Transferee Company.

1.8 **“Effective Date”** means the last of the dates on which the certified copies of the Order of the National Company Law Tribunal sanctioning the Scheme is filed with the respective Registrar of Companies, by the Transferor Company and the Transferee Company. References in this Scheme to the date of “upon this Scheme becoming effective” or “coming into effect of this Scheme” shall mean the Effective Date.

1.9 **“Governmental Authority”** means any applicable Central, State or local Government, legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction.

1.10 **“National Company Law Tribunal”** or **“NCLT”** or **“Tribunal”** means the National Company Law Tribunal, Mumbai Bench having jurisdiction in relation to the Transferor Company and Transferee Company.

1.11 **“Official Liquidator”** means the Official Liquidator, High Court of Bombay at Goa having jurisdiction over the Transferor Company.

1.12 **“Record Date”** means date to be fixed by the Board of Directors of ZIL for the purpose of determining the shareholders of ZSPL to whom shares will be allotted or cancelled as per Act.

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1.13 **“Regional Director”** means the Regional Director, Western Region having jurisdiction in relation to the Transferor Company and the Transferee Company.

1.14 **“Registrar of Companies”** means Registrar of Companies, Goa having jurisdiction over the Transferee Company and Transferor Company, as the case may be.

1.15 **“Scheme”** or **“the Scheme”** or **“this Scheme”** means this Scheme of Amalgamation in its present form or with any modification(s) made under the Scheme, as approved or directed by the NCLT.

1.10 **“SEBI”** means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.

1.11 **“SEBI Master Circular”** or **“SEBI Circular”** means Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021 issued by SEBI or any other circular issued by SEBI applicable to scheme of amalgamation from time to time.

1.12 **“Stock Exchanges”** means BSE and NSE.

1.13 **“Transferee Company”** means “ZUARI INDUSTRIES LIMITED” a company incorporated under the Companies Act, 1956, and having its registered office at Jai Kisaan Bhawan, Zuarinagar, Goa-403726, India.

1.14 **“Transferor Company”** shall mean “ZUARI SUGAR & POWER LIMITED”, a company incorporated under the Companies Act, 1956, and having its registered office at Jai Kisaan Bhawan, Zuarinagar, Goa-403726, India.

2. 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 or any statutory modification or re-enactment thereof from time to time.

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3. In this Scheme, unless the context otherwise requires:
- a. references to “persons” includes individuals, bodies corporate (wherever incorporated), unincorporated associations and partnerships;
 - b. the headings, sub-headings, titles, sub-titles to clauses, sub-clauses and paragraphs are inserted for ease of reference only and do not form part of the operative provisions of this Scheme and shall not affect the construction or interpretation of this Scheme;
 - c. references to one gender includes all genders;
 - d. words in the singular shall include the plural and vice versa;
 - e. words “include” and “including” are to be construed without limitation;
 - f. terms “hereof”, “herein”, “hereby”, “hereto” and derivative or similar words refer to this entire Scheme or specified clauses of this Scheme, as the case may be;
 - g. a reference to “writing” or “written” includes printing, typing, electronic mailing, and other means of reproducing words in a visible form excluding a text or an instant message;
 - h. reference to any agreement, contract, document or arrangement or to any provision thereof shall include references to any such agreement, contract, document or arrangement as it may, after the date hereof, from time to time, be amended, supplemented or novated;
 - i. reference to the recital or clause are references to the recital or clause of this Scheme; and
 - j. references to any provision of law or legislation or regulation include:
 - i. such provision as from time to time amended, modified, re-enacted or consolidated (whether before or after the date of this Scheme) to the extent such amendment, modification, re-enactment or consolidation applies or is capable of applying to the transaction entered into under this Scheme and (to the extent liability thereunder may exist or can

arise) shall include any past statutory provision (as amended, modified, re-enacted or consolidated from time to time) which the provision referred to has directly or indirectly replaced;

- ii. all subordinate legislations (including circulars, notifications, clarifications, guidelines or supplement(s) to, or replacement or amendment of, that law or legislation or regulation) made from time to time under that provision (whether or not amended, modified, re-enacted or consolidated from time to time) and any retrospective amendment thereto.

(ii) SHARE CAPITAL

a. The share capital of the ZSPL as on December 31, 2022 was as under:

Authorized Capital	Amount (Rs.)
3,00,00,000 shares of Rs.10/- each	30,00,00,000
Issued, Subscribed and Paid-Up Capital	Amount (Rs.)
2,99,00,000 equity shares of Rs.10/- each fully paid-up	29,90,00,000

Subsequent to December 31, 2022 there has been no change in the share capital of ZSPL. ZSPL is a wholly owned subsidiary of the ZIL.

b. The share capital of ZIL as on December 31, 2022 was as under:

Authorized Capital	Amount (Rs.)
15,50,00,000 Equity shares of Rs.10/- each	1,55,00,00,000
20,75,000 Cumulative Redeemable Preference Shares of Rs. 100/- each	20,75,00,000
16,00,00,000 Preference Shares of Rs. 10/- each	1,60,00,00,000
TOTAL	3,35,75,00,000
Issued Capital	Amount (Rs.)

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2,97,89,235 Equity shares of Rs. 10/- each fully paid-up	29,78,92,350
1,17,74,114 Preference Shares of Rs. 10/- each fully paid up	11,77,41,140
Subscribed and Paid-up Capital	Amount (Rs.)
2,97,81,184 Equity shares of Rs.10/- each fully paid-up	29,78,11,840
1,17,74,114 Preference Shares of Rs. 10/- each fully paid up	11,77,41,140

The equity shares of ZIL are listed on NSE and BSE.

Subsequent to December 31, 2022 there has been no change in the share capital of ZIL.

(iii) DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the NCLT shall be effective from the Appointed Date but shall be operative from the Effective Date.

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PART B

AMALGAMATION OF THE TRANSFEROR COMPANY WITH THE
TRANSFeree COMPANY

2. TRANSFER AND VESTING OF TRANSFEROR COMPANY

2.1 With effect from the opening business hours of Appointed Date and on the Scheme becoming effective, the entire business of the Transferor Company shall, pursuant to the provisions of Sections 230-232 and all other applicable provisions of the Act and Section 2(1B) of the Income Tax Act,1961, and without any further act, instrument, deed, matter or thing, stand transferred to and vested, as a going concern, into the Transferee Company by virtue of and in the manner provided in this Scheme.

This Scheme has been drawn up complying with the conditions relating to amalgamation as specified under section 2(1B) of the Income Tax Act,1961. Further, if any terms or provisions of the Scheme are found or interpreted to be inconsistent with the said provisions at a later date, 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(1B) of the Income Tax Act,1961. Such modification will however not affect other parts of the Scheme. The power to make such amendments as may become necessary shall vest with the Board of Directors of the Companies, which power shall be exercised reasonably in the best interests of the Companies and their stakeholders.

2.2 Subject to the provisions of this Scheme as specified hereinafter and with effect from the Appointed Date or such other date as may

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be fixed or approved by NCLT and upon the Scheme becoming effective, the entire business and undertaking(s) of the Transferor Company including all properties, assets, rights, the secured and unsecured debts, liabilities, benefits and interest therein, duties and obligations, including those arising on account of taxation laws and other allied laws, of the Transferor Company of every description and also including, without limitation, all the movable and immovable properties and assets (whether tangible or intangible) of the Transferor Company comprising, amongst others, all furniture and fixtures, computers/data processing, office equipment, testing equipment, electrical installations, telephones, telex, facsimile and other communication facilities and business licenses, permits, authorizations, approvals, lease, tenancy rights, permissions, incentives, if any, and all other rights, patents, know-how, trademark, service mark, trade secret or other intellectual property rights, proprietary right, title, interest, contracts, consent, approvals and rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals, shall, under the provisions of Sections 230-232 of the Act, and pursuant to the orders of the Tribunal sanctioning this Scheme and without further act, instrument or deed, but subject to the charges affecting the same as on the Effective Date, without any act, deed, matter or thing, be transferred and/or deemed to be transferred to and vested in the Transferee Company so as to become the debts, liabilities, duties, obligations, properties, assets, rights, business and undertaking(s) of the Transferee Company.

- 2.3 Upon Scheme becoming effective and with effect from the Appointed Date, all debts, liabilities, duties and obligations of the Transferor Company as on the Appointed Date whether provided for or not in the books of account of the Transferor Company and all other liabilities which may accrue or arise after the Appointed Date but which relate to the period on or up to the day of the Appointed Date shall be the debts, liabilities, duties and

obligations of the Transferee Company including any encumbrance on the assets of the Transferor Company or on any income earned from those assets.

- 2.4 Upon Scheme becoming effective and with effect from the Appointed Date, all inter-party transactions between the Transferor Company and the Transferee Company will be considered as intra-party transactions and inter-party balances shall stand cancelled.
- 2.5 Upon Scheme becoming effective and with effect from the Appointed Date, all the loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form) if any, due or which may at any time in future become due between the Transferor Company and the Transferee Company shall, *ipso facto*, stand discharged and come to an end and there shall be no liability in that behalf on any party and appropriate effect shall be given in the books of accounts and records of the Transferee Company. It is hereby clarified that there will be no accrual of interest or other charges in respect of any intercompany loans, advances and other obligations with effect from the Appointed Date.
- 2.6 All the existing securities, mortgages, charges, encumbrances or liens, if any, as on the Appointed Date and created by the Transferor Company after the Appointed Date, over the assets comprised in the undertaking or any part thereof transferred to the Transferee Company by virtue of this Scheme and in so far as such securities, mortgages, charges, encumbrances or liens secure or relate to liabilities of the Transferor Company, the same shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to the Transferee Company, and such securities, mortgages, charges, encumbrances or liens shall not relate or attach to any of the other

assets of the Transferee Company, provided however that no encumbrances shall have been created by the Transferor Company over its assets after the date of filing of the Scheme without the prior written consent of the Board of Directors of the Transferee Company.

- 2.7 All the existing encumbrances over the assets and properties of the Transferee Company or any part thereof which relate to the liabilities and obligations of the Transferee Company prior to the Effective 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 Transferor Company transferred to and vested in the Transferee Company by virtue of this Scheme.
- 2.8 It is expressly provided that, save as herein provided, no other term or condition of the liabilities transferred to the Transferee Company is modified by virtue of this Scheme except to the extent that such amendment is required statutorily or by necessary implication.
- 2.9 Upon Scheme becoming effective and with effect from the Appointed Date, all statutory licenses, registrations, incentives, tax deferrals and benefits, carry-forward of tax losses, tax credits, cenvat credit, tax / duty refunds, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, permissions, approvals or consents to carry on the operations of the Transferor Company, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Transferor Company and all rights and benefits that have accrued or which may accrue to the Transferor Company, whether before or after the Appointed Date shall stand vested in or transferred to the Transferee Company, pursuant to the Scheme, without any further act or deed and shall remain valid, effective and enforceable on the same terms and conditions and shall be appropriately mutated by the statutory authorities concerned in favor of the Transferee Company upon the vesting and transfer of the Transferor Company

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pursuant to this Scheme. The benefit of all statutory and regulatory permissions and approvals, factory licenses, environmental approvals and consents, sales tax registrations or other licenses and consents shall vest in and become available to the Transferee Company pursuant to this Scheme.

- 2.10 From the Effective Date and till such time as the name of the Transferee Company would get entered as the account holder in respect of all the bank accounts and demat accounts of Transferor Company in the relevant bank's/DP's books and records, the Transferee Company shall be entitled to operate the bank/demat accounts of Transferor Company in their existing names.
- 2.11 All cheques and other negotiable instruments, payment orders received in the name of Transferor Company after the Effective Date shall be accepted by the bankers of ZIL and credited to the account of Transferee Company. Similarly, the banker of ZIL shall honour cheques issued by ZSPL and presented for payment after the Effective Date.
- 2.12 Upon the coming into effect of this Scheme, the resolutions, if any, of Transferor Company, which are valid and subsisting on the Effective Date shall continue to be valid and subsisting and be considered as resolutions of Transferee Company and if any such resolutions have upper monetary or other limits being imposed under the provisions of the Act, or any other applicable provisions, then the said limits shall be added and shall constitute the aggregate of the said limits in Transferee Company.
- 2.13 Any question that may arise as to whether a particular asset or liability pertains or does not pertain to the Transferor Company or whether it arises out of the activities or operations of the Transferor Company shall be decided by mutual agreement between the Board of Directors of the Transferor Company and the Transferee Company.

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3. CONSIDERATION

- 3.1 As Transferor Company is a wholly owned subsidiary of Transferee Company, the entire issued, subscribed and paid up equity share capital of Transferor Company is held by Transferee Company through itself and its nominees. Accordingly, upon Scheme becoming effective, Transferee Company would not be required to issue and allot any shares in lieu or exchange of the holding of the wholly owned subsidiary and the stated issued and paid up capital of Transferor Company shall stand cancelled. The said cancellation of existing share capital of ZSPL shall be affected as an integral part of this Scheme without requirement of any further act or deed or instrument by ZIL.
- 3.2 The investments in the shares of ZSPL, appearing in the books of account of ZIL shall, without any further act or deed, stands cancelled.
- 3.3 The shares or the share certificates of ZSPL, in relation to the shares held by its members, i.e., ZIL and its nominees, shall without any further application, act, instrument or deed be deemed to have been automatically cancelled and be of no effect on and from the Effective Date.

4 LEGAL PROCEEDINGS

- 4.1 Any suit, appeal or other proceedings of whatever nature by or against the Transferor Company is pending as on the Appointed Date, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against the Transferee Company, as the case may be, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company as if this Scheme had not been made.
- 4.2 In case of any litigation, suits, recovery proceedings which are to be initiated or may be initiated against the Transferor Company after the

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Appointed Date, the Transferee Company shall be made party thereto and any payment and expenses made thereto shall be the liability of the Transferee Company.

5. CONTRACTS, DEEDS AND OTHER INSTRUMENTS

- 5.1 With effect from the Appointed Date and upon Scheme becoming effective, all contracts, deeds, bonds, insurance, Letters of Intent, undertakings, arrangements, policies, agreements and other instruments, if any, of whatsoever nature pertaining to the Transferor Company and to which the Transferor Company is party and subsisting or having effect on the Effective Date, shall be in full force and effect against or in favor of the Transferee Company, as the case may be, and may be enforced by or against the Transferee Company as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party thereto.
- 5.2 The Transferee Company shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novation, to which the Transferor Company will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required or becomes necessary. The Transferee Company shall be deemed to be authorized to execute any such deeds, writings or confirmations on behalf of the Transferor Company and to implement or carry out all formalities required on the part of the Transferor Company to give effect to the provisions of this Scheme.

6. STAFF AND EMPLOYEES OF THE TRANSFEROR COMPANY

- 6.1 On the Scheme becoming effective, all staff and employees of the Transferor Company in service on the Effective Date shall be deemed to


have become staff, workmen and employees of the Transferee Company with effect from the Appointed Date or date of joining of respective workmen and employees, whichever is later, without any break or interruption in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Transferee Company shall not be less favorable than those applicable to them with reference to their employment with the Transferor Company on the Effective Date.

- 6.2 It is expressly provided that, on the Scheme becoming effective, the provident fund, gratuity fund, superannuation fund or any other special fund or trusts, if any, created or existing for the benefit of the staff, workmen and employees of the Transferor Company shall become trusts / funds of the Transferee Company for all purposes whatsoever in relation to the administration or operation of such fund or funds or in relation to the obligation to make contributions to the said fund or funds in accordance with the provisions thereof as per the terms provided in the respective trust deeds, if any, to the end and intent that all rights, duties, powers and obligations of the Transferor Company in relation to such fund or funds shall become those of the Transferee Company. It is clarified that, for the purpose of the said fund or funds, the services of the staff, workmen and employees of the Transferor Company will be treated as having been continuous with the Transferee Company from the date of employment as reflected in the records of the Transferor Company.

7. TAXATION MATTERS

- 7.1 All taxes paid or payable by the Transferor Company in respect of the operations and/or the profits before the Effective Date under Applicable Law, shall be on account of the Transferee Company and, in so far it relates to the tax payment (whether by way of deduction at source, advance tax or otherwise howsoever) by the Transferor Company in respect of the profits made from and after the Appointed Date, the same

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shall be deemed to be the tax paid by the Transferee Company, and shall, in all proceedings, be dealt with accordingly.

7.2 All the deductions otherwise admissible to the Transferor Company including payment admissible on actual payment or on deduction of appropriate taxes or on payment of Tax Deducted at Source ("TDS") (such as section 43B, section 40, section 40A etc. of the Income Tax Act, 1961) will be eligible for deduction to the Transferee Company, upon fulfillment of conditions, if any, required under the Income Tax Act, 1961. All benefits, entitlements, incentives, issues, refund, under the Income Tax Act, 1961, Goods and Service Tax ("GST") laws, custom duty law or other Applicable Laws, regulations dealing with taxes, duties, land levies, levies due to the Transferor Company consequent to the assessment made on the Transferor Company (including any refund for which no credit is taken in the books of accounts of the Transferor Company on the Appointed Date) shall belong to and be received by the Transferee Company without any further act, instrument, deed, matter or thing being made, done or executed, become the property of the Transferee Company.

7.3 On the Scheme becoming effective, the Transferee Company is also expressly permitted to revise its income tax returns, withholding tax returns, GST returns, TDS returns, TDS certificates, and other statutory returns and filings under the tax laws notwithstanding that the period of filing/ revising such returns may have lapsed and to claim refunds, advance tax and withholding tax credits, etc., pursuant to the provisions of this Scheme. The Transferee Company is expressly permitted to amend tax deduction at source certificate and other statutory certificates, and shall have the right to claim refunds, advance tax credits, set offs and adjustments relating to its incomes/ transactions from the Appointed Date.

7.4 On and from the Appointed Date, if any certificate for TDS or any other tax credit certificate relating to the Transferor Company is received in the name of the Transferor Company, it shall be deemed to have been received in the name of the Transferee Company, which alone shall be entitled to claim credit for such tax deducted amount.

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7.5 It is expressly clarified that with effect from the Appointed Date, all taxes payable by Transferor Company including all or any refunds of the claims/ TDS certificates shall be treated as the tax liability or refunds/ claims/ TDS certificates as the case may be of Transferee Company.

Without prejudice to the generality of the foregoing, with effect from the Appointed Date, in accordance with the CENVAT Credit Rules 2004 framed under the Central Excise Act, 1944 as are prevalent at the time of sanction of the Scheme, the CENVAT Credit, including the service tax credits lying un-utilized in the Transferor Company shall stand transferred to the Transferee Company as if the same were the CENVAT credits utilized in the Transferee Company's accounts. It is declared that the transfer of the CENVAT Credit, including service tax credits, stands allowed as stock of inputs as such or in process, including capital goods and service tax paid for the Input services, are also transferred by the Transferor Company to the Transferee Company.

7.6 Without prejudice to the generality of the foregoing, all taxes (including, without limitation, income tax, wealth tax, sales tax, excise duty, customs duty, service tax., VAT, etc.) paid or payable by the Transferor Company, in respect of the operations and/or the profits and /or forming part of/ relating to the undertaking of the Transferor Company, before the Appointed Date shall be on account of the Transferor Company, and in so far as it relates to the tax payment whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company, in respect of the profits or activities or operation of the Transferor Company with effect from the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company and, shall, in all proceedings, be dealt with accordingly.

7.7 The accumulated losses and the allowances for unabsorbed depreciation of the Transferor Company shall be deemed to be the loss and allowance for unabsorbed depreciation of the Transferee Company in accordance with Section 72A of the Income Tax Act, 1961 and all other applicable provisions of the Income Tax Act, 1961 and amendments thereof.

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7.8 All tax assessment proceedings/appeals of whatsoever nature by or against the Transferor Company pending and/or arising at the Appointed Date and relating to the Transferor Company shall be continued and/or enforced until the Effective Date by the Transferor Company. In the event of the Transferor Company failing to continue or enforce the proceedings/appeal, the same may be continued or enforced by the Transferee Company. As and from the Effective Date, the tax proceedings shall be continued and enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued or enforced by the Transferor Company.

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PART C

ACCOUNTING TREATMENT FOR THE AMALGAMATION IN THE BOOKS OF THE TRANSFEREE COMPANY

8. ACCOUNTING TREATMENT

On the Scheme becoming effective, the accounting for the amalgamation would be done in accordance with the "Pooling of Interest Method" referred in Indian Accounting Standard 103 "Business Combinations" as applicable and mentioned under Section 133 of Companies Act, 2013 read with the rules issued thereunder and other generally accepted accounting principles. Accordingly, the Transferee Company shall account for the Scheme in its books of account with effect from the Appointed Date as under:

- 8.1 All the assets recorded in the books of the Transferor Company subject to clauses 8.4 and 8.5 shall be recorded by Transferee Company at their respective book values as appearing in the books of the Transferor Company.
- 8.2 All the liabilities recorded in the books of the Transferor Company subject to clauses 8.4 and 8.5 shall be recorded by Transferee Company at their respective book values as appearing in the books of the Transferor Company.
- 8.3 The identity of the reserves of the Transferor Company, if any, to the extent possible shall be preserved and they shall appear in the financial statements of the Transferee Company in the same form and manner, in which they appeared in the financial statements of the Transferor Company, prior to this Scheme becoming effective. Accordingly, if prior to this Scheme becoming effective there is any reserve in the financial statements of the Transferor Company available for distribution as dividend, the same would also be available in the financial statements of

the Transferee Company for distribution as dividend on and after the Effective Date.

- 8.4 In case of any differences in accounting policies between the Transferee Company and the Transferor Company, the accounting policies followed by the Transferee Company shall prevail to ensure that the financial statements reflect the financial position on the basis of consistent accounting policies.
- 8.5 The amount of any inter-company balances and loans or advances between the Transferor Company and Transferee Company, if any, investments in the shares of Transferor Company appearing in the books of Transferee Company, shall stand cancelled without any further act or deed, upon the Scheme coming into effect, and the amounts so cancelled shall not be recorded in the books of account of the Transferee Company.
- 8.6 The surplus/deficit, if any arising after taking effect of above clause 8.1, 8.2, 8.3 and 8.5 shall be transferred to Capital Reserve in the financial statements of the Transferee Company and should be presented separately from other capital reserves with disclosure of its nature and purpose in the notes.
- 8.7 The balance of the retained earnings appearing in the financial statements of the ZSPL is aggregated with the retained earnings balance appearing in the financial statements of ZIL.

9. TRANSACTIONS BETWEEN APPOINTED DATE AND EFFECTIVE DATE

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

- 9.1 The Transferor Company shall carry on and be deemed to have carried on their business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of their entire

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businesses and undertakings for and on account of and in trust for the Transferee Company;

9.2 The Transferor Company shall not do or cause to do any act or deed whatsoever which may be detrimental or adversely affect the business interests of Transferee Company pre and post amalgamation;

9.3 The Transferor Company shall carry on its business and activities in the ordinary course of business with reasonable diligence and business prudence;

9.4 All the profits or income accruing or arising to the Transferor Company or expenditure or losses arising or incurred by the Transferor Company shall for all purposes be treated and deemed to be and accrue as the profits or income or expenditure or losses (as the case may be) of the Transferee Company;

9.5 Any of the rights, powers, authorities and privileges attached or related or pertaining to and exercised by or available to the Transferor Company shall be deemed to have been exercised by the Transferor Company for and on behalf of and as agent for the Transferee Company. Similarly, any of the obligations, duties and commitments that have been undertaken or discharged by the Transferor Company shall be deemed to have been undertaken or discharged for and on behalf of and as agent for the Transferee Company; and

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

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10. SAVING OF CONCLUDED TRANSACTIONS

The transfer of assets, properties and liabilities of the Transferor Company into the Transferee Company, transfer of all employees of Transferor Company, continuation of legal proceedings, and the effectiveness of contracts and deeds, under above mentioned clauses shall not affect any transaction or proceedings already concluded by Transferor Company on or after the Appointed Date till the Effective Date, to the end and intent that Transferee Company accepts and adopts all acts, deeds and things done and executed by Transferor Company in respect thereto as done and executed on behalf of the Transferee Company.

11. RE-ORGANISATION & RE-CLASSIFICATION OF THE SHARE CAPITAL OF THE TRANSFEREE COMPANY

11.1 Upon the Scheme becoming effective, the authorized share capital of the Transferor Company shall stand combined with the authorized share capital of the Transferee Company and Clause V of the Memorandum of Association of the Transferee Company (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified, reclassified and amended pursuant to Sections 13, 14, 61, 64 of the Companies Act, 2013, and other applicable provisions of the Act, as the case may be, in the manner set out below and be replaced by the following clause:

Clause V of the Memorandum of Association of the Transferee Company

“The Authorized Share Capital of the Company is Rs. 3,65,75,00,000/- (Rupees Three Hundred Sixty Five Crores Seventy Five Lakhs only) divided into

a). Rs. 1,85,00,00,000 (Rupees One Hundred Eighty Five Crore) consisting of 18,50,00,000 (Eighteen Crores Fifty Lakhs) equity shares of Rs. 10/- each.

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b). Rs. 20,75,00,000 (Rupees Twenty Crore Seventy-Five Lacs) consisting of 20,75,000 (Twenty Lacs Seventy-Five Thousand) Cumulative Redeemable Preference Shares of Rs. 100/- each.

c). Rs.1,60,00,00,000 (Rupees One Hundred Sixty Crores) consisting of 16,00,00,000 (Sixteen Crores) Preference Shares of Rs. 10/- each

11.2 The alteration of authorized capital as aforesaid in Clause 11.1 above, shall be effected as a part of the Scheme only and approval / consent to the Scheme by the shareholders of the Transferee Company shall not be required separately under the relevant provisions of the Act for alteration of the share capital clause in the Memorandum of Association and Articles of Association of the Transferee Company.

11.3 The filing fee, particularly stamp duty and fees payable to Registrar of Companies already paid by the Transferor Company on its authorized share capital, shall be deemed to have been so paid by the Transferee Company and the Transferee Company shall not be required to pay any additional fees already paid by the Transferor Company on its authorized share capital.

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PART D

**DISSOLUTION OF THE TRANSFEROR COMPANY
AND THE GENERAL TERMS AND CONDITIONS APPLICABLE TO
THIS SCHEME**

12. DISSOLUTION OF TRANSFEROR COMPANY WITHOUT WINDING UP

On the Scheme coming into effect, the Transferor Company shall, without any further act or deed, stand dissolved without winding up in accordance with the provisions of Sections 230-232 of the Act and the rules made there under.

13. APPLICATION TO NATIONAL COMPANY LAW TRIBUNAL

The Transferor Company and the Transferee Company shall, with all reasonable steps, make applications to the NCLT, Mumbai within whose jurisdiction the registered offices of the Transferor Company and the Transferee Company are situated, for sanctioning the Scheme under Sections 230-232 and other provisions of the Act, and for dissolution of the Transferor Company without being wound up.

14. MODIFICATION OR AMENDMENTS TO THE SCHEME

The Transferor Company and the Transferee Company, with approval of their respective Board of Directors may consent, from time to time, on behalf of all persons concerned, to any modifications/amendments or additions/deletions to the Scheme which may otherwise be considered necessary, desirable or appropriate by the said Board of Directors to resolve all doubts or difficulties that may arise for carrying out this Scheme and to do and execute all acts, deeds matters, and things necessary for bringing this Scheme into effect or agree to any terms and / or conditions or limitations that the NCLT or any other Appropriate Authorities under law may deem fit to approve, direct and/or impose. The aforesaid powers of the Transferor Company and the Transferee Company

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to give effect to the modification/amendments to the Scheme may be exercised by their respective Board of Directors or any person authorized in that behalf by the concerned Board of Directors subject to approval of the NCLT or any other Appropriate Authorities under Applicable Law.

15. DIVIDEND

- 15.1 With effect from the Appointed Date and up to and including the Effective Date, ZIL and ZSPL shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period(s) prior to Effective Date.
- 15.2 Until this Scheme becomes effective, shareholders of ZIL and ZSPL shall continue to enjoy their existing rights under respective articles of association of such companies including their right to receive dividend.
- 15.3 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 Companies to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Directors of the Companies, and if applicable in accordance with the provisions of the Act, be subject to the approval of the shareholders of the respective Companies.

16. CONDITIONALITY OF THE SCHEME

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

- 16.1 The Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective members and/or creditors of the Transferor Company and the Transferee Company as may be directed by the NCLT.
- 16.2 The sanction of the NCLT under Sections 230-232 of the said Act in favor of the Transferor Company and the Transferee Company under the said provisions and the necessary order under the said Act being obtained.

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16.3 Copies of the Order of NCLT, Mumbai sanctioning the Scheme being filed with the Registrar of Companies by the respective Transferor Company and the Transferee Company.

16.4 The requisite consent, approval or permission of any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme.

17. EFFECT OF NON-RECEIPT OF APPROVALS

17.1 In the event any of the approvals or conditions enumerated in the Scheme not being obtained or complied with, or for any other reason, the Scheme cannot be implemented, the Board of Directors of the Transferee Company and the Transferor Company shall mutually waive such conditions as they consider appropriate to give effect, as far as possible, to this Scheme and failing such mutual agreement, or in case the Scheme is not sanctioned by the NCLT, the Scheme shall become null and void and each party shall bear and pay their respective costs, charges and expenses in connection with the Scheme.

17.2 Further, in case of the non- receipt of approvals to the Scheme, no rights and liabilities whatsoever shall accrue to or be incurred inter se by the Transferor Company or the Transferee Company or their shareholders or creditors or employees or any other person.

18. COSTS, CHARGES AND EXPENSES

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of the Transferor Company and the Transferee Company arising out of or incurred in connection with and implementing this Scheme and matters incidental thereto shall be borne by the Transferee Company.

19. SEVERABILITY

If any provision of this Scheme is found to be unworkable for any reason whatsoever or unenforceable under the present or future laws, then subject

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to the decision of the ZIL and ZSPL, such part shall be severable from the remainder of this Scheme and shall not affect the validity or implementation of the other parts and / or provisions of this Scheme.

20. COMPLIANCE WITH SEBI REGULATIONS

ZIL will comply with the provisions of the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Listing Agreement, SEBI Regulations, SEBI Circulars and other applicable provisions, if any, in connection with this Scheme and other connected matters.

21. SETTLEMENT OF DIFFERENCE OR ISSUE THROUGH ARBITRATION

If any doubt or difference or issue arise between the parties hereto or any of their shareholders, creditors, employees and any other person as to the construction hereof or as to any account, valuation or apportionment to be taken or made of any asset or liability vested under this Scheme or as to the accounting treatment thereof or as to anything else contained in or relating to or arising out of this Scheme, the same shall be referred to arbitration of a sole arbitrator appointed by the consent of all the parties and law of arbitration, as in force shall apply.

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