

**COMPOSITE SCHEME OF ARRANGEMENT**  
**UNDER SECTIONS 230 TO 232 READ WITH SECTION 366 AND OTHER**  
**APPLICABLE PROVISIONS OF**  
**THE COMPANIES ACT, 2013**  
**AMONGST**  
**ASIAN GRANITO INDIA LIMITED**  
**AND**  
**ADICON CERAMICA TILES PRIVATE LIMITED**  
**AND**  
**ADICON CERAMICS LIMITED**  
**AND**  
**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**



## A. BACKGROUND OF THE COMPANIES

- (i) Asian Granito India Limited, the **“Resulting Company 1”** or **“AGIL”** is a listed public limited company incorporated under the provisions of the Companies Act, 1956 and now governed by the provisions of the Companies Act, 2013 under the corporate identity number L17110GJ1995PLC027025 and having its registered office at 202, Dev Arc, Opposite Iskon Temple, Ahmedabad - 380059, Gujarat, India. The said company was originally incorporated on August 8, 1995 as a private limited company under the name and style of Karnavati Fincap Private Limited as per certificate of registration issued by the Registrar of Companies, Gujarat Darda & Nagar Haveli. Subsequently, the said company was converted into a public limited company and consequently the name of the said company was again changed to Karnavati Fincap Limited with effect from August 29, 1995. The name was changed to Panchariya Textile Industries Limited with effect from March 18, 1999 which was further changed to Vasudev Textile Industries Limited with effect from July 28, 2000. Again subsequently, the name of the said company was changed to Asian Granito India Limited with effect from November 25, 2002.

Equity shares of AGIL are listed on BSE Limited (“BSE”) and the National Stock Exchange of India Limited (“NSE”).

AGIL, the Resulting Company 1 is engaged in manufacturing and trading of a wide range of tile products such as ceramic, wall and vitrified tiles, bathware, sanitaryware and marbles & quartz products. It currently owns five state-of-the-art manufacturing facilities and one windmill in Gujarat.

- (ii) Adicon Ceramica Tiles LLP is a Limited Liability Partnership registered under The Limited Liability Partnership Act, 2008 with LLP Identity Number AAW-9659 and was incorporated on May 7, 2021 as “Adicon Ceramica LLP” and the name was changed to Adicon Ceramica Tiles LLP by execution of Supplementary Agreement dated July 26, 2023. Adicon Ceramica Tiles LLP will be converted into Adicon Ceramica Tiles Private Limited (the **“Demerged Company”** or **“ACTPL”**) complying with the provisions of Section 366 of the Companies Act, 2013 read with the rules made thereunder and will have its registered office at Survey No. 343, 345, 346, 347 P-1 and P-2, 348, 349 P-1 and P-2, Kandla Highway Road, 8-A National Highway, NA Morbi, Rajkot - 363642, Gujarat, India.



Adicon Ceramica Tiles LLP is engaged, inter alia, in the business of manufacturing of tiles under the brand name ‘Adicon’ and also on job work basis for AGIL, the Resulting Company 1 and trading activities and will continue the same business activities on conversion and thereafter.

The Designated Partners of Adicon Ceramica Tiles LLP and their capital contribution, current contribution & revenue sharing ratios on the date of approval of the Scheme by the Board of the Resulting Company 1 are mentioned in Annexure 1 to the Scheme.

Pursuant to Section 366 of the Companies Act, 2013 read

with the rules made thereunder, Adicon Ceramica Tiles LLP is being converted into Adicon Ceramica Tiles Private Limited following the prescribed procedure. The proposed Name, Directors and Shareholders of the company so converted at the time of the conversion and till the Scheme of Merger is approved by the Hon'ble National Company Law Tribunal shall be as mentioned in Annexure 2 to the Scheme subject to amendments, if any, required to be carried out to get the approvals for the conversion by the Appropriate Authorities (*as defined hereinafter*).

- (iii) Adicon Ceramics Limited, the "**Resulting Company 2**" or "**ACL**", is an unlisted public limited company incorporated under the provisions of the Companies Act, 2013 under the corporate identity number U23912GJ2023PLC139539 having its registered office at 202, Dev Arc, Opp. Iskon Temple, S.G. Highway, Jodhpur Char Rasta, Ahmedabad, Gujarat - 380015. The said company was incorporated on March 24, 2023 as a public limited company under the name and style of Adicon Ceramics Limited as per certificate of registration issued by the Registrar of Companies Central Registration Centre.

The main object of ACL is manufacture of refractory bricks, blocks tiles and similar refractory ceramic constructional goods.

ACL, the Resulting Company 2 is a wholly owned subsidiary of AGIL, the Resulting Company 1.

#### B. OVERVIEW AND OPERATION OF THIS SCHEME



This Scheme provides for the demerger, transfer and vesting of the Adicon Tiles Manufacturing Undertaking (*as defined hereinafter*) from ACTPL, the Demerged Company to ACL, the Resulting Company 2 on a going concern basis, and the consequent issue of shares by AGIL, the Resulting Company 1 in the manner set out in this Scheme (*as defined hereinafter*) and other applicable provisions of Applicable Law and



The Demerged Company will continue to pursue its interests in and carry on the Remaining Business (*as defined hereinafter*) as is presently being carried on.

#### D. RATIONALE FOR THIS SCHEME



AGIL, the Resulting Company 1 is a listed public limited company. Over the course of time, it has grown into a diversified conglomerate with interests in various businesses spanning the entire value chain of tiles, bathware, marbles & quartz and other related products carried on either directly or through its subsidiaries.

AGIL, the Resulting Company 1 has identified its supplier, i.e., ACTPL, the Demerged Company, that manufactures tiles for AGIL, the Resulting Company 1 on job work basis as well as manufactures tiles under their own brand names. The supplier is in effect selling majority

of its own production to AGIL, the Resulting Company 1. In order to integrate its manufacturing process and to inorganically expand its production lines, it is desirable to take over the tiles manufacturing businesses of the supplier. Since the supplier has separate brands names and related Intellectual Property such as brands, trademarks, registrations, etc. attached to these names, it is considered appropriate to demerge this business in wholly owned subsidiary of AGIL, the Resulting Company 1 of similar name. To avoid effect on the financials due to payment of huge consideration in cash or by way of debt, the consideration is proposed to be paid by way of issue of shares which will be compliant with the definition of 'demerger' as defined under section 2(19AA) r.w.s. 2(41A) of the Income Tax Act, 1961.

Through the aforesaid demerger of the Adicon Tiles Manufacturing Undertaking from ACTPL, the Demerged Company, the stakeholders of ACTPL, the Demerged Company will get access to a diverse business structure since AGIL, the Resulting Company 1 has presence in multiple industries leading to risk diversification in the hands of the stakeholders and also leading to stable valuation by the market. The stakeholders will also get safeguarded from the day-to-day hurdles specific to the tiles manufacturing business by diversifying their risk.

Further, the business of ACTPL, the Demerged Company will get an access to the huge market reach and marketing network of AGIL, the Resulting Company 1. This business will thus gain a chance of evolving into legacy businesses under the professional management of AGIL, the Resulting Company 1 due to their increased technical knowhow, diverse expertise and growth vision. The expansion opportunity from the access to infrastructure of AGIL, the Resulting Company 1 seems unparalleled.

Multiple entries of large organised players into the tiles industry are expected to drive the entire industry into a highly efficient space where large players would command premium on account of their competitive edge and managing a tiles manufacturing business as an unorganised player may become more and more challenging. Consolidation of the tiles manufacturing businesses under the banner of AGIL, the Resulting Company 1 would not only safeguard the businesses but also provide an edge to competitively grow in the ever-changing business dynamic.

The opportunity of growth in the businesses and risk diversification for the stakeholders of ACTPL, the Demerged Company and the inorganic expansion and synergistic opportunity for AGIL, the Resulting Company 1 due to better agility and higher control over its manufacturing process, more production lines and working capital requirements would provide both ACTPL, the Demerged Company and AGIL, the Resulting Company 1 with their respective advantages while making the combined businesses of AGIL, the Resulting Company 1 and ACTPL, the Demerged Company more sustainable and competitive in the long run.

The Scheme proposes to combine the interests of ACTPL, the Demerged Company into AGIL, the Resulting Company 1 and its subsidiary by way of demerger of Adicon Tiles Manufacturing Undertaking from ACTPL, the Demerged Company to expand the tiles business of AGIL, the Resulting Company 1.



The proposed restructuring pursuant to this Scheme is expected, *inter alia*, to result in following benefits:

- (i) combining and bundling of Adicon Tiles Manufacturing Undertaking of ACTPL, the Demerged Company into ACL, the Resulting Company 2 which is, *inter alia*, wholly owned subsidiary of AGIL, the Resulting Company 1;
- (ii) better control on utilisation of production capacity due to integration of the manufacturing process;
- (iii) optimisation of working capital due to consolidation of businesses;
- (iv) inorganic expansion of production lines and opportunity for further organic expansion due to increased fungibility of the existing funds;
- (v) economies of scale due to synergistic effect of the combination of the businesses related to similar business line of manufacturing of tiles;
- (vi) achieve cost optimization and specialisation for sustained growth; and
- (vii) enhancing operational efficiencies, ensuring synergies through pooling of the financial, managerial, and technical resources, personnel capabilities, skills, expertise and technologies by bundling the businesses pertaining to different industries.

The proposed restructuring is in the interest of the shareholders, creditors, employees and other stakeholders in each of the companies.



## 1. DEFINITIONS

In this Scheme, unless inconsistent with the subject or context thereof (i) capitalised terms defined by inclusion in quotations and/ or parenthesis have the meanings so ascribed; (ii) subject to (iii) below, all terms and words not defined in this Scheme shall have the same meaning ascribed to them under Applicable Laws; and (iii) the following expressions shall have the following meanings:

1.1 **“Act”** means the Companies Act, 2013 and shall include any other statutory amendment or re-enactment or restatement and the rules and/ or regulations and/ or other guidelines or notifications under Applicable Laws, made thereunder from time to time;

1.2 **“Adicon Tiles Manufacturing Undertaking”** means the tiles business and ancillary and support services in relation thereto of the Demerged Company, i.e., Adicon Ceramica Tiles Private Limited, comprising of the tiles manufacturing division and all assets and liabilities relating thereto and shall include (without limitation):

(a) all the movable and immovable properties, tangible or intangible, including all, plant and machinery, equipment, furniture, fixtures, vehicles, inventories, stock-in-trade or stock-in-transit and merchandising including raw materials, supplies, finished goods, wrapping supply and packaging items, leasehold assets and other properties including the land parcels situated at Final Plot No. Survey No. 343, 345, 346, 347 P-1 and P-2, 348, 349 P-1 and P-2, Village - Gungan, Taluka - Morbi, District - Rajkot, PIN Code - 363642, Gujarat, India and Final Plot No. Survey No. 64 P-1 & P- 2, 64 P-2 P-1, 64 P-2 P-1 P-2, Village - Gala, Taluka - Morbi, District - Rajkot, PIN Code - 363642, Gujarat, India and the buildings constructed thereon, including contingent assets of whatsoever nature, cash in hand/ banks, investments, escrow accounts, claims, powers, authorities, rights, credits, titles, interests, benefits, right to use and avail of telephones, telex, facsimile, email, internet, leased lines and other communication facilities, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds, and benefits (including all work-in progress), of all agreements, arrangements, deposits, advances, recoverable and receivables, all receivables (including, royalty receivables), loans and advances also including accrued interest thereon, all advance payments, earnest monies and/ or security deposits, payment against warrants, if any, or other entitlements of the Demerged Company, and also, benefits, exemptions, licenses, privileges and approvals of whatsoever nature and wheresoever situated, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the Demerged Company, all the debts, liabilities, duties and obligations including contingent liabilities of Demerged Company in relation to and pertaining to the tiles manufacturing business;

(b) all receivables (including royalty receivables), loans and advances, including accrued interest thereon, all advance payments, earnest monies and/ or security deposits, payment against warrants, if any, or other entitlements of the Demerged Company in relation to and pertaining to the tiles manufacturing business;



- (c) all goodwill, other intangibles, industrial and other licenses, approvals, Permits, authorisations, trademarks, trade names, 'Adicon' brand, patents, patent rights, copyrights and other industrial and intellectual properties and rights of any nature whatsoever including know-how, websites, portals, domain names, or any applications for the above, assignments and grants in respect thereof, all agreements, arrangements, deposits, advances, recoverable and receivables, whether from government, semi-government, local authorities or any other Person including customers, contractors or other counter parties, etc., all earnest monies and/ or deposits, privileges, liberties, easements, advantages, benefits, exemptions, licenses, privileges and approvals of whatsoever nature and wheresoever situated, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the Demerged Company pertaining to the tiles manufacturing business;
- (d) investments in shares, debentures and other securities held by the Demerged Company pertaining to the tiles manufacturing business;
- (e) all the debts, liabilities, duties and obligations including contingent liabilities of the Demerged Company in relation to and pertaining to the tiles manufacturing business. It is clarified that any question as to whether or not a specified liability pertains to the tiles manufacturing business shall be decided by the Demerged Company, with requisite approvals of Appropriate Authorities, wherever applicable; and
- (f) all books, records, files, papers, engineering and process information, records of standard operating procedures, computer programs along with their licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information and other records whether in physical or electronic form, in connection with or relating to the tiles manufacturing business of the Demerged Company.

It is clarified that the question of whether a specified asset or liability pertains to the Adicon Tiles Manufacturing Undertaking or arises out of the activities or operations of Adicon Tiles Manufacturing Undertaking shall be decided by the Board of the Demerged Company.

1.3 **"Appointed Date"** means 16 October 2023;

1.4 **"Applicable Law"** means any applicable central, provincial, local or other law including all applicable provisions of all (a) constitutions, decrees, treaties, statutes, laws (including the common law), codes, notifications, rules, regulations, policies, guidelines, circulars, directions, directives, ordinances or orders of any Appropriate Authority, statutory authority, court, tribunal having jurisdiction over the Companies; (b) Permits; and (c) orders, decisions, injunctions, judgments, awards and decrees of or agreements with any Appropriate Authority having jurisdiction over the Companies and shall include, without limitation, the listing agreement executed with the Stock Exchanges in the case of the resulting Company 1;



1.5 **“Appropriate Authority”** means:

- (a) the government of any jurisdiction (including any central, state, municipal or local government or any political or administrative subdivision thereof) and any department, ministry, agency, instrumentality, court, central bank, commission or other authority thereof;
- (b) any public international organisation or supranational body and its institutions, departments, agencies and instrumentalities;
- (c) any governmental, quasi-governmental or private body or agency lawfully exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, licensing, competition, tax, importing or other governmental or quasi-governmental authority including (without limitation), SEBI (*as defined hereinafter*), the Tribunal (*as defined hereinafter*), RD (*as defined hereinafter*), the RoC (*as defined hereinafter*); and
- (d) any Stock Exchange.

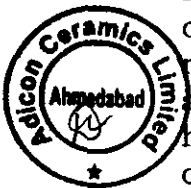
1.6 **“Board”** in relation to each of the Demerged Company and the Resulting Companies, as the case may be, means the board of directors of such company, and shall include a committee of directors or any person authorized by the board of directors or such committee of directors duly constituted and authorized for the purposes of matters pertaining to this Scheme or any other matter relating thereto;

1.7 **“Companies”** shall mean collectively the Demerged Company and the Resulting Companies or any sub-group based on the context and part of the Scheme and **“Company”** shall mean each of them, individually;

1.8 **“Demerged Company”** means Adicon Ceramica Tiles Private Limited (or such other name which is available and approved by the RoC), an unlisted private limited company which will get incorporated pursuant to Section 366 of the Companies Act, 2013 read with rules made thereunder, on conversion of Adicon Ceramica Tiles LLP and will have its registered office at Survey No. 343, 345, 346, 347 P-1 and P-2, 348, 349 P-1 and P-2, Kandla Highway Road, 8-A National Highway NA Morbi, Rajkot - 363642, Gujarat, India;

1.9 **“Effective Date”** means the opening hours of the business day after the day on which the last of the approvals/ conditions specified in Clause 20 (Conditions Precedent) of this Scheme are obtained or complied with. Reference in this Scheme to the date of **“coming into effect of this Scheme”** or **“effectiveness of this Scheme”** shall mean the Effective Date;

1.10 **“Encumbrance”** means (i) any charge, lien (statutory or other), or mortgage, any easement, encroachment, right of way, right of first refusal or other encumbrance or security interest securing any obligation of any Person; (ii) pre-emption right, option, right to acquire, right to set off or other third party right or claim of any kind, including any restriction on use, voting, selling, assigning, pledging, hypothecating, or creating a security interest in, place in trust (voting or otherwise), receipt of income or exercise; or (iii) any equity, assignments hypothecation, title retention, restriction, power of sale or other type of preferential arrangements; or (iv) any agreement to create any of the above; the term **“Encumber”** shall be construed accordingly;



- 1.11 **"Permits"** means all consents, licences, permits, permissions, authorisations, rights, clarifications, approvals, clearances, confirmations, declarations, waivers, exemptions, registrations, filings, whether governmental, statutory, regulatory under Applicable Law;
- 1.12 **"Person"** means an individual, a partnership, a corporation, a limited liability partnership, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or an Appropriate Authority;
- 1.13 **"Record Date"** in relation to the Scheme means the date to be fixed by the Board of the Resulting Company 1 in consultation with the Demerged Company and the Resulting Company 2 for the purpose of determining the shareholders of the Demerged Company for issue of the new equity shares, pursuant to this Scheme;
- 1.14 **"RD"** means the relevant Regional Director having jurisdiction over the Demerged Company and the Resulting Companies, as the case may be. As on the date of approval of this Scheme by the Board of Directors of the Resulting Company 1, the registered offices for all the Companies involved in this Scheme were situated in Gujarat, India;
- 1.15 **"Remaining Business"** includes all other businesses, units, divisions, undertakings and assets and liabilities of the Demerged Company save and except those forming part of the Adicon Tiles Manufacturing Undertaking;
- 1.16 **"Resulting Company 1"** means Asian Granito India Limited, a listed public limited company incorporated under the provisions of the Companies Act, 1956 and now governed by the provisions of the Companies Act, 2013 under the corporate identity number L17110GJ1995PLC027025 and having its registered office at 202, Dev Arc, Opposite Iskon Temple, Ahmedabad - 380059, Gujarat, India;
- 1.17 **"Resulting Company 2"** means Adicon Ceramics Limited, an unlisted public limited company incorporated under the provisions of the Companies Act, 2013 under the corporate identity number U23912GJ2023PLC139539 having its registered office at 202, Dev Arc, Opp. Iskon Temple, S.G. Highway, Jodhpur Char Rasta, Ahmedabad, Gujarat - 380015. The Resulting Company 2 is a wholly owned subsidiary of the Resulting Company 1;
- 1.18 **"Resulting Companies"** means collectively, Resulting Company 1 and Resulting Company 2 or any sub-group based on the context and part of the Scheme;
- 1.19 **"RoC"** means the relevant Registrar of Companies having jurisdiction over the Demerged Company and the Resulting Companies, as the case may be. As on the date of approval of this Scheme by the Board of Directors of the Resulting Company 1, the registered offices for all the Companies involved in this Scheme were situated in Gujarat, India;
- 1.20 **"Scheme"** means this composite scheme of arrangement, with or without any modification approved or imposed or directed by the Tribunal;
- 1.21 **"SEBI"** means the Securities and Exchange Board of India;



- 1.22 **“SEBI Circular”** shall mean the circular issued by the SEBI, being Circular SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, and any amendments thereof, modifications issued pursuant to regulations 11, 37 and 94 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015;
- 1.23 **“Stock Exchanges”** means BSE Limited (**“BSE”**) and the National Stock Exchange of India Limited (**“NSE”**), as the case may be;
- 1.24 **“Taxation”** or **“Tax”** or **“Taxes”** means all forms of taxes and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions and levies and whether levied by reference to income, profits, book profits, gains, net wealth, asset values, turnover, added value or otherwise and shall further include payments in respect of or on account of Tax, whether by way of deduction at source, advance tax, minimum alternate tax or otherwise or attributable directly or primarily to the Demerged Company and the Resulting Companies or any other Person and all penalties, charges, costs and interest relating thereto;
- 1.25 **“Tax Laws”** means all Applicable Laws, acts, rules and regulations dealing with Taxes including but not limited to the income-tax, wealth tax, sales tax / value added tax, service tax, goods and services tax, excise duty, customs duty or any other levy of similar nature;
- 1.26 **“Tribunal”** means the National Company Law Tribunal having jurisdiction over the Demerged Company and the Resulting Companies, as the case may be. As on the date of approval of this Scheme by the Board of Directors of the Resulting Company 1, the registered offices for all the Companies involved in this Scheme were situated in Gujarat, India.
- 1.27 In this Scheme, unless the context otherwise requires:
- 1.27.1 words denoting singular shall include plural and vice versa;
- 1.27.2 headings and bold typeface are only for convenience and shall be ignored for the purposes of interpretation;
- 1.27.3 references to the word “include” or “including” shall be construed without limitation;
- 1.27.4 a reference to an article, clause, section, paragraph or schedule is, unless indicated to the contrary, a reference to an article, clause, section, paragraph or schedule of this Scheme;
- 1.27.5 unless otherwise defined, the reference to the word “days” shall mean calendar days;
- 1.27.6 reference to a document includes an amendment or supplement to, or replacement or novation of, that document; and
- 1.27.7 word(s) and expression(s) elsewhere defined in this Scheme will have the meaning(s) respectively ascribed to them.



## 2. SHARE CAPITAL

2.1 The share capital of AGIL, the Resulting Company 1 as on 30 June 2023 is as follows:

Particulars	INR
<b>Authorised Share Capital</b>	
15,00,00,000 equity shares of INR 10 each	150,00,00,000
<b>Total</b>	<b>150,00,00,000</b>
<b>Issued, Subscribed and Paid Up Capital</b>	
12,67,45,316 equity shares of INR 10 each	126,74,53,160
<b>Total</b>	<b>126,74,53,160</b>

Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid up share capital of the Resulting Company 1 till the date of approval of the Scheme by the Board of the Resulting Company 1.

The equity shares of the Resulting Company 1 are listed on the Stock Exchanges.

2.2 The share capital of ACTPL, the Demerged Company on conversion of Adicon Ceramica Tiles LLP will be as follows:

Particulars	INR
<b>Authorised Share Capital</b>	
6,70,000 equity shares of INR 10 each	67,00,000
<b>Total</b>	<b>67,00,000</b>
<b>Issued, Subscribed and Paid-up Capital</b>	
6,70,000 equity shares of INR 10 each	67,00,000
<b>Total</b>	<b>67,00,000</b>

None of the companies involved in the Scheme hold any stake in Adicon Ceramica Tiles LLP. The equity shares of the Demerged Company will not be listed on Stock Exchanges or on any other stock exchange in India or elsewhere on the date of conversion of Adicon Ceramica Tiles LLP.

2.3 The share capital of ACL, the Resulting Company 2 as on 30 June 2023 is as follows:

Particulars	INR
<b>Authorised Share Capital</b>	
10,000 equity shares of INR 10 each	1,00,000
<b>Total</b>	<b>1,00,000</b>
<b>Issued, Subscribed and Paid-up Capital</b>	
10,000 equity shares of INR 10 each	1,00,000
<b>Total</b>	<b>1,00,000</b>

Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid up share capital of the Resulting Company 2 till the date of approval of the Scheme by the Board of the Resulting Company 2.

The Resulting Company 2 is a wholly owned subsidiary of the Resulting Company 1. The equity shares of the Resulting Company 2 are not listed on Stock Exchanges or on any other stock exchange in India or elsewhere.



**3. DATE OF TAKING EFFECT AND IMPLEMENTATION OF THIS SCHEME**

3.1 This Scheme as set out herein in its present form or with any modification(s), as may be approved or imposed or directed by the Tribunal or made as per Clause 19 of this Scheme, shall become effective from Appointed Date but shall be operative from the Effective Date.



#### 4. DEMERGER AND VESTING OF THE ADICON TILES MANUFACTURING UNDERTAKING

4.1 With effect from the opening business hours of the Appointed Date, and subject to the provisions of this Scheme and pursuant to Sections 230 to 232 of the Act and Section 2(19AA) and Section (41A) of the Income-tax Act, 1961, the Adicon Tiles Manufacturing Undertaking along with all its assets, liabilities, contracts, arrangements, employees, Permits, licences, records, approvals, etc. shall, without any further act, instrument or deed, be demerged from Demerged Company and transferred to and be vested in or be deemed to have been vested in the Resulting Company 2 as a going concern so as to become as and from the Appointed Date, the assets, liabilities, contracts, arrangements, employees, Permits, licences, records, approvals, etc. of the Resulting Company 2 by virtue of, and in the manner provided in this Scheme.

4.2 In respect of such of the assets and properties forming part of the Adicon Tiles Manufacturing Undertaking as are movable in nature or are otherwise capable of transfer by delivery or possession, or by endorsement and/ or delivery, the same shall stand transferred by the Demerged Company upon coming into effect of this Scheme and shall, ipso facto and without any other order to this effect, become the assets and properties of the Resulting Company 2.

4.3 Subject to Clause 4.4 below, with respect to the assets of the Adicon Tiles Manufacturing Undertaking, other than those referred to in Clause 4.2 above, including all rights, title and interests in the agreements (including agreements for lease or license of the properties), investments in shares, mutual funds, bonds and any other securities, sundry debtors, claims from customers or otherwise, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, whether or not the same is held in the name of the Demerged Company, shall, without any further act, instrument or deed, be transferred to and vested in and/ or be deemed to be transferred to and vested in the Resulting Company 2 with effect from the Appointed Date by operation of law as transmission or in favour of the Resulting Company 2. With regard to the licenses of the properties, the Resulting Company 2 will enter into novation agreements with the Demerged Company if it is so required.

4.4 Without prejudice to the aforesaid, the Adicon Tiles Manufacturing Undertaking including all immovable property, whether or not included in the books of the Demerged Company, whether freehold or leasehold (including but not limited to land, buildings, sites, tenancy rights related thereto, and immovable properties and any other document of title, rights, interest and easements in relation thereto) of the Adicon Tiles Manufacturing Undertaking shall stand transferred to and be vested in the Resulting Company 2, without any act or deed to be done or executed by the Demerged Company and/ or the Resulting Company 2 including and not limited to following land parcels:

- Final Plot No. Survey No. 343, 345, 346, 347 P-1 and P-2, 348, 349 P-1 and P-2, Village Gungan, Taluka Morbi, District Morbi, PIN Code 363642, Gujarat, India and the buildings constructed thereon
- Final Plot No. Survey No. 64 P-1 & P- 2, 64 P-2 P-1, 64 P- 2 P-1 P-2, Village Gala, Taluka Morbi, District Morbi, PIN Code 363642,



Gujarat, India and the buildings constructed thereon  
of the Adicon Tiles Manufacturing Undertaking

- 4.5 The Demerged Company shall, at its sole discretion but without being obliged, give notice in such form as it may deem fit and proper, to such Persons, as the case may be, that the said debt, receivable, bill, credit, loan, advance or deposit stands transferred to and vested in the Resulting Company 2 and that appropriate modification should be made in their respective books/ records to reflect the aforesaid changes.
- 4.6 Upon this Scheme becoming effective, all debts, liabilities, loans, obligations and duties of the Demerged Company as on the Appointed Date and relating to the Adicon Tiles Manufacturing Undertaking shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Resulting Company 2 to the extent that they are outstanding as on the Appointed Date and the Resulting Company 2 shall meet, discharge and satisfy the same.
- 4.7 In so far as any Encumbrance in respect of liabilities transferred as per Clause 4.6 is concerned, such Encumbrance shall, without any further act, instrument or deed being required to be modified and, if so agreed, shall be extended to and shall operate over the assets of the Resulting Company 2. For the avoidance of doubt, it is hereby clarified that in so far as the assets comprising the Remaining Business are concerned, the Encumbrance, if any, over such assets relating to the liabilities transferred as per Clause 4.6, without any further act, instrument or deed being required, be released and discharged from the obligations and Encumbrances relating to the same. Further, in so far as the assets comprised in the Adicon Tiles Manufacturing Undertaking are concerned, the Encumbrance over such assets relating to any loans, borrowings or other debts which are not transferred to the Resulting Company 2 pursuant to this Scheme and which shall continue with the Demerged Company shall without any further act or deed be released from such Encumbrance and shall no longer be available as security in relation to such liabilities.
- 4.8 Subject to Clause 4.2 and any other provisions of the Scheme, regarding any refunds, benefits, incentives, grants, subsidies in relation to or in connection with the Adicon Tiles Manufacturing Undertaking, the Demerged Company shall, if so required by the Resulting Company 2 issue notices in such form as the Resulting Company 2 may deem fit and proper stating that pursuant to the Tribunal having sanctioned this Scheme, the relevant refund, benefit, incentive, grant, subsidies, be paid or made good or held on account of the Resulting Company 2 as the person entitled thereto, to the end and intent that the right of the Demerged Company to recover or realise the same, stands transferred to the Resulting Company 2 and that appropriate entries should be passed in their respective books to record the aforesaid changes.
- 4.9 On and from the Effective Date and till such time that the name of the bank accounts of The Demerged Company, in relation to or in connection with the Adicon Tiles Manufacturing Undertaking, have been replaced with that of the Resulting Company 2, the Resulting Company 2 shall be entitled to maintain and operate the bank accounts of the Demerged Company in the name of The Demerged Company for such time as may be determined to be necessary by the Resulting



Company 2. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of The Demerged Company, in relation to or in connection with the Adicon Tiles Manufacturing Undertaking, after the Effective Date shall be accepted by the bankers of the Resulting Company 2 and credited to the account of the Resulting Company 2 if presented by the Resulting Company 2.

- 4.10 Without prejudice to the provisions of the foregoing sub clauses of this Clause 4, and upon the effectiveness of this Scheme, the Demerged Company and Resulting Company 2 shall be entitled to apply to the Appropriate Authorities as are necessary under any law for such consents, approvals and sanctions which the Resulting Company 2 may require and execute any and all instruments or documents and do all the acts and deeds as may be required, including filing of necessary particulars and/ or modification(s) of charge, with the concerned RoC or filing of necessary applications, notices, intimations or letters with any authority or Person to give effect to the Scheme.

## 5. PERMITS

- 5.1 With effect from the Appointed Date, Permits relating to the Adicon Tiles Manufacturing Undertaking shall be transferred to and vested in the Resulting Company 2 and the concerned licensor and grantors of such Permits shall endorse where necessary, and record the Resulting Company 2 on such Permits so as to empower and facilitate the approval and vesting of the Adicon Tiles Manufacturing Undertaking in the Resulting Company 2 and continuation of operations pertaining to the Adicon Tiles Manufacturing Undertaking in the Resulting Company 2 without any hindrance, and shall stand transferred to and vested in and shall be deemed to be transferred to and vested in the Resulting Company 2 without any further act or deed and shall be appropriately mutated by the Appropriate Authorities concerned therewith in favour of the Resulting Company 2 as if the same were originally given by, issued to or executed in favour of the Resulting Company 2 and the Resulting Company 2 shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to the Resulting Company 2.

- 5.2 The benefit of all Permits pertaining to the Adicon Tiles Manufacturing Undertaking shall without any other order to this effect, transfer and vest into and become available to the Resulting Company 2 pursuant to the sanction of this Scheme.

## 6. CONTRACTS

- 6.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments in relation to the Adicon Tiles Manufacturing Undertaking, to which the Demerged Company is a party and which is subsisting and having effect on or immediately before the Appointed Date shall remain in full force and effect against or in favour of the Resulting Company 2 and shall be binding on and be enforceable by and against the Resulting Company 2 as fully and effectually as if the Resulting Company 2 had at all material times been a party or beneficiary or obligee thereto. The Resulting Company 2 will, if required, enter into a novation agreement in relation to such contracts, deeds, bonds, agreements, arrangements and other instruments as stated above and, if required, cause such contracts, deeds, bonds, agreements, arrangements and other



instruments as stated above to be formally taken on record/ recognised by the Appropriate Authorities.

- 6.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Adicon Tiles Manufacturing Undertaking occurs by virtue of this Scheme, the Resulting Company 2 may, at any time after the coming into effect of this Scheme, in accordance with the provisions hereof, if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary in order to give effect to the provisions of this Scheme. With effect from the Appointed Date, the Resulting Company 2 shall under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Demerged Company to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company.
- 6.3 On and from the Effective Date, and thereafter, the Resulting Company 2 shall be entitled to enforce all pending contracts and transactions and to accept stock returns and issue credit notes in respect of the Demerged Company, in relation to or in connection with the Adicon Tiles Manufacturing Undertaking in the name of the respective Resulting Company 2 in so far as may be necessary until the transfer of rights and obligations of the Adicon Tiles Manufacturing Undertaking to the Resulting Company 2 under this Scheme have been given effect to under such contracts and transactions.

## 7. EMPLOYEES

- 7.1 With effect from the Effective Date, the Resulting Company 2 undertakes to engage, without any interruption in service, all employees of the Demerged Company, engaged in or in relation to the Adicon Tiles Manufacturing Undertaking on the terms and conditions not less favourable than those on which the Demerged Company has engaged them. The Resulting Company 2 undertakes to continue to abide by any agreement/ settlement or arrangement, if any, entered into or deemed to have been entered into by the Demerged Company with any of the aforesaid employees or union representing them. The Resulting Company 2 agree that the services of all such employees with the Demerged Company prior to the demerger shall be taken into account for the purposes of all existing benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other retiral/ terminal benefits. The decision on whether or not an employee is part of the Adicon Tiles Manufacturing Undertaking be decided by the Demerged Company, and shall be final and binding on all concerned.

- 7.2 The accumulated balances, if any, standing to the credit of the aforesaid employees in the existing provident fund, gratuity fund and superannuation fund of which they are members, as the case may be, will be transferred respectively to such provident fund, gratuity fund and superannuation funds nominated by the Resulting Company 2 and/ or such new provident fund, gratuity fund and superannuation fund to be established in accordance with Applicable Law and caused to be recognized by the Appropriate Authorities, by the Resulting Company 2. Pending the transfer as aforesaid, the provident fund, gratuity fund and superannuation fund dues of the said employees



would be continued to be deposited in the existing provident fund, gratuity fund and superannuation fund respectively of the Demerged Company.

## 8. LEGAL PROCEEDINGS

- 8.1 Upon the coming into effect of this Scheme, proceedings relating to the Adicon Tiles Manufacturing Undertaking shall not abate or be discontinued or be in any way prejudicially affected by reason of this Scheme or by anything contained in this Scheme but shall be continued and be enforced by or against the respective Resulting Company 2 with effect from the Effective Date in the same manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company.
- 8.2 The Resulting Company 2: (a) shall be replaced/ added as party to such proceedings relating to the Adicon Tiles Manufacturing Undertaking; and (b) shall prosecute or defend such proceedings at its own cost and the liability of the respective the Demerged Company, shall consequently stand nullified. For the avoidance of doubt, it is clarified that only the Resulting Company 2 shall be liable for the result of such order or judgment including any relief or positive impact/benefit or adverse impact/liability accruing from such order or judgment. It is clarified that except, as otherwise provided herein, the Demerged Company shall in no event be responsible or liable in relation to any proceedings relating to the Adicon Tiles Manufacturing Undertaking that stand transferred to the Resulting Company 2.

## 9. TAX CREDITS

- 9.1 The provisions of the Scheme as they relate to the demerger, transfer and vesting of the Adicon Tiles Manufacturing Undertaking from Demerged Company to Resulting Company 2 have been drawn up to comply with the conditions relating to "Demerger" as specified under the tax laws, including section 2(19AA), section 2(41A) and other relevant sections 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 sections and other related provisions at a later date including that resulting from a retrospective amendment of law or for any other reason whatsoever till the time the Scheme becomes effective, the provisions of the said section and other related provisions of the Income Tax Act, 1961 shall prevail and the Scheme shall stand modified, unless the Board of Directors decide otherwise, to the extent required to comply with Section 2(19AA), Section 2(41A) and other relevant provisions of the Income Tax Act, 1961.

- 9.2 All taxes and duties including cess and surcharge if any (including but not limited to income tax, tax deducted at source, tax collected at source, sales tax, excise duty, customs duty, goods and services tax, professional tax, entry tax, local body tax, etc.) paid or discharged by the Demerged Company in respect of the Adicon Tiles Manufacturing Undertaking, from the Appointed Date, whether by way of direct payment, deduction at source, advance tax or otherwise howsoever shall be deemed to be the corresponding item paid by the Resulting Company 2 and shall, in all proceedings, be dealt with accordingly.

- 9.3 All the profits or income, taxes (including advance tax, tax deducted at source, tax collected at source and minimum alternate tax credit) or any costs, charges, expenditure accruing and arising to the Demerged



Company and expenditure or losses arising and incurred or suffered by them pertaining to the Adicon Tiles Manufacturing Undertaking shall for all purposes be treated and deemed to be accrued from the Appointed Date as the profits or income, taxes (including tax losses, minimum alternate tax credit), costs, charges, expenditure or losses of the Resulting Company 2.

9.4 Upon the Scheme becoming effective, the Demerged Company and the Resulting Company 2 shall have the right to revise their respective financial statements and returns along with prescribed forms, filings and annexures under the Income Tax Act, 1961, central sales tax, goods and services tax act and all other applicable tax laws, and to claim refunds and or credit for taxes paid (including minimum alternate tax, tax deducted at source, tax collected at source, wealth tax, etc.) and for matters incidental thereto, if required, to give effect to the provisions of the Scheme.

9.5 The tax and duty payments including cess and surcharge if any (including without limitation income tax, goods and services tax act, etc. whether by way of tax deducted at source, tax collected at source, advance tax or otherwise howsoever), by the Demerged Company after the Appointed Date, shall be deemed to be paid by the Resulting Company 2, if pertaining to the Adicon Tiles Manufacturing Undertaking and shall, in all proceedings, be dealt with accordingly. Further, any tax deducted at source and tax collected at source by the Demerged Company pertaining to the Adicon Tiles Manufacturing Undertaking on transactions with the Resulting Company 2, if any (from Appointed Date) shall be deemed to be advance tax paid by the Resulting Company 2 and shall, in all proceedings, be dealt with accordingly.

9.6 Upon the Scheme coming into effect, any obligation for deduction of tax at source on any payment made by or to be made by the Demerged Company pertaining to the Adicon Tiles Manufacturing Undertaking shall be made or deemed to have been made and duly complied with by the Resulting Company 2.

9.7 All intangible assets belonging to the Adicon Tiles Manufacturing Undertaking more specifically referred to in Clause 11.3.1, but not recorded in the books of account of the Demerged Company and all intangible assets arising and recorded in the process of the demerger, in books of account of the Resulting Company 2 shall, for all purposes, be regarded as an intangible asset in terms of Explanation 3(b) to Section 32(1) of the Income Tax Act, 1961 and the Resulting Company 2 shall be eligible for depreciation there under at the prescribed rates.



9.8 Without prejudice to the generality of the foregoing, all benefits, incentives, losses (including but not limited to book losses, tax losses), book unabsorbed depreciation, tax unabsorbed depreciation, credits (including, without limitation income tax, minimum alternate tax, tax deducted at source, tax collected at source, applicable state value added tax, goods and services tax act, customs duty drawback, etc.) pertaining to the Adicon Tiles Manufacturing Undertaking to which any of the Demerged Company is entitled to in terms of Applicable Laws, shall be available to and vest in the Resulting Company 2 upon this Scheme coming into effect.



9.9 Upon coming into effect of this Scheme, all tax compliances under any tax laws pertaining to the Adicon Tiles Manufacturing Undertaking by

the Demerged Company on or after the Appointed Date shall be deemed to be made by the Resulting Company 2.

## 10. CONSIDERATION

10.1 Upon the Scheme coming into effect and in consideration of and subject to the provisions of this Scheme, AGIL (the Resulting Company 1) shall, without any further application, act, deed, consent, acts, instrument or deed, issue and allot, on a proportionate basis:

10.1.1 to each shareholder of ACTPL (the Demerged Company), **1060 (One Thousand Sixty)** fully paid up equity shares of INR 10 (Indian Rupees Ten) each of AGIL (the Resulting Company 1) for every **11 (Eleven)** equity shares of INR 10 (Indian Rupees Ten) each in ACTPL (the Demerged Company) held by such shareholder whose name is recorded in the register of members and records of the depository as members of ACTPL (the Demerged Company) as on the Record Date.

No shares shall be issued by AGIL (the Resulting Company 1) in respect of the shares held by AGIL (the Resulting Company 1) or any of its subsidiaries in ACTPL (the Demerged Company).

The share exchange ratio has been arrived at based on valuation report by Mr. Gaurav Maheshwari, Registered Valuer (IBBI Reg. No: IBBI/RV/11/2021/14432) and fairness opinion by M/s. Holani Consultants Private Limited, a SEBI registered Category-I Merchant Banker (Reg No. INM000012467).

10.2 The equity shares of AGIL (the Resulting Company 1) to be issued and allotted as provided in Clause 10.1 above shall be subject to the provisions of the memorandum of association and articles of association of AGIL (the Resulting Company 1) and shall rank pari passu in all respects with any existing equity shares of AGIL (the Resulting Company 1), as the case may be, after the Effective Date including with respect to dividend, bonus, right shares, voting rights and other corporate benefits attached to the equity shares of AGIL (the Resulting Company 1).

10.3 No fractional shares shall be issued by AGIL (the Resulting Company 1) and the fractional share entitlements, if any, arising out of such allotment, shall be rounded off to the nearest complete share.

10.4 The issue and allotment of equity shares as provided in Clause 10.1, is an integral part hereof and shall be deemed to have been carried out under the orders passed by the Tribunal without requiring any further act on the part of AGIL (the Resulting Company 1) or ACTPL (the Demerged Company) and their shareholders and as if the procedure laid down under the Act and such other Applicable Laws as may be applicable were duly complied with. It is clarified that the approval of the members and creditors of AGIL (the Resulting Company 1) and/ or ACTPL (the Demerged Company) to this Scheme, shall be deemed to be their consent/ approval for the issue and allotment of equity shares, as the case may be, pursuant to the aforesaid Clause 10.1.

10.5 The equity shares issued pursuant to Clause 10.1 shall be in dematerialized form.



- 10.6 In the event that the Companies restructure their equity share capital by way of share split/ consolidation/ issue of bonus shares during the pendency of the Scheme, the number of shares to be issued in consideration as per Clause 10.1 above; shall be adjusted accordingly to take into account the effect of any such corporate actions.
- 10.7 AGIL (the Resulting Company 1) shall apply for listing of the equity shares allotted by AGIL (the Resulting Company 1) in terms of Clause 10.1 above on the Stock Exchanges in terms of and in compliance of SEBI Circular and other relevant provisions as may be applicable. The equity shares allotted by AGIL (the Resulting Company 1) in terms of Clause 10.1 above, pursuant to the Scheme, shall remain frozen in the depository system till listing/ trading permission is given by the designated Stock Exchange. Further, there shall be no change in the shareholding pattern of AGIL (the Resulting Company 1) between the Record Date and the listing of its equity shares which may affect the status of approval of the Stock Exchanges.
- 10.8 AGIL (the Resulting Company 1) shall enter into such arrangements and give such confirmations and/ or undertakings as may be necessary in accordance with Applicable Law for complying with the formalities of the Stock Exchanges.

**11. ACCOUNTING TREATMENT BY THE DEMERGED COMPANY, THE RESULTING COMPANY 1 AND THE RESULTING COMPANY 2 IN RESPECT OF THEIR RESPECTIVE ASSETS AND LIABILITIES**

The Demerged Company, the Resulting Company 1 and the Resulting Company 2 shall account for the Scheme in their respective books/ financial statements upon receipt of all relevant/ requisite approvals for the Scheme, in compliance with the applicable Accounting Standard 14 (“AS - 14”) or Indian Accounting Standard 103 (“Ind-AS 103”) notified under Section 133 of the Companies Act, 2013 Act read with Rule 7 of the Companies (Accounts) Rules, 2014, and other Generally Accepted Accounting Principles, as applicable, as amended from time to time including as provided herein below:



**11.1 Accounting treatment in the books of the Demerged Company**



11.1.1 The Demerged Company shall reduce the carrying value of assets and liabilities pertaining to the Adicon Tiles Manufacturing Undertaking transferred to and vested in the Resulting Company 2 from the carrying value of assets and liabilities as appearing in its books;



11.1.2 Any inter-company transactions and balances, if any, appearing in the books of accounts of the Adicon Tiles Manufacturing Undertaking and the Resulting Company 2 will stand cancelled and there shall be no further obligation/ outstanding in that behalf;

11.1.3 The difference, being the excess /shortfall of carrying value of assets over the carrying value of liabilities of the Adicon Tiles Manufacturing Undertaking shall be accounted in accordance with the Accounting Standard 14 (“AS - 14”) notified under Section 133 of the Companies Act, 2013 Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

11.1.4 In addition, the Demerged Company shall pass such accounting entries, as may be necessary, in connection with this Scheme, to comply with any of the applicable accounting standards and generally accepted accounting principles adopted in India.

#### 11.2 Accounting treatment in the books of the Resulting Company 1

11.2.1 The Resulting Company 1 shall credit to its share capital in its books of account, the aggregate face value of the equity shares issued by it to the members of the Demerged Company pursuant to Clause 10.1 of this Scheme;

11.2.2 Expenses incurred for implementing the Scheme and for the transfer of Adicon Tiles Manufacturing Undertaking shall be adjusted to the reserves and surplus account of the Resulting Company 1; and

11.2.3 The amount equivalent to the face value of the equity shares issued by it to the members of the Demerged Company pursuant to Clause 10.1 of this Scheme will be debited to the Resulting Company 1's investments in Resulting Company 2.

11.2.4 In addition, the Resulting Company 1 shall pass such accounting entries, as may be necessary, in connection with this Scheme, to comply with any of the applicable Indian Accounting Standards including Indian Accounting Standard 103 ("**Ind-AS 103**").

#### 11.3 Accounting treatment in the books of the Resulting Company 2

11.3.1 In line with the recognition principles provided under Indian Accounting Standard 103 on Business Combinations, the Resulting Company 2 shall recognize all assets (tangible as well as intangible) and liabilities of the Adicon Tiles Manufacturing Undertaking transferred to and vested in the Resulting Company 2 pursuant to this Scheme at fair values as determined by an independent valuer and adopted by the Resulting Company 2, including acquired identifiable intangible assets such as 'Adicon' Brand and related trademarks, Copyrights, Licenses, Knowhow, Marketing Network, Supply chain network, whether or not previously recorded in the books of accounts of the Demerged Company 2;

11.3.2 Any inter-company transactions and balances, if any, appearing in the books of accounts of the Adicon Tiles Manufacturing Undertaking and the Resulting Company 2 will stand cancelled and there shall be no further obligation/outstanding in that behalf;

11.3.3 Expenses incurred for implementing the Scheme and for the transfer of Adicon Tiles Manufacturing Undertaking shall be adjusted to the reserves and surplus account of the Resulting Company 2; and

11.3.4 The difference being the excess or shortfall if any, of fair value of the assets (including identifiable intangible assets) over the liabilities pertaining to the Adicon Tiles Manufacturing Undertaking of the Demerged Company recorded by the



Resulting Company 2 in accordance with Clause 11.3.1 above shall be recorded as Goodwill or Capital Reserve in the books of the Resulting Company 2.

11.3.5 In addition, the Resulting Company 2 shall pass such accounting entries, as may be necessary, in connection with this Scheme, to comply with any of the applicable Indian Accounting Standards including Indian Accounting Standard 103 (“**Ind-AS 103**”).

**12. COMPLIANCE WITH SECTION 2(19AA) r.w.s. 2(41A) OF THE INCOME-TAX ACT, 1961**

12.1 The provisions of the Scheme as they relate to the demerger, transfer and vesting of the Adicon Tiles Manufacturing Undertaking from Demerged Company to Resulting Company 2 have been drawn up to comply with the conditions relating to “Demerger” as specified under the tax laws, including section 2(19AA), section 2(41A) and other relevant sections of the Income Tax Act, 1961. If any terms or provisions of the Scheme are found to be or interpreted to be inconsistent with any of the said provisions at a later date, whether as a result of any amendment of law or any judicial or executive interpretation or for any other reason, whatsoever, the aforesaid provisions of the tax laws shall prevail. The Scheme shall then stand modified to the extent determined necessary to comply with the said provisions. 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 Resulting Company 1, the Resulting Company 2 and the Demerged Company, which power shall be exercised reasonably in the best interests of the companies concerned.



### 13. REMAINING BUSINESS

- 13.1 The Remaining Business and all the assets, investments, liabilities and obligations of the Demerged Company, shall continue to belong to and be vested in and be managed by the Demerged Company.
- 13.2 All legal, Taxation and/ or other proceedings by or against the Demerged Company under any statute, whether pending on the Effective Date or which may be instituted at any time thereafter, and relating to the Remaining Business of the Demerged Company (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Business) shall be continued and enforced against the Demerged Company.
- 13.3 If proceedings are taken against the Resulting Company 2 in respect of matters referred to in Clause 13.2 above relating to the Remaining Business, it shall defend the same in accordance with the advice of the Demerged Company and at the cost of the Demerged Company, and the latter shall reimburse and indemnify the Resulting Company 2, against all liabilities and obligations incurred by the Resulting Company 2 in respect thereof.
- 13.4 If proceedings are taken against the Demerged Company in respect of matters referred to in Clause 13.2 above relating to the Adicon Tiles Manufacturing Undertaking, it shall defend the same in accordance with the advice of the Resulting Company 2 and at the cost of the said Resulting Company 2, and the latter shall reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.

### 14. DIVIDENDS

- 14.1 The Demerged Company and Resulting Companies shall be entitled to declare and pay dividends, to their respective shareholders in respect of the accounting period ending 31 March 2023 and such future accounting periods consistent with the past practice or in ordinary course of business, whether interim or final. Any other dividend shall be recommended/ declared only by the mutual consent of the concerned Companies.



- 14.2 It is clarified that the aforesaid provisions in respect of declaration of dividends (whether interim or final) are enabling provisions only and shall not be deemed to confer any right on any shareholder of the Demerged Company and/or the Resulting Companies, to demand or claim or be entitled to any dividends which, subject to the provisions of the said Act, shall be entirely at the discretion of the respective Boards of the Demerged Company and/or the Resulting Companies, as the case may be, and subject to approval, if required, of the shareholders of the Demerged Company and/or the Resulting Companies, as the case may be.



### 15. CONDUCT OF BUSINESS UPTO THE EFFECTIVE DATE

- 15.1 With effect from the date of approval of this Scheme by the respective Boards of the Companies and up to and including the Effective Date:
- 15.1.1 The Demerged Company with respect to the Adicon Tiles Manufacturing Undertaking shall carry on their business with

reasonable diligence and business prudence and in the same manner as it had been doing hitherto, and shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts or incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitment either for themselves or on behalf of its respective affiliates or associates or any third party, or sell, transfer, alienate, charge, mortgage or encumber or deal in any of its properties/assets, except:

- (a) when the same is expressly provided in this Scheme; or
- (b) when the same is in the ordinary course of business as carried on, as on the date of filing of this Scheme in the Tribunal; or
- (c) when written consent of the Resulting Company 2 obtained in this regard.

15.1.2 The Demerged Company with respect to the Adicon Tiles Manufacturing Undertaking shall not alter or substantially expand its business, or undertake (i) any material decision in relation to its business and affairs and operations other than that in the ordinary course of business; (ii) any agreement or transaction (other than an agreement or transaction in the ordinary course of business); and (iii) any new business, or discontinue any existing business or change the capacity of facilities other than that in the ordinary course of business, except with the written concurrence of the Resulting Company 2;

15.1.3 The Demerged Company with respect to the Adicon Tiles Manufacturing Undertaking shall not vary the terms and conditions of employment of any of its employees, except in the ordinary course of business or pursuant to any pre-existing obligation undertaken except with the written concurrence of the Resulting Company 2;



15.2 The Demerged Company shall be entitled, pending the sanction of the Scheme, to apply to the Appropriate Authorities concerned as are necessary under any law for such consents, approvals and sanctions which the Resulting Company 2 may require to carry on the business of the Adicon Tiles Manufacturing Undertaking and to give effect to the Scheme.



15.3 For the purpose of giving effect to the order passed under Sections 230 to 232 and other applicable provisions of the Act in respect of this Scheme by the Tribunal, the Resulting Company 2 shall, at any time pursuant to the orders approving this Scheme, be entitled to get the recordal of the change in the legal right(s) upon the demerger of the Adicon Tiles Manufacturing Undertaking, in accordance with the provisions of Sections 230 to 232 of the Act. The Resulting Company 2 shall always be deemed to have been authorized to execute any pleadings, applications, forms, etc., as may be required to remove any difficulties and facilitate and carry out any formalities or compliances as are necessary for the implementation of this Scheme. For the purpose of giving effect to the vesting order passed under Section 232 of the Act in respect of this Scheme, the Resulting Company 2 shall be entitled to exercise all rights and privileges, and be liable to pay all



taxes and charges and fulfil all its obligations, in relation to or applicable to all immovable properties, including mutation and/ or substitution of the ownership or the title to, or interest in the immovable properties which shall be made and duly recorded by the Appropriate Authority(ies) in favour of the Resulting Company 2 pursuant to the sanction of the Scheme by the Tribunal and upon the effectiveness of this Scheme in accordance with the terms hereof, without any further act or deed to be done or executed by the Resulting Company 2. It is clarified that the Resulting Company 2 shall be entitled to engage in such correspondence and make such representations, as may be necessary, for the purposes of the aforesaid mutation and/ or substitution.

## 16. FACILITATION PROVISIONS

16.1 Immediately upon the Scheme being effective, the Demerged Company and the Resulting Company 2 shall enter into shared services agreements as may be necessary, inter alia in relation to use by the Resulting Companies of office space, infrastructure facilities, information technology services, security personnel, legal, administrative and other services, etc. of the Demerged Company on such terms and conditions that may be agreed between the Companies and on payment of consideration on an arm's length basis and which are in the ordinary course of business.

16.2 It is clarified that approval of the Scheme by the shareholders of the Demerged Company and the Resulting Companies under sections 230 to 232 of the Act shall be deemed to have their approval under Section 188 and other applicable provisions of the Act and Regulation 23 and other applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and that no separate approval of the Board or audit committee or shareholders shall be required to be sought.

16.3 The Resulting Company 1, if necessary to the extent required, increase/ reclassify its authorized share capital to facilitate issue of shares under this Scheme. It is clarified that the approval of the members of the Companies shall be deemed to be their consent/ approval also to the alteration of the memorandum and articles of association of the Resulting Company 1, as may be required, under Sections 13, 14, 61 and 64 of the Companies Act, 2013 and other applicable provisions of the Companies Act 2013.

16.4 It is clarified that all guarantees provided by the Demerged Company in respect of the Adicon Tiles Manufacturing Undertaking shall be valid and subsisting till adequate arrangements/ guarantees have been provided in respect of the same by the Resulting Company 2.

## 17. PROPERTY IN TRUST

17.1 Notwithstanding anything contained in this Scheme, until any property, asset, license, approval, permission, contract, agreement and rights and benefits arising therefrom and pertaining to the Adicon Tiles Manufacturing Undertaking are transferred, vested, recorded, effected and/ or perfected, in the records of the Appropriate Authority(ies), regulatory bodies or otherwise, in favour of the Resulting Company 2 shall be deemed to be authorized to enjoy the property, asset or the rights and benefits arising from the license, approval, permission, contract or agreement as if it were the owner of the property or asset or



as if it were the original party to the license, approval, permission, contract or agreement. It is clarified that till entry is made in the records of the Appropriate Authority(ies) and till such time as may be mutually agreed by the Demerged Company and the Resulting Companies and the Demerged Company will continue to hold the property and / or the asset, license, permission, approval, as the case may be, in trust on behalf of the Resulting Company 2.

## **18. APPLICATIONS/ PETITIONS TO THE TRIBUNAL**

18.1 The Companies shall be entitled, pending the sanction of the Scheme, to apply to any Appropriate Authority, if required, under any Applicable Law for such consents and approvals which the Demerged Company and the Resulting Companies may require to own the assets and/ or liabilities of the Adicon Tiles Manufacturing Undertaking and to carry on the business of the Demerged Company.

## **19. MODIFICATION OR AMENDMENTS TO THIS SCHEME**

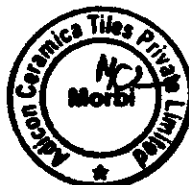
19.1 On behalf of each of the Demerged Company and the Resulting Companies, the Board of the respective Companies acting themselves or through authorized persons, may consent jointly but not individually, on behalf of all persons concerned, to any modifications or amendments of this Scheme at any time and for any reason whatsoever, or to any conditions or limitations that the Tribunal or any other Appropriate Authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by all of them (i.e. the Boards of the Demerged Company and the Resulting Companies) and solve all difficulties that may arise for carrying out this Scheme and do all acts, deeds and things necessary for putting this Scheme into effect.

19.2 For the purpose of giving effect to this Scheme or to any modification thereof the Boards of the Demerged Company and the Resulting Companies acting themselves or through authorized persons may jointly but not individually, give and are jointly authorised to give such directions including directions for settling any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme. It is clarified that individual companies acting themselves or through authorized persons may individually approach the Tribunal or any other Appropriate Authority to seek clarifications for implementation of the Scheme.

19.3 It is clarified that if any modifications are required post satisfaction of the conditions precedent mentioned in Clause 20 and the Scheme having been made effective, the Effective Date shall not be affected by any such modifications that might be required to be made and the Effective Date for such modified Scheme shall be same as the date on which Scheme was made effective prior to the modifications.

## **20. CONDITIONS PRECEDENT**

20.1 Unless otherwise decided (or waived) by the relevant Companies, the Scheme is conditional upon and subject to the following conditions precedent:



- 20.1.1 obtaining no-objection/ observation letter from the Stock Exchanges in relation to the Scheme under Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015;
- 20.1.2 approval of the Scheme by the requisite majority of each class of shareholders and creditors of the Demerged Company and the Resulting Companies and such other classes of persons of the said Companies, if any, as applicable or as may be required under the Act and as may be directed by the Tribunal;
- 20.1.3 the Companies, as the case may be, complying with other provisions of the SEBI Circular, including seeking approval of the shareholders of the Resulting Company 1 through e-voting, as applicable. The Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders of the Resulting Company 1, against it as required under the SEBI Circular. The term 'public' shall carry the same meaning as defined under Rule 2 of Securities Contracts (Regulation) Rules, 1957;
- 20.1.4 the sanctions and orders of the Tribunals, under Sections 230 to 232 of the Act being obtained by the Demerged Company and the Resulting Companies; and
- 20.1.5 certified/ authenticated copies of the orders of the Tribunal, sanctioning the Scheme, being filed with the RoC having jurisdiction over the Companies.
- 20.2 Without prejudice to Clause 20.1 and subject to the satisfaction or waiver of the conditions mentioned in Clause 20.1 above, the Scheme shall be made effective subject to the satisfaction or waiver of conditions mentioned in Clause 20.1 by the Boards of the Demerged Company and the Resulting Companies;
- 20.3 It is hereby clarified that submission of this Scheme to the Tribunal and to the Appropriate Authorities for their respective approvals is without prejudice to all rights, interests, titles or defences that the Demerged Company and the Resulting Companies may have under or pursuant to all Applicable Laws.
- 20.4 On the approval of this Scheme by the shareholders of the Demerged Company and the Resulting Companies and such other classes of Persons of the said Companies, if any, pursuant to Clause 20.1.2, such shareholders and classes of Persons shall also be deemed to have resolved and accorded all relevant consents under the Act or otherwise to the same extent applicable in relation to the demerger, amalgamation, capital reduction set out in this Scheme, related matters and this Scheme itself.

## **21. EFFECT OF NON-RECEIPT OF PERMITS AND MATTERS RELATING TO REVOCATION/ WITHDRAWAL OF THIS SCHEME**

- 21.1 The Demerged Company and the Resulting Companies acting through their respective Boards shall each be at liberty to withdraw from this Scheme: (a) in case any condition or alteration imposed by any Appropriate Authority is unacceptable to any of them; or (b) they are of



the view that coming into effect of the Scheme could have adverse implications on the respective Companies.

- 21.2 If this Scheme is not effective within such period as may be mutually agreed upon between the Demerged Company and the Resulting Companies through their respective Boards or their authorised representative, this Scheme shall become null and void and each Company shall bear and pay its respective costs, charges and expenses for and/ or in connection with this Scheme.
- 21.3 In the event of revocation/ withdrawal under Clause 21.1 or above, no rights and liabilities whatsoever shall accrue to or be incurred inter se the Demerged Company and the Resulting Companies or their respective shareholders or creditors or employees or any other Person, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or in accordance with the Applicable Law and in such case, each Company shall bear its own costs, unless otherwise mutually agreed.
- 21.4 If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Demerged Company and the Resulting Companies through their respective Boards, affect the validity or implementation of the other parts and/ or provisions of this Scheme.
- 21.5 Further, it is the intention of the Companies that each part shall be severable from the remainder of this Scheme and the Scheme shall not be affected if any part of this Scheme is found to be unworkable for any reason whatsoever unless the deletion of such part shall cause this Scheme to become materially adverse to any Company, in which case the Companies shall attempt to bring about a modification in this Scheme or cause such part to be null and void, including but not limited to such part.

## 22. COSTS AND TAXES

22.1 Companies have agreed to bear the costs, charges and expenses (including, but not limited to, any taxes and duties, registration charges, etc.) in relation to carrying out, implementing and completing the terms and provisions of this Scheme and/ or incidental to the completion of this Scheme in the following manner:

22.1.1 the Resulting Company 1 shall bear the stamp duty costs in connection with the Scheme;

22.1.2 all other costs, charges and expenses (including, but not limited to, any taxes and duties, registration charges, etc.) in relation to carrying out, implementing and completing the terms and provisions of this Scheme and/ or incidental to the completion of this Scheme shall be borne by the respective Companies.



### Annexure 1

Designated Partners of Adicon Ceramica Tiles LLP on the date of approval of the Scheme by the Board of the Resulting Company 1

Name	Designation
Pankajbhai Manilal Patel	Designated Partner
Dipak Narayanbhai Patel	Designated Partner
Vipulkumar Vinodbhai Patel	Designated Partner
Saunakkumar Mukeshkumar Patel	Designated Partner
Sarthak Jayantibhai Vansjaliya	Designated Partner

Capital contribution, current contribution & revenue sharing ratios of Partners of Adicon Ceramica Tiles LLP on the date of approval of the Scheme by the Board of the Resulting Company 1

Name of the Partners	Profit Ratio	Capital Contribution BALANCE (Amount in INR)	Current Contribution BALANCE (Amount in INR)	Total Contribution BALANCE (Amount in INR)
Patel Varshaben Girishbhai	3.50%	2,34,500	2110500	2345000
Pankajbhai M. Patel	3.50%	2,34,500	2110500	2345000
Patel Jalpaben Rajubhai	2.00%	1,34,000	1206000	1340000
Patel Dimpleben Bhogibhai	3.00%	2,01,000	1809000	2010000
Jayantibhai Madhabhai Patel	4.00%	2,68,000	2412000	2680000
Patel Girishbhai Narayanbhai	3.50%	2,34,500	2110500	2345000
Dipak Narayanbhai Patel	3.50%	2,34,500	2110500	2345000
Shaunakbhai Mukeshbhai Patel	9.00%	6,03,000	5427000	6030000
Patel Shaliniben Shaunakkumar	5.00%	3,35,000	3015000	3350000
Patel Kalidasbhai Jivabhai	1.00%	67,000	603000	670000
Nirupaben Maheshbhai Patel	1.50%	1,00,500	904500	1005000
Bhavnaben Kamleshbhai Patel	1.50%	1,00,500	904500	1005000
Patel Hirenabhai Sureshbhai	4.00%	2,68,000	2412000	2680000
Patel Jalakben Hirenabhai	4.00%	2,68,000	2412000	2680000
Patel Kuldeepbhai Rameshbhai	2.00%	1,34,000	1206000	1340000
Patel Hiraben Bhagubhai	4.00%	2,68,000	2412000	2680000
Patel Hinaben Kamleshbhai	4.00%	2,68,000	2412000	2680000
Patel Kalabhai Mohanbhai	3.00%	2,01,000	1809000	2010000
Patel Bhupendrabhai Ramjibhai	1.00%	67,000	603000	670000
Patel Ashmitaben Bhaveshbhai	4.50%	3,01,500	2713000	3015000
Vipulbhai Vinodbhai Patel	4.50%	3,01,500	2713000	3015000
Patel Hinaben Sureshbhai	3.00%	2,01,000	1809000	2010000
Patel Parulben Kanubhai	3.00%	2,01,000	1809000	2010000
Patel Jaydeepbhai Rameshbhai	1.00%	67,000	603000	670000
Basavaraj Pattenshetty	1.00%	67,000	603000	670000
Upendrabhai Ramjibhai Patel	1.00%	67,000	603000	670000
Patel Jagdishbhai Ramanlal	2.00%	1,34,000	1206000	1340000
Jayantibhai Veljibhai Vansjaliya	2.75%	1,84,250	1658250	1842500
Sarthak Jayantibhai Vansjaliya	2.00%	1,34,000	1206000	1340000
Ashok Veljibhai Vasjaliya	2.00%	1,34,000	1206000	1340000
Ashok Maganbhai Kasundara	1.00%	67,000	603000	670000
Niteshbhai Jayantibhai Vamja	3.00%	2,01,000	1809000	2010000
Bhavesh Vitthalbhai Vansjaliya	1.00%	67,000	603000	670000
Kartik Rameshbhai Vadsola	2.00%	1,34,000	1206000	1340000
Ranjanben Pranjivanbhai Bavarva	3.25%	2,17,750	1959750	2177500
<b>Total</b>	<b>100.00%</b>	<b>67,00,000</b>	<b>60300000</b>	<b>67000000</b>



**Annexure 2**Proposed Name of the company on and after conversion

Adicon Ceramica Tiles Private Limited

Proposed Directors of the company on and after conversion

Name	Directors	Shareholding Ratio
Pankajbhai Manilal Patel	Director	3.50%
Dipak Narayanbhai Patel	Director	3.50%
Vipulkumar Vinodbhai Patel	Director	4.50%
Saunakkumar Mukeshkumar Patel	Director	9.00%
Sarthak Jayantibhai Vansjaliya	Director	2.00%

Proposed Shareholders of the company on and after conversion

Shareholders	Shareholding Ratio	No. of Shares	Amount
Patel Varshaben Girishbhai	3.50%	23,450	2,34,500
Pankajbhai M. Patel	3.50%	23,450	2,34,500
Patel Jalpaben Rajubhai	2.00%	13,400	1,34,000
Patel Dimpleben Bhogibhai	3.00%	20,100	2,01,000
Jayantibhai Madhabhai Patel	4.00%	26,800	2,68,000
Patel Girishbhai Narayanbhai	3.50%	23,450	2,34,500
Dipak Narayanbhai Patel	3.50%	23,450	2,34,500
Shaunakbhai Mukeshbhai Patel	9.00%	60,300	6,03,000
Patel Shaliniben Shaunakkumar	5.00%	33,500	3,35,000
Patel Kalidasbhai Jivabhai	1.00%	6,700	67,000
Nirupaben Maheshbhai Patel	1.50%	10,050	1,00,500
Bhavnaven Kamleshbhai Patel	1.50%	10,050	1,00,500
Patel Hirenabhai Sureshbhai	4.00%	26,800	2,68,000
Patel Jalakben Hirenabhai	4.00%	26,800	2,68,000
Patel Kuldeepbhai Rameshbhai	2.00%	13,400	1,34,000
Patel Hiraben Bhagubhai	4.00%	26,800	2,68,000
Patel Hinaben Kamleshbhai	4.00%	26,800	2,68,000
Patel Kalabhai Mohanbhai	3.00%	20,100	2,01,000
Patel Bhupendrabhai Ramjibhai	1.00%	6,700	67,000
Patel Ashmitaben Bhaveshbhai	4.50%	30,150	3,01,500
Vipulbhai Vinodbhai Patel	4.50%	30,150	3,01,500
Patel Hinaben Sureshbhai	3.00%	20,100	2,01,000
Patel Parulben Kanubhai	3.00%	20,100	2,01,000
Patel Jaydeepbhai Rameshbhai	1.00%	6,700	67,000
Basavaraj Pattenshetty	1.00%	6,700	67,000
Upendrabhai Ramjibhai Patel	1.00%	6,700	67,000
Patel Jagdishbhai Ramanlal	2.00%	13,400	1,34,000
Jayantibhai Veljibhai Vansjaliya	2.75%	18,425	1,84,250
Sarthak Jayantibhai Vansjaliya	2.00%	13,400	1,34,000
Ashok Veljibhai Vasjaliya	2.00%	13,400	1,34,000
Ashok Maganbhai Kasundara	1.00%	6,700	67,000
Niteshbhai Jayantibhai Vamja	3.00%	20,100	2,01,000
Bhavesh Vitthalbhai Vansjaliya	1.00%	6,700	67,000
Kartik Rameshbhai Vadsola	2.00%	13,400	1,34,000
Ranjanben Pranjivanbhai Bavurv	3.25%	21,775	2,17,750
<b>Total</b>	<b>100.00%</b>	<b>6,70,000</b>	<b>67,00,000</b>

