



NIRMA LIMITED

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CIN : U24240GJ1980PLC003670

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NOTICE OF MEETING OF THE UNSECURED CREDITORS OF NIRMA LIMITED

(Convened pursuant to order dated 26th July, 2019 passed by the
National Company Law Tribunal, Ahmedabad Bench)

| Meeting of the Unsecured Creditors of Nirma Limited | |
|-----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| Day | THURSDAY |
| Date | 12th SEPTEMBER 2019 |
| Time | 11.30 a.m. |
| Venue | H.T.Parekh Convention Centre, Ahmedabad Management Association, AMA Complex, ATIRA, Dr.Vikram Sarabhai Marg, Ahmedabad 380015, in the state of Gujarat. |

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**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,
AHMEDABAD BENCH
C A (CAA) NO.89 OF 2019**

In the matter of the Companies Act, 2013

AND

In the matter of Sections 230 to 232 and other
applicable provisions of the Companies Act, 2013;

AND

In the matter of Scheme of Arrangement involving
Demerger and transfer of Cement Undertaking of Nirma
Limited to Nuvoco Vistas Corporation Limited.

Nirma Limited.

(CIN U24240GJ1980PLC003670)

A company incorporated under the provisions of
Companies Act, 1956 and having its registered office
At Nirma House, Ashram Road, Ahmedabad-380009
in the state of Gujarat

.....**Applicant Demerged Company**

**NOTICE CONVENING THE MEETING OF UNSECURED CREDITORS OF
NIRMA LIMITED, THE APPLICANT DEMERGED COMPANY**

To,

The Unsecured Creditors of Nirma Limited ('the Applicant Demerged Company')

NOTICE is hereby given that by an Order dated 26th July 2019, the Ahmedabad Bench of the National Company Law Tribunal has directed that a Meeting of the Unsecured Creditors of the Applicant Demerged Company be held for the purpose of considering, and if thought fit, approving with or without modification(s), the arrangement embodied in the Scheme of Arrangement involving Demerger and transfer of the Cement Undertaking of Nirma Limited to Nuvoco Vistas Corporation Limited and their respective shareholders and creditors.

In pursuance of the said Order and as directed therein further notice is hereby given that a Meeting of Unsecured Creditors of the Applicant Demerged Company will be held on Thursday, the 12th September, 2019 at 11.30 a.m. at H. T. Parekh Convention Centre, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad 380015, in the state of Gujarat, at which time and place creditors are requested to attend.

The following Resolution shall be considered and put to vote at the said meeting;

“RESOLVED THAT pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other applicable provisions of the Companies Act, 2013 and the clauses of the Memorandum and Articles of Association of Nirma Limited (“the Applicant Demerged Company”) and subject to the approval of the Hon’ble National Company Law Tribunal, Ahmedabad and Mumbai Bench, as the case may be, (“NCLT”) and further subject to the consents, approvals and permissions being obtained from appropriate authorities to the extent applicable or necessary, approval of the Unsecured Creditors be and is hereby accorded to the Scheme of Arrangement (“Scheme”) between Nirma Limited (“Applicant Demerged Company”) and Nuvoco Vistas Corporation Limited (“Resulting Company”), providing for the Demerger of the Cement Undertaking (as defined in the Scheme) of Nirma Limited and vesting of the same into Nuvoco Vistas Corporation Limited and other matters consequential or otherwise integrally connected therewith, the copy whereof placed before this Meeting and duly initialed by the Chairman of the Meeting for the purpose of identification, which be and is hereby approved;”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized (with the power to delegate any or all the powers conferred by this resolution to any Director, KMP or any committee of the Board) to do all such acts, deeds, matters and things, as may be considered requisite, desirable, appropriate or necessary to give effect to this Resolution and effectively implement the arrangements embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the NCLT and/or any other authority(ies) while sanctioning the Scheme or by any authority(ies) under law, or as may be required for the purpose of resolving any doubts or difficulties that may arise in giving effect to the Scheme, as they may deem fit and proper.”

Persons entitled to attend and vote at the meeting, may vote in person or by proxy, provided that all proxies in the prescribed form, duly signed or authorized by the said person, are deposited at the Registered Office of the Applicant Demerged Company at Nirma House, Ashram Road, Ahmedabad–380009 in the state of Gujarat not later than 48 hours before the time fixed for the aforesaid Meeting. The form of proxy can be obtained free of charge from the Registered Office of the Applicant Demerged Company. The Applicant Demerged Company has provided the facility of ballot/polling paper at the venue of the Meeting.

Copy of the Scheme, the Statement under Section 230(3) read with Section 102 of the Companies Act, 2013, read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 along with other annexures, as mentioned in the Index, are annexed to this Notice. Copy of the Scheme and the Statement under Section 230(3) can also be obtained free of charge from the Registered Office of the Applicant Demerged Company or at the office of its Advocates, Mrs. Swati Saurabh Soparkar, having office at 301, Shivalik-10, Opp. SBI Zonal Office, S. M. Road, Ambavadi, Ahmedabad 380 015.

NCLT has appointed (i) Mr. Kashyap R. Mehta, an Independent Practising Company Secretary, Proprietor, Kashyap R. Mehta & Associates, and failing him (ii) Mr. Gaurav Mathur, practicing Advocate and Partner, Singhi & Co. Ahmedabad, and failing him (iii) Mr. Vijay R. Shah, the Independent Director of Nirma Limited, the Applicant De-merged Company, to be the Chairman of the said meetings including for any adjournment or adjournments thereof.

The Scheme, if approved in the aforesaid Meeting, will be subject to the subsequent approval of NCLT.

Dated this 2nd August, 2019

Place: Ahmedabad

Sd/-
Kashyap R. Mehta
Chairman appointed for the Meeting

Registered Office:

Nirma House, Ashram Road, Ahmedabad–380009
in the state of Gujarat

Notes:

- 1) Only unsecured creditors of the Applicant Demerged Company may attend (either in person or by proxy or by authorised representative) at the Meeting. The authorised representative of a body corporate which is an unsecured creditor of the Applicant Demerged Company may attend the Meeting with appropriate authorization letter of the Board of Directors or other governing body of the body corporate authorizing such representative together with specimen signature of their representative(s), to attend and vote at the Meeting is deposited at the Registered Office of the Applicant Demerged Company not later than 48 hours before the scheduled time of the commencement of the Meeting of the unsecured creditors of the Applicant Demerged Company.
- 2) An unsecured creditor entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be an unsecured creditor of the Applicant Demerged Company. The Form of Proxy duly completed should, however, be deposited at the Registered Office of the Applicant Demerged Company not later than 48 hours before the scheduled time of the commencement of the Meeting of the unsecured creditors of the Applicant Demerged Company.
- 3) All alterations made in the Form of the Proxy should be initialed.
- 4) The quorum of the Meeting of the unsecured creditors of the Applicant Demerged Company shall be 15(fifteen) unsecured creditors of the Applicant Demerged Company, present in person or by authorized representative or by proxy.
- 5) Mr. Pinakin S. Shah, Proprietor of M/s. Pinakin Shah & Co., Practicing Company Secretaries, shall act as the Scrutiniser for the said Meeting.
- 6) The Scrutinizer will submit his report to the Chairman of the Meeting after scrutinizing the voting made by unsecured creditors through ballot or polling paper. The scrutinizer's decision on the validity of the vote shall be final. The results, together with the scrutinizer's Report, will be displayed at the registered office of the Applicant Demerged Company and on the website of the Applicant Demerged Company after the same is filed with the Hon'ble Tribunal.
- 7) Relevant documents referred to in the Notice and the Explanatory Statement are open for inspection by the unsecured creditors at the Registered Office of the Applicant Demerged Company on all working days, except Saturdays, Sundays and public holidays, between 11.00 a.m. and 1.00 p.m. upto the date of the Meeting and at the Meeting during the meeting hours.

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,
AHMEDABAD BENCH
C A (CAA) NO. 89 OF 2019**

In the matter of the Companies Act, 2013

AND

In the matter of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013;

AND

In the matter of Scheme of Arrangement involving Demerger and transfer of Cement Undertaking of Nirma Limited to Nuvoco Vistas Corporation Limited.

Nirma Limited.

(CIN U24240GJ1980PLC003670)

A company incorporated under the provisions of Companies Act, 1956 and having its registered office At Nirma House, Ashram Road, Ahmedabad-380009 in the state of Gujarat

.....**Applicant Demerged Company**

EXPLANATORY STATEMENT UNDER SECTIONS 230(3), 232(1) AND (2) AND 102 OF THE COMPANIES ACT, 2013 READ WITH RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016

1. Pursuant to the Order dated July 26, 2019, passed by the Hon'ble National Company Law Tribunal, Bench at Ahmedabad in CA (CAA) NO. 89 of 2019, a meeting of the unsecured creditors of Nirma Limited (hereinafter referred to as "NL" or "Applicant Demerged Company") is being convened on Thursday, the 12th September, 2019 at 11.30 a.m. at H. T. Parekh Convention Centre, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad 380015, in the State of Gujarat, for the purpose of considering, and if thought fit, approving, with or without modifications, the proposed Scheme of Arrangement involving Demerger and transfer of Cement Undertaking of Nirma Limited to Nuvoco Vistas Corporation Limited. Arrangement involving Demerger and transfer of Cement Undertaking of Nirma Limited to Nuvoco Vistas Corporation Limited and other matters consequential or otherwise integrally connected therewith under Section 230 read with Section 232 and other applicable provisions of the Companies Act, 2013. A copy of the Scheme, which has been approved by the Board of Directors of the Applicant Demerged Company at their meeting held on 29th April 2019, is enclosed as **Annexure 1**.
2. In terms of the said Order, the quorum for the said meeting shall be 15 unsecured creditors present in person or by authorized representative or by proxy. Further in terms of the said Order, NCLT has appointed (i) Mr. Kashyap R. Mehta, an Independent Practising Company Secretary, Proprietor, Kashyap R. Mehta & Associates, and failing him (ii) Mr. Gaurav Mathur, practicing Advocate and Partner, Singhi & Co. Ahmedabad, and failing him (iii) Mr. Vijay R. Shah, the Independent Director of Nirma Limited, the Applicant De-merged Company, to be the Chairman of the said meetings including for any adjournment or adjournments thereof.
3. This statement is being furnished as required under Sections 230(3), 232(1) and (2) and 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.
4. In accordance with the provisions of Sections 230 – 232 of the Act, the Scheme shall be acted upon only if a majority in number representing three fourths in value of the unsecured creditors of the Applicant Demerged/ Company voting in person or by proxy agree to the Scheme.

Particulars of the Applicant Demerged Company

5. Nirma Limited, was originally incorporated as a private limited company under the Companies Act, 1956 on 25th February 1980 in the name and style of 'Nirma Private Limited' in the state of Gujarat. Subsequently, it became a public company effective from November 8, 1993. The Corporate Identification Number ("CIN") is U24240GJ1980PLC003670 and Permanent Account Number ("PAN") is AAACN5350K.
6. The Registered Office of the Demerged Company is situated at Nirma House, Ashram Road, Ahmedabad-380009 in the state of Gujarat.

7. The share capital of Nirma as on 31st March, 2019 is as follows:

| Particulars | Amount (INR) |
|--------------------------------------------------------------------------------------------|----------------------|
| Authorised Capital: | |
| 1,461,000,000 Equity Shares of Rs. 5/- each | 7,305,000,000 |
| 1,000,000 6% Redeemable Non-Cumulative Non-Convertible Preference Shares of Rs. 100/- each | 100,000,000 |
| 250,000,000 6% Redeemable Non-Cumulative Non-Convertible Preference Shares of Re. 1/- each | 250,000,000 |
| 100,000,000 5% Redeemable Non-Cumulative Non-Convertible Preference Shares of Re. 1/- each | 100,000,000 |
| Total | 7,755,000,000 |
| Issued, Subscribed and Paid-up Capital: | |
| 146,075,130 Equity Shares of Rs. 5/- each | 730,375,650 |
| Total | 730,375,650 |

8. The main objects of the Demerged Company as fully set out in the Memorandum of Association are as under:

- To carry on the business as manufactures of and dealers in and importers, exporters and distributors, producers, buyers, sellers, re- sellers, suppliers and to advertise, utilize, improve, distribute, store, stock, invest, place on market or otherwise deal in slury, benzenes, chemicals, dyes and dyes intermediates and dye stuff, dyeing materials, materials of all kinds for processing, bleaching, treating and finishing textiles, cloths chemical, alkalies, acids, plastics, plasticizers, resins, petrochemicals, drugs, medicines, mixtures, tablets, pills, powders, tanning, essence, liquefied and magnified petroleum, gas and gases generally, plaster of paris, gypsum, plasters, disinfectants, fertilizers, salts, food, sulphur, isinglass, colours, oils, pigments, varnishes, compounds, organic or mineral intermediates, quill pens, tooth picks, brushes, soap and washing materials, toilet requisites and preparations, perfumes laboratory, reagents photographic, sizing, medicinal, pharmaceutical, chemicals, industrial and other preparations, products and articles of any nature and kind whatsoever and chemical, photographic, electrical, surgical, hospital, laboratory and scientific equipments, furniture, apparatus and materials.
- To carry on the business of manufactures of and dealers in and importers, exporters and distributors, producers, buyers, sellers and to advertise, utilize, improve, distribute, store, stock, invest, place on market or otherwise deal in washing soap, toilet soap, textile and laundry soap, ,marine soap and all other soaps and detergents used for washing cleaning toilet and industrial purpose.

Objects incidental or ancillary to the attainment of main objects:

- To amalgamate with any other company, having objects altogether or in part similar to those of this company.
9. Nirma Limited, the Applicant Demerged Company is a closely held Public limited company. The debt securities of the company are listed on the wholesale debt market segment of the National Stock Exchange of India Limited. The brief description of the activities carried out by the Demerged Company is as follows:
- Nirma, a flagship company of the Nirma group, is amongst the largest player in soaps and detergents segment in India. Nirma also manufactures soda ash, caustic soda, LAB, salt, cement, water proofing and other chemicals including, normal paraffin, sulfuric acid, alpha olefin sulphonate, glycerine and fatty acid. As part of the allied activities, Nirma also manufactures Packaging Material and Agri Products in the form of coffee.
 - Nirma had acquired US based company Searles Valley Minerals Inc. and Searles Valley Minerals Operations Inc. that process Natural Soda ash, Baron and Sodium Sulphate, through Karnavati Holdings Inc. (KHI) being a wholly owned USA subsidiary of Nirma in the year 2007.
 - Nirma entered into business of cement by setting up a Cement plant at Village Nimbol, Tehsil Jaitaran, District Pali in the State of Rajasthan in 2011-12. The Cement plant was set up in the name of Siddhi Vinayak Cement Private Limited (**SVCPL**) which was a 100% subsidiary of Nirma Limited.

The said 2.28 MTPA cement plant got commissioned in November 2014. The Cement plant caters to customers in the states of Rajasthan, Gujarat, Uttar Pradesh and Haryana. SVCPL was merged into Nirma Limited under a High Court approved scheme with effect from 1 April 2014. Nirma has established its brand and markets cement under the brand name "Nirmax". The dealers for the Nirmax products are linked to the various Market Organizers, who are responsible for the orders of the dealers linked to them as also for collection against sales.

Particulars of the Resulting Company

10. Nuvoco Vistas Corporation Limited, (hereinafter referred to as "NVCL" or the "Resulting Company") is a closely held public limited company. It was originally incorporated as a private limited company under the Companies Act, 1956 on February 08, 1999 in the name of "Infra Cement India Private Limited in the state of Maharashtra. Subsequently the name was changed to "Lafarge India Private Limited" on May 25, 1999. Further, the word 'Private' was deleted from the name with effect from November 02, 1999. Thereafter, the word 'Private' was reinstated in the aforesaid name on April 16, 2003. Subsequently, it became a public company effective from 12th March 2016. The name of the Company was changed to 'Nuvoco Vistas Corporation Limited' and a fresh certificate of incorporation consequent upon change of name was issued on 10th March 2017. The Corporate Identification Number ("CIN") is U26940MH1999PLC118229 and Permanent Account Number ("PAN") is AAACL4159L.
11. The Registered Office of NVCL is situated at Equinox Business Park, Tower 3, East Wing, 4th Floor, LBS Marg, Kurla (West) Kurla Mumbai City MH 400070 in the State of Maharashtra.
12. The authorised, issued, subscribed and paid-up share capital of NVCL on 31st March, 2019 is as under:-

| Particulars | Amount (INR) |
|--------------------------------------------------|-----------------------|
| Authorised Capital: | |
| 7,801,110,000 Equity Shares of Rs. 10/- each | 78,011,100,000 |
| 1,000,000,000 Preference Shares of Rs. 10/- each | 10,000,000,000 |
| Total | 88,011,100,000 |
| Issued, Subscribed and Paid up Capital | |
| 200,000,000 Equity Shares of Rs. 10/- each | 2,000,000,000 |
| Total | 20,00,000,000 |

13. The main objects of NVCL are as under:
 - A) MAIN OBJECTS
 1. To acquire and hold controlling and other interests and operate any company in India engaged in any business of Cement, ready mix concrete and aggregates.
 2. To produce, manufacture, treat, process, prepare, refine, import, export, purchase, sell, trade in pack, move, preserve, stock, act as agents, sub-agents, merchants, distributors, consigners, jobbers, brokers, concessionaries or otherwise deain either solely or in partnership with others, in all types of cement (excluding Aluminate Cement), lime and limestone, clinker, ready mix concrete, aggregates and / or by-products thereof and/or any input material thereof e.g. pet coke, cementitious products etc.
 - B) OBJECTS INCIDENTAL OR ANCILLARY TO THE ATTAINMENT OF MAIN OBJECTS:
 6. to amalgamate with any other company whose objects are or include objects similar to those of the Company, whether by sale or purchase of all or controlling interest in the shares or stock of this or any such other Company as aforesaid or in any other manner.

14. NATURE OF BUSINESS CARRIED ON BY NVCL

NVCL, the Resulting Company is a closely held Public limited company. The debt securities of the company are listed on the wholesale debt market segment of the National Stock Exchange of India Limited. M/s. Nirchem Cement Limited was amalgamated with and into NVCL, by an order dated 6th April, 2017 of National Company Law Tribunal, Mumbai bench. The brief description of the activities carried out by the Resulting Company is as follows:

- (i) The primary business activity of NVCL is to manufacture and sell cement, ready mix concrete and other construction materials. NVCL has cement plants in various parts of the country with a total installed capacity of 11.75 milliontonnes per annum.
- (ii) NVCL sells its products viz. cement under the brand names of Concreto/ Duraguard/ PSC/ Infracem Cement; Water Proofing Compound under the brand name of ZeroM; and ready-mix

concrete/construction materials under the brand names of Artiste, Agile, Steelibre, Polibre, Instante, Robuste, Xlite, Lente, Regletherme, Fluide, Easyfille and Instamix.

Rationale and Objectives for the Scheme

15. The rationale for the proposed Scheme is as under:
- (i) Nirma has several commercial activities which are distinct and diverse from each other. The Board of Nirma and NVCL feel that the business of cement held by Nirma and NVCL, both the companies directly and/or indirectly controlled by same Promoters, requires a focused management team, specific skill sets & resources and investments to grow. Presently, Nirma is carrying the cement business through the cement plant in Rajasthan. In North India, the cement sales of Nirma and NVCL occur in overlapping markets which leads to dis-synergies. The nature of risk, competition, challenges, opportunities and business operations for the cement business is separate and distinct from the other businesses carried out by Nirma. Thus, the Scheme, which envisages demerger of Cement Undertaking of Nirma into NVCL whose primary activity is to manufacture, market and sale cement, would enable both promoter controlled companies, Nirma and NVCL, to combine the function of cement businesses under one entity, NVCL as also to scale up and pursue growth opportunities in a more focused manner.
 - (ii) The combination of the cement business of Nirma and NVCL is a strategic fit for serving existing markets and for catering to additional volume linked to new customers. It would also enhance competitive strength; achieve reduction of administrative operative costs, increase efficiencies and productivity by pooling resources of Nirma and NVCL. It is believed that the proposed demerger will create enhanced value for shareholders and allow a focused strategy and specialization for sustained growth, which would be in the best interest of all the stakeholders and the persons connected with the aforesaid companies.
 - (iii) The demerger will enable the Demerged Company to focus and enhance its residue core business operations by streamlining the operations and ensure better and efficient management control. The demerger will also provide scope for independent collaboration and expansion. The segregation would also enable greater/enhanced focus of management in the Remaining Business and the Cement business thereby facilitating the management to efficiently tap opportunities for each of the said businesses.
 - (iv) In view of the aforesaid, the Board of Directors of Nirma Limited and Board of Directors of NVCL have considered and proposed this Scheme of Arrangement under the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

Corporate Approvals

16. (i) The Scheme along with the Valuation Report dated 15th April 2019 issued by M/s. Desai Haribhakti & Company, Chartered Accountants was placed before the Board of Directors of the Applicant Demerged Company, at its meeting held on 29th April, 2019. Based on the aforesaid, the Board of Directors of the Applicant Demerged Company approved the Scheme.
- (ii) The proposed Scheme was placed before the Board of Directors of the Resulting Company at its meeting held on 30th April, 2019. Considering the above referred Valuation Report, the Board of Directors of the Resulting Company also approved the Scheme. The Valuation Report and the Board Resolutions are also open for inspection.

Salient extracts of the Scheme

17. Salient features of the Scheme are extracted below:

1. "Definitions:

- 1.2. "**Appointed Date**" means 1st day of June, 2019 or any other date as may be approved by the National Company Law Tribunal.
- 1.6 "**Cement Undertaking**" or "**Demerged Undertaking**" shall mean all the businesses, undertakings, activities, properties, assets and liabilities, of whatsoever nature and kind and wheresoever situated, pertaining to and/or associated to the cement division of Nirma Limited located at Nimbol, Taluka: Jaitaran, Dist: Paliin the State of Rajasthan along with its related limestone mines ('Undertaking'), including specifically the following
- (a) All existing facilities for manufacture of various grades of cement carried on by Nirma including all other assets, as are movable in nature pertaining to and in relation to the said Undertaking, whether present or future or contingent, tangible or intangible, in possession or reversion, corporeal or incorporeal (including capital work in progress, stores under progress, electrical

- fittings, furniture, fixtures, appliances, accessories, power lines, office equipments, computers, communication facilities, installations, vehicles, inventory and tools), stock-in-trade, stock-in-transit, supplies, actionable claims, current assets, earnest monies and sundry debtors, financial assets, outstanding loans and advances, recoverable in cash or in kind or for value to be received, provisions, receivables, funds, cash, cash equivalents and bank balances, and deposits including accrued interest thereto with Government, semi-Government, local and other authorities and bodies, banks, customers and other persons, insurances, the benefits of any bank guarantees, performance guarantees, corporate guarantees and letters of credit, and tax related assets, tax credits (including but not limited to credits with respect to income-tax, tax deducted at source, right to admissibility of claim under section 43B of the Income Tax Act, service tax input credits, CENVAT credits, value added/sales tax/entry tax/goods and services tax credits or set-offs), tax deferrals, tax refunds and advance taxes paid.
- (b) all immovable properties i.e. land together with the buildings and structures standing thereon (whether freehold, leasehold, leave and licensed, right of way, tenancies or otherwise) including offices, structures, benefits of any rental agreement for use of premises, offices, manufacturing factories, share of any joint assets, etc., which immovable properties are currently being used for the purpose of and in relation to the Undertaking and all documents (including panchnamas, declarations, receipts) of title, rights and easements in relation thereto and all rights, covenants, continuing rights, title and interest in connection with the said immovable properties;
- (c) all the cement and related ancillary businesses pertaining to and in relation to the Undertaking carried on by Nirma.
- (d) all permits, licenses, permissions including municipal permissions, right of way, approvals, clearances, consents, benefits, registrations, rights, entitlements, credits, certificates, awards, sanctions, allotments, quotas, no objection certificates, exemptions, concessions, subsidies, incentives, liberties and advantages (including consent/authorisation granted by relevant Pollution Control Boards and other licenses/permits/incentives and other benefits granted/issued/ given by any governmental, statutory or regulatory or local or administrative bodies for the purpose of carrying on the cement division or in connection therewith) including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereto that pertain to Undertaking;
- (e) all contracts, agreements, purchase orders/ service orders, operation and maintenance contracts, memoranda of understanding, memoranda of undertakings, memoranda of agreements, memoranda of agreed points, minutes of meetings, bids, tenders, expression of interest, letter of intent, hire and purchase arrangements, lease/licence agreements, tenancy rights, agreements/panchnamas for right of way, equipment purchase agreements, agreement with customers, purchase and other agreements with the supplier / manufacturer of goods / service providers, other arrangements, undertakings, deeds, bonds, schemes, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise and all rights, title, interests, claims and benefits thereunder pertaining to the Undertaking ;
- (f) all applications (including hardware, software, licenses, source codes, parameterization and scripts), registrations, goodwill, licenses, trade names, service marks, trademarks, copyrights, patents, domain names, designs, intellectual property rights (whether owned, licensed or otherwise, and whether registered or unregistered), trade secrets, research studies, technical knowhow, confidential information and other industrial and intellectual properties including Nirmax brand, Marketing and advertising rights/contracts and all such rights of whatsoever description and nature that pertain to the Undertaking;
- (g) all rights to use and avail telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interests held in trusts, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, easements, liberties and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in control of or vested in or granted in favour of or enjoyed by Nirma pertaining to or in connection with or relating to Undertaking and all other interests of whatsoever nature belonging to or in the ownership, power, possession or control of or vested in or granted in favour of or held for the benefit of or enjoyed by Nirma and pertaining to the Undertaking;
- (h) all raw material and fuel linkages, limestone mines, power plants, logistics, warehousing, selling and distribution networks (offices, depots, godowns, guest houses and other related facilities), and any other asset pertaining to the Undertaking.

- (i) all intellectual property rights of any nature whatsoever, books, records, files, papers, engineering and process information, software licenses (whether proprietary or otherwise), test reports, computer programmes, drawings, manuals, data, databases including databases for procurement, commercial and management, catalogues, quotations, purchases, sales and advertising materials, product registrations, dossiers, product master cards, lists of present and former customers and suppliers including service providers, other customer information, customer credit information, customer/supplier pricing information, and all other books and records, whether in physical or electronic form that pertain to the Undertaking;
 - (j) all debts, liabilities including contingent liabilities, whether present or future, duties, taxes and obligations of Nirma pertaining to the Undertaking and/or arising out of and/or relating to the Undertaking including:
 - i. the debts, liabilities, duties and obligations of Nirma which arises out of the activities or operations of the Undertaking;
 - ii. specific loans and borrowings raised, incurred and utilized solely for the activities or operations of or pertaining to the Undertaking; and
 - iii. Liabilities other than those referred to in sub-clauses i. and ii. above, and not directly relating to the Remaining Business of the Demerged Company, being the amounts of general or multipurpose borrowings of Demerged Company shall be allocated to the Undertaking in the same proportion in which the book value of assets transferred under this Scheme bears to the total book value of assets of Nirma immediately prior to the Appointed Date.
 - (k) All employees of Nirma employed/engaged in the Undertaking as on the Effective Date; and
 - (l) all legal or other proceedings of whatsoever nature that pertain to the Undertaking;
- 1.9 **“Effective Date”** shall mean the last of the dates on which the conditions and matters referred to in Clause 17 hereof occur or have been fulfilled or waived and references in this Scheme to the date of “coming into effect of this Scheme” or “effectiveness of this Scheme” shall mean the Effective Date.
- 1.12 **“NCLT” or “Tribunal”** shall mean the National Company Law Tribunal, Mumbai Bench and the National Company Law Tribunal, Ahmedabad Bench, as the case maybe, having respective jurisdiction at Mumbai and Ahmedabad respectively.
- 1.15 **“Record Date”** shall mean the date to be fixed by the Board of Directors of respective Company or a committee thereof for the purpose of determining the members of the Demerged Company to whom the shares of the Resulting Company will be allotted pursuant to Clause 10 of the Scheme, upon effectiveness of this Scheme.
- 1.16 **“Remaining Business”** means all the undertakings, businesses, activities, operations, assets and liabilities of Nirma other than those comprised in the Cement Undertaking.
- 1.17 **“Scheme of Arrangement” or “Scheme” or “the Scheme” or “this Scheme”** shall mean this Scheme of Arrangement including any modification or amendment hereto, made in accordance with the terms hereof, as per Clause 15 of the Scheme.

DEMERGER OF THE CEMENT UNDERTAKING AND ITS VESTING IN NVCL

4. TRANSFER OF ASSETS

- 4.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Cement Undertaking (including all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances of the Cement Undertaking) shall, subject to the provisions of this Clause 4.2 in relation to the mode of transfer and vesting and pursuant to Sections 230 to 232 of the Act and without any further act or deed, be demerged from Nirma and be transferred to and vested in and be deemed to have been demerged from Nirma and transferred to and vested in NVCL as a going concern so as to become as and from the Appointed Date, the Cement Undertaking (including all the estate, assets, rights, claims, title, interest and authorities) of NVCL, without requiring any deed or instrument of conveyance for transfer of the same, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/or financial institutions.
- 4.2 In respect of such of the assets of the Cement Undertaking as are movable in nature or are otherwise capable of transfer by delivery of possession or by endorsement and delivery, the same shall be so transferred by Nirma, upon the coming into effect of this Scheme, and shall become the property of NVCL as an integral part of the Cement Undertaking with effect from the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act without requiring any deed or instrument of conveyance for

transfer of the same, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/or financial institutions.

- 4.3 In respect of movables other than those dealt with in Clause 4.2 above, including sundry debts, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposits with any Governmental Authority, quasi- governmental authority, local or other authority or body or with any company or other person, NVCL may without being obliged and if it so deems appropriate at its sole discretion, give notice in such form as it may deem fit and proper, to each person, debtor, or depositor, as the case may be, that the said debt, loan, advance, balance or deposit stands transferred and vested in NVCL.
- 4.4 Consequent to the vesting order passed under Section 232 of the Act in respect of the Scheme, NVCL shall be entitled to exercise all the rights and privileges and be liable to pay all taxes and charges and fulfil all its obligations, in relation to or applicable to all such immovable properties, including mutation and/or substitution of the title to, or interest in the immovable properties which shall be made and duly recorded by the appropriate authority(ies) in favour of NVCL pursuant to the sanction of the Scheme by the NCLT 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 Nirma and/or NVCL. It is clarified that NVCL 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.
- 4.5 Notwithstanding any provision to the contrary, from the Effective Date and until the owned properties, leasehold properties and related rights thereto, license/right to use the immovable property, tenancy rights, liberties and special status so transferred and vested, are recorded, effected and/or perfected, in the record of the appropriate authority, in favour of NVCL, NVCL is deemed to be authorised to carry on the business in the name and style of Nirma under the relevant agreement, deed, lease and/or license, as the case may be.
- 4.6 All assets, rights, title and interest of Nirma in relation to the Cement Undertaking shall also, without any further act, instrument or deed stand transferred to and vested in and be deemed to have been transferred to and vested in NVCL upon the coming into effect of this Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act.
- 4.7 Without prejudice to the generality of the foregoing, upon the effectiveness of this Scheme, NVCL will be entitled to all the intellectual property rights of Nirma in relation to the Cement Undertaking. NVCL may take such actions as may be necessary and permissible to get the same transferred and/or registered in the name of NVCL.
- 4.8 Any assets acquired by Nirma after the Appointed Date but prior to the Effective Date pertaining to the Cement Undertaking shall be deemed to have been acquired by NVCL and upon the coming into effect of this Scheme also without any further act, instrument or deed stand transferred to and vested in or be deemed to have been transferred to or vested in NVCL.
- 4.9 For the avoidance of doubt, upon the coming into effect of this Scheme, with effect from the Appointed Date all the rights, title, interest and claims of Nirma in any leasehold/licensed properties in relation to the Cement Undertaking shall, pursuant to Section 232 (4) of the Act, be transferred to and vested in or be deemed to have been transferred to and vested in NVCL automatically without requirement of any further act or deed.
- 4.10 On and from the Effective Date, and thereafter, NVCL shall be entitled to operate the bank accounts of Nirma, in relation to or in connection with the Cement Undertaking, and realize all monies and complete and enforce all pending contracts and transactions and to accept stock returns and issue credit notes in relation to or in connection with the Cement Undertaking, in the name of NVCL in so far as may be necessary until the transfer of rights and obligations of the Cement Undertaking to NVCL under this Scheme have been formally given effect to under such contracts and transactions.
- 4.11 Any accretion to the Cement Undertaking by Nirma after the Appointed Date and prior to the Effective Date by operation of the Cement Undertaking shall also stand transferred to and vested in NVCL upon the coming into effect of this Scheme.
- 4.12 For avoidance of doubt and without prejudice to the generality of the applicable provisions of the Scheme, it is clarified that with effect from the Effective Date and till such time that the name of bank accounts of Nirma, in relation to or in connection with the Cement Undertaking, has been replaced with that of NVCL, NVCL shall be entitled to operate the bank account of Nirma, in relation to or in connection with the Cement Undertaking, in the name of Nirma in so far as may be necessary. All cheques and other negotiable instruments, payment orders received or presented for encashment, which is in the name of Nirma, in relation to or in connection with the Cement Undertaking, after the Effective Date shall be accepted by the bankers of NVCL and credited to the account of NVCL, if presented by NVCL. NVCL

shall be allowed to maintain bank accounts in the name of Nirma for such time as may be determined to be necessary by NVCL for presentation and deposition of cheques and pay orders that have been issued in the name of Nirma, In relation to or in connection with the Cement Undertaking. It is hereby expressly clarified that any legal proceedings by or against Nirma, in relation to or in connection with the Cement Undertaking, in relation to the cheques and other negotiable instruments, payment orders received or presented for encashment, which is in the name of Nirma shall be instituted, or as the case may be, continued by or against NVCL after the coming into effect of this Scheme.

- 4.13 For the sake of clarity, upon the Effective date and until the licenses, permit, approvals, incentives, subsidies, schemes, preferential status are transferred, vested, recorded, effected in record of the relevant regulator/authority in the favour of Resulting Company, the Resulting Company is authorized to carry out business in name and style of the Demerged Company and under relevant license or permits or approvals as the case may be.

6. TRANSFER OF LIABILITIES

- 6.1 Upon the coming into effect of this Scheme, all debts, liabilities, loans raised and used, obligations incurred, duties of any kind, nature or description (including contingent liabilities which arise out of the activities or operations of the Cement Undertaking) of Nirma as on the Appointed Date and relating to the Cement Undertaking (“**Cement Division Liabilities**”) shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to NVCL and shall become the debts, liabilities, loans, obligations and duties of NVCL which shall meet, discharge and satisfy the same.

The term “Cement Division Liabilities” shall include:

- (i) the liabilities which arise out of the activities or operations of the Cement Undertaking;
 - (ii) the specific loans or borrowings raised, incurred and utilized solely for the activities or operations of the Cement Undertaking; and
 - (iii) in cases other than those referred to in Clause 6.1(i) or Clause 6.1(ii) above, so much of the amounts of general or multipurpose borrowings, if any, of Nirma, (excluding any borrowings raised, incurred and / or utilized solely for activities or operations of the Remaining Business) as stand in the same proportion which the book value of the assets transferred pursuant to the demerger bears to the total book value of the assets of Nirma immediately before the demerger.
- 6.2 Where any of the loans raised and used, debts, liabilities, duties and obligations of Nirma as on the Appointed Date deemed to be transferred to NVCL have been discharged by Nirma on or after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of NVCL.
- 6.3 Upon the coming into effect of this Scheme, all loans raised and used and all debts, liabilities, duties and obligations incurred by Nirma for the operations of the Cement Undertaking with effect from the Appointed Date and prior to the Effective Date, subject to the terms of this Scheme, shall be deemed to have been raised, used or incurred by, for and on behalf of NVCL and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to and be deemed to be transferred to NVCL and shall become the loans, debts, liabilities, duties and obligations of NVCL.
- 6.4 Subject to the other provisions of this Scheme, in so far as the assets of the Cement Undertaking are concerned, the security, pledge, existing charges and mortgages, over such assets, to the extent they relate to any loans or borrowings of the Remaining Business of Nirma shall, without any further act, instrument or deed be released and discharged from the same and shall no longer be available as security, pledge, charges and mortgages in relation to aforesaid liabilities of Nirma.
- 6.5 In so far as the assets of the Remaining Business of Nirma are concerned, the security, pledge, existing charges and mortgages over such assets, to the extent they relate to any loans or borrowings of the Cement Undertaking shall, without any further act, instrument or deed be released and discharged from such security, pledge, charges and mortgages. The absence of any formal amendment which may be required by a bank and/or financial institution in order to affect such release shall not affect the operation of this clause.
- 6.6 In so far as the existing security in respect of the loans and other liabilities relating to the Remaining Business of Nirma is concerned, such security shall, without any further act, instrument or deed be continued with Nirma only on the assets which are remaining with Nirma.
- 6.7 Without prejudice to the provisions of the foregoing Clauses and upon the effectiveness of the Scheme, Nirma and NVCL shall execute any instrument(s) and/or document(s) and/or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the RoC to give formal effect to the above provisions, if required.

- 6.8 Upon the coming into effect of this Scheme, NVCL alone shall be liable to perform all obligations in respect of the Cement Division Liabilities, which have been transferred to it in terms of this Scheme, and Nirma shall not have any obligations in respect of such Cement Division Liabilities.
- 6.9 It is expressly provided that, save as mentioned in this Clause 6, no other term or condition of the liabilities transferred to NVCL as part of the Scheme is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.
- 6.10 The provisions of this Clause 6 shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document, all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.

7. LEGAL, TAXATION AND OTHER PROCEEDINGS

- 7.1 Upon the coming into effect of this Scheme, all legal, taxation or other proceedings, whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal), by or against Nirma and relating to the Cement Undertaking, under any statute, whether pending on the Appointed Date or which may be instituted any time thereafter, shall be continued and enforced by or against NVCL after the Effective Date. Nirma shall in no event be responsible or liable in relation to any such legal or other proceedings against NVCL. NVCL shall be substituted as party to such proceedings and shall prosecute or defend such proceedings in co-operation with Nirma.
- 7.2 If proceedings are taken against Nirma in respect of the matters referred to in Clause 7.1 above, it shall defend the same in accordance with the advice of NVCL and at the cost of NVCL, and the latter shall reimburse and indemnify Nirma against all liabilities and obligations incurred by Nirma in respect thereof.
- 7.3 NVCL undertakes to have all legal or other proceedings initiated by or against Nirma referred to in Clause 7.1 above mutated to its name as soon as is reasonably possible after the Effective Date and to have the same continued, prosecuted and enforced by or against NVCL to the exclusion of Nirma. Each of the Companies shall make relevant applications in that behalf.

10. CONSIDERATION

- 10.1 In consideration of the demerger by way of transfer and vesting of the Cement Undertaking into NVCL, in terms of this Part B of the Scheme, NVCL shall issue and allot to every member of Nirma, holding fully paid equity shares in Nirma and whose name appears in the register of members of Nirma on the Record Date, or to such of their heirs, executors, administrators or the successor-in-title, shares in the following mode:
- 29 fully paid up equity shares of INR 10/- each of NVCL for every 100 fully paid up equity shares of INR 5/- each held in Nirma;*
- 10.2 Under and pursuant to the Scheme, no fractional shares shall be issued by NVCL, in respect of fractional entitlements. If any equity shareholder of Nirma becomes entitled to any fractional shares pursuant to issue and allotment of equity shares as per clause 10.1 above, the Board of Directors of NVCL shall consolidate/round off such fraction to the nearest integer, and thereupon shall issue and allot new equity shares of NVCL, to the concerned equity shareholders of Nirma. Any fractional entitlement below 0.50 shall be ignored.
- 10.3 The new equity shares shall be issued and allotted in a dematerialized form to the equity shareholders of Nirma as on the Record Date, unless communication is received from any particular shareholder in writing that shares are to be issued in physical form, on or before the date as may be determined by NVCL or committee constituted thereof.
- 10.4 The new shares of NVCL to be issued to the shareholders of Nirma in terms of clause 10.1 and clause 10.2 above shall be subject to the provisions of Memorandum and Articles of Association of NVCL. The approval of this Scheme by the shareholders of NVCL shall be deemed to be due compliance of the provisions of section 62 and other relevant and applicable provisions of the Act, for issue and allotment of new equity shares by NVCL to the shareholders of Nirma, as provided in this Scheme.
- 10.5 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of Nirma, the Board of Directors of Nirma shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer in Nirma as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to the Demerged Company or Resulting Company of equity shares in NVCL issued by NVCL upon the coming into effect of this Scheme.
- 10.6 NVCL shall and to the extent required, increase its Authorized Share Capital as the case may be.

11. ACCOUNTING TREATMENT IN THE BOOKS OF NIRMA

- 11.1 Pursuant to the Scheme coming into effect, with effect from the Appointed Date, the Demerged Company shall account for the demerger, in its books of accounts in accordance with the Accounting Standards prescribed under section 133 of the Act as applicable and general accepted accounting principles in India in the following manner:
- 11.1.1 The Demerged Company shall transfer all assets and liabilities pertaining to the Cement Undertaking as on the Appointed Date at the values appearing in its books of accounts and correspondently reduced from its books of account, the book values appearing on Appointed Date in accordance with the provisions of section 2(19AA) of the Income Tax Act.
- 11.1.2 The difference i.e. the excess or short fall, as the case may be, of the net book value of assets over the liabilities transferred pertaining to or attributable to the Demerged Undertaking, and demerged from the Demerged Company pursuant to the Scheme, shall be carried to Capital Reserve.
- 11.1.3 Inter Company balances between NVCL and demerged undertaking, if any, shall stand cancelled.

12. ACCOUNTING TREATMENT IN THE BOOKS OF NVCL

- 12.1 On the Scheme becoming effective and with effect from the Appointed Date, NVCL shall account for the demerger in its books of accounts in accordance with Appendix C of the Indian Accounting Standards 103 – “Business Combinations” of Companies (Indian Accounting Standards) Rules, 2015 and accordingly:
- 12.1.1 NVCL shall credit to the Equity Share Capital Account in its books of accounts, the aggregate face value of the new equity shares issued and allotted to the equity shareholders of Nirma as per the Scheme.
- 12.1.2 Upon the coming into effect of this Scheme, NVCL shall record the assets and liabilities of the Cement Undertaking transferred to and vested into NVCL pursuant to this Scheme, at values appearing in the books of account of Nirma as on the Appointed Date.
- 12.1.3 The excess, if any, of the assets over liabilities of the Cement Undertaking, transferred to and recorded by NVCL and the credit to Equity Share Capital Account as per clause 12.1.1 above shall be credited to the Capital Reserve of NVCL. The shortfall, if any, shall be debited to Other Equity (either revenue reserve(s) or capital reserve) by NVCL.
- 12.1.4 Inter Company balances between NVCL and demerged undertaking, if any, shall stand cancelled.
- 12.2 Notwithstanding the above, upon this Scheme becoming effective, the Board of Directors of NVCL, is authorized to account for any of these balances in any manner whatsoever, as may be deemed fit, in accordance with the Companies (Indian Accounting Standards) Rules, 2015, as amended and applicable to NVCL on effective date.

13. REMAINING BUSINESS

- 13.1 The Remaining Business and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by Nirma, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks, lenders and/or financial institutions.
- 13.2 All legal, taxation or other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against Nirma under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to the Remaining Business (including those relating to any property, right, power, liability, obligation or duties of Nirma in respect of the Remaining Business) shall be continued and enforced by or against Nirma after the Effective Date, which shall keep NVCL fully indemnified in that behalf.
- 13.3 If proceedings are taken against NVCL in respect of the matters referred to in Clause 13.2 above, it shall defend the same in accordance with the advice of Nirma and at the cost of Nirma, and the latter shall reimburse and indemnify NVCL against all liabilities and obligations incurred by NVCL in respect thereof.
- 13.4 Up to and including the Effective Date:
- (i) Nirma shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Business for and on its own behalf;
 - (ii) all profits accruing to Nirma or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Remaining Business shall, for all purposes, be treated as the profits or losses, as the case may be, of Nirma; and

- (iii) all assets and properties acquired by Nirma in relation to the Remaining Business on and after the Appointed Date shall belong to and continue to remain vested in Nirma.”

You are requested to read the entire text of the Scheme to get fully acquainted with the provisions thereof. The aforesaid are only salient features of the Scheme.

18. Accounting Treatment

The accounting treatment as proposed in the Scheme is in conformity with the accounting standard prescribed under Section 133 of the Act. The certificates issued by the respective Statutory Auditors of the Companies are open for inspection.

19. Effect of the Scheme on shareholders, Key managerial personnel, promoters shareholder of Applicant Demerged Company:

- a. Under the Scheme, on effective date and as enumerated in Clause 10 of the Scheme, 29 fully paid up equity shares of INR 10/- each of NVCL for every 100 fully paid up equity shares of INR 5/- each held in Nirma;
- b. Under the Scheme, no compromise is proposed with any creditors of Nirma, nor the liability of any creditors is being reduced nor being extinguished. Pursuant to the Clause 11 of the Scheme, all the debts owned by Nirma so far as it relates to the Demerged Undertaking shall become debts of NVCL on the same terms and conditions as were applicable to Nirma and therefore, the Scheme has no adverse effect on the creditors of Nirma.
- c. As on date, Nirma has no outstanding dues towards any public deposits and therefore the effect of the Scheme on any such public deposit holders does not arise.
- d. The rights of the employees of Nirma are in no way affected by the Scheme. The employees engaged by Nirma for the purpose of Demerged Undertaking shall continue to be employed by NVCL on the terms and conditions not less favourable than those on which they are employed by Nirma in the Cement Undertaking without any break or interruption in service for the purpose of calculating retirement benefits.
- e. There is no effect of the Scheme on the Key Managerial Personnel and/or the Directors of Nirma and NVCL.
- f. Pursuant to the Scheme, the promoters in their capacity as shareholders of Nirma will get allotment of equity shares of NVCL in the same ratio as mentioned in point (a) hereinabove and except as above, there is no other effect of the Scheme on the promoters shareholders of Nirma.

Other Matters

1. There are no proceedings/investigation pending against the Applicant Demerged Company under Sections 210 – 217, 219, 220, 223, 224, 225, 226 & 227 of the Companies Act, 2013 and/or Sections 235 to 251 of the Companies Act, 1956 and the like. There are no winding up petitions pending against the Applicant Demerged Company.
2. To the knowledge of the Company, no winding up proceedings have been filed or are pending against them under the Act or the corresponding provisions of the Act of 1956.
3. The copy of the proposed Scheme has been filed by the respective companies before the concerned Registrar of Companies.
4. As per the Certificate issued by M/s. Rajendra D. Shah, Chartered Accountants, the amount due to the unsecured creditors of the Applicant Demerged Company as on 31st March 2019 are Rs. 2059.23 Crore and secured creditors Rs. 3705.93 Crore.
5. As per the Certificate issued by M/s. Nitin Pota & Associates, Chartered Accountants, the amount due to the unsecured creditors of the Resulting Company as on 31st March 2019 are Rs. 1251.36 Crore and secured creditors Rs. 3586.58 Crore.
6. The name and addresses of the Directors of the Applicant Demerged Company including their shareholding in the Companies as on date of approving the scheme by Board of directors i.e 29th April 2019 are as under:

| Sr. No. | Name of the Directors of Nirma | Address of the Directors | Demerged/ Company | |
|---------|--------------------------------|--------------------------------------------------------------------|-----------------------------|-------|
| | | | No. of shares of Rs. 5 each | % |
| 1. | Dr. Karsanbhai K. Patel | Nirma Farm, Sarkhej-Gandhinagar Highway, Makarba, Ahmedabad 380054 | 44701675 | 30.60 |

| Sr. No. | Name of the Directors of Nirma | Address of the Directors | Demerged/ Company | |
|---------|--------------------------------|-------------------------------------------------------------------------------------------------------------|-----------------------------|-------|
| | | | No. of shares of Rs. 5 each | % |
| 2. | Shri Rakesh K. Patel | Nima Farm, Makarba, Sarkhej Gandhinagar Highway, Ahmedabad 380054 | 28668905 | 19.63 |
| 3. | Shri Pankaj R. Patel | Shri Udhyan, Near Iskon Temple, Bopal Road, Bopal Ahmedabad 380015 | - | - |
| 4. | Shri Kaushikbhai N. Patel | B. No. 5, Tapas Bunglow, Vijay Bapunagar Soc, Nr. Setu Bunglow, Opp. Revera -11, VejalPur, Ahmedabad 380051 | - | - |
| 5. | Smt. Purvi A. Pokhariyal | A-3, Vrajnandan Bung-II, Ghuma, Ahmedabad 380058 | - | - |
| 6. | Shri Vijaykumar R. Shah | 12, Suyog Bunglows Auda Garden, Prahladnagar, Vejalpur Ahmedabad 380051 | - | - |
| 7. | Shri Shailesh V. Sonara | F/1, Shivani Flats, Opp. Azad Society, Behind Sahjanand College, Ambawadi, Ahmedabad 380015 | - | - |
| 8. | Shri Hiren K. Patel | S NO. 821, Nima Farm, Sarkhej Gandhi Nagar Highway, Makarba, Ahmedabad 380058 | 29145709 | 19.95 |

7. The name and addresses of the Directors of the Resulting Company including their shareholding in the Companies as on date of approving the scheme by Board of directors i.e. 30th April, 2019 are as under:

| Sr. No. | Name of the Directors of NVCL | Address of the Directors | Resulting Company | |
|---------|-------------------------------|-------------------------------------------------------------------------------------------------------------|------------------------------|------|
| | | | No. of shares of Rs. 10 each | % |
| 1 | Shri Hiren Patel | S NO. 821, Nima Farm, Sarkhej Gandhi Nagar Highway, Makarba, Ahmedabad-380058 | - | - |
| 2 | Shri Kaushikbhai Patel | B. No. 5, Tapas Bunglow, Vijay Bapunagar Soc, Nr. Setu Bunglow, Opp. Revera -11, VejalPur, Ahmedabad-380051 | - | - |
| 3 | Shri Suketu Shah | 12, Kadam Apartment, New Brahmkshatriya Society, Paldi, Ellisbridge, Ahmedabad-380006 | 1* | 0.00 |
| 4 | Smt. Bhavna Doshi | Flat C - 191, 19 th Floor, Grand Paradi, August Kranti Road, Kemp's Corner, Mumbai- 400036 | - | - |
| 5 | Shri Berjis Desai | Flat no 801, 12 th Floor, 9A Residences, Bomanji Petit Road, Mumbai – 400 026. | - | - |
| 6 | Shri Jayakumar Krishnaswamy | 11, 1C, Kalpataru Estate, JVLR, Near Majas bus stand, Andheri East, Chakala, Mumbai – 400093 | - | - |

*As nominee of Nirma Limited

8. The following documents will be open for inspection by the unsecured creditors for inspection at the registered office of the Company during 11.00 AM to 1.00 PM on all days excluding Saturday, Sunday and public holidays till date of meeting:
- Copy of the order passed by NCLT in C.A. (CAA) No. 89, dated July 26, 2019, dispensing with the meetings of equity shareholders and Secured Creditors and convene the meeting of the unsecured creditors of the Applicant Demerged Company;
 - Copy of Memorandum and Articles of Associations of both the Companies;
 - Copy of Annual Accounts for the FY 2018-19 of the Companies;
 - Copy of the Composite Scheme of Arrangement;
 - Copy of Valuation Report dated 15th April, 2019 issued by M/s Desai Haribhakti & Co., Chartered Accountants;

- f. Copy of Board resolutions passed by the respective board of directors of the Applicant Demerged Company and the Resulting Company;
- g. Copy of Statutory Auditors' Certificates dated 29th April, 2019 issued by M/s Rajendra D. Shah., Chartered Accountants, the statutory auditors of the Applicant Demerged Company;
- h. Copy of Statutory Auditors' Certificate dated 29th April, 2019 issued by M/s MSKA Associates, Chartered Accountants, the statutory auditors of the Resulting Company;
- i. Copy of the certificate by M/s. Rajendra D. Shah, Chartered Accountants, certifying the amount due to the unsecured creditors and secured creditors of the Applicant Demerged Company;
- j. Copy of the certificate issued by M/s. Nitin Pota & Associates, Chartered Accountants, certifying the amount due to the unsecured creditors and secured creditors of the Resulting Company;

The unsecured creditors shall be entitled to obtain extract from or for making/obtaining copies of the documents mentioned above.

9. In the event that the Scheme is withdrawn in accordance with its terms, the Scheme shall stand revoked, cancelled and be of no effect and null and void.
10. After the Scheme is approved, by the Unsecured Creditors, of the Applicant Demerged Company, it will be subject to the approval/sanction by NCLT.

Sd/-
Mr. Kashyap R. Mehta
Chairman appointed for the Meeting

Dated: 2nd August, 2019

Place : Ahmedabad

Registered office:

Nirma House, Ashram Road, Ahmedabad-380009
in the state of Gujarat

SCHEME OF ARRANGEMENT
BETWEEN
NIRMA LIMITED
AND
NUVOCO VISTAS CORPORATION LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS
(UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF
THE COMPANIES ACT, 2013)

PREAMBLE

This Scheme of Arrangement (as defined hereinafter in Clause 1.17 of Part A) is presented under Sections 230 to 232 of the Companies Act, 2013 (the “Act”) and other applicable provisions of the Act for demerger of the Undertaking as mentioned here in under, of Nirma Limited (“**Demerged Company**” or “**Nirma**”):

- (i) Cement Undertaking (as defined hereinafter in Clause 1.6 of Part A) and vesting of the same into Nuvoco Vistas Corporation Limited (“**Resulting Company**” or “**NVCL**”)
- (ii) In addition, the Scheme also provides for various other matters consequential and/or otherwise integrally connected therewith including issuance of equity shares by NVCL to the equity shareholders of Nirma.

A. INTRODUCTION

1. Nirma Limited

- (a) Nirma Limited (‘Demerged Company’ or ‘Nirma’) was incorporated as a private limited company under the Companies Act, 1956 on 25th February 1980 under the name of ‘Nirma Private Limited’ in the state of Gujarat. Subsequently, the Demerged Company became a public company effective from November 8, 1993.
- (b) The registered office of Demerged Company is situated at Nirma House, Ashram Road, Ahmadabad–380009 in the state of Gujarat. The Corporate Identity Number of the Demerged Company is U24240GJ1980PLC003670.
- (c) The debt securities of Nirma are listed on the wholesale debt market segment of the National Stock Exchange of India Limited.

The brief description of the activities carried out by the Demerged Company is as follows:

- (i) Nirma, a flagship company of the Nirma group, is amongst the largest player in soaps and detergents segment in India. Nirma also manufactures soda ash, caustic soda, LAB, salt, cement, water proofing and other chemicals including, normal paraffin, sulfuric acid, alpha olefin sulphonate, glycerine and fatty acid. As part of the allied activities, Nirma also manufactures Packaging Material and Agri Products in the form of coffee.
- (ii) Nirma had acquired US based company Searles Valley Minerals Inc. and Searles Valley Minerals Operations Inc. that process Natural Soda ash, Baron and Sodium Sulphate, through Karnavati Holdings Inc. (KHI) being a wholly owned USA subsidiary of Nirma in the year 2007.
- (iii) Nirma entered into business of cement by setting up a Cement plant at Village Nimbol, Tehsil Jaitaran, District Pali in the State of Rajasthan in 2011-12. The Cement plant was set up in Siddhi Vinayak Cement Private Limited (**SVCPL**) which was a 100% subsidiary of Nirma Limited. The said 2.28 MTPA cement plant got commissioned in November 2014. The Cement plant caters to customers in the states of Rajasthan, Gujarat, Uttar Pradesh and Haryana. SVCPL was merged into Nirma Limited under a High Court approved scheme with effect from 1 April 2014.

Nirma has established its brand and markets cement under the brand name “Nirmax”. The dealers for the Nirmax products are linked to the various Market Organizers, who are responsible for the orders of the dealers linked to them as also for collection against sales.

2. Nuvoco Vistas Corporation Limited

- (a) Nuvoco Vistas Corporation Limited (**‘Resulting Company’** or **‘NVCL’**) was originally incorporated as a private limited company under the Companies Act, 1956 on February 08, 1999 in the name of “Infra Cement India Private Limited in the state of Maharashtra. Subsequently the name of “Infra Cement India Private Limited” was changed to “Lafarge India Private Limited” on May 25, 1999. Further, the word ‘Private’ was deleted from the name with effect from November 02, 1999. Thereafter, the word ‘Private’ was reinstated in the aforesaid name on April 16, 2003. Subsequently, it became a public company effective from 12th March 2016. The name of the Company was changed from ‘Lafarge India Limited’ to ‘Nuvoco Vistas Corporation Limited’ and a fresh certificate of incorporation consequent upon change of name was issued on 10th March 2017. The Registered office of the Company is situated at Equinox Business Park, Tower 3, East Wing, 4th Floor, LBS Marg, Kurla (West) Kurla Mumbai City MH 400070 in the State of Maharashtra. The Corporate Identity Number of the Resulting Company is U26940MH1999PLC118229.
- (b) The debt securities of NVCL are listed on the wholesale debt market segment of the National Stock Exchange of India Limited.
- (c) The brief description of the businesses being carried out by NVCL are as under:
- (i) The primary business activity of NVCL is to manufacture and sell cement, ready mix concrete and other construction materials. NVCL has cement plants in various parts of the country with a total installed capacity of 11.75 million tonnes per annum.
 - (ii) NVCL sells its products viz. cement under the brand names of Concreto/ Duraguard/ PSC/ Infracem Cement; Water Proofing Compound under the brand name of ZeroM; and ready-mix concrete/construction materials under the brand names of Artiste, Agile, Steelibre, Polibre, Instante, Robuste, Xlite, Lente, Regletherme, Fluide, Easyfille and Instamix.
- (d) M/s. Nirchem Cement Limited was amalgamated with and into NVCL, by an order dated 6th April, 2017 of National Company Law Tribunal, Mumbai bench.

B. RATIONALE FOR THE SCHEME

- (i) Nirma has several commercial activities which are distinct and diverse from each other. The Board of Nirma and NVCL feel that the business of cement held by Nirma and NVCL, both the companies directly and/or indirectly controlled by same Promoters, requires a focused management team, specific skill sets & resources and investments to grow. Presently, Nirma is carrying the cement business through the cement plant in Rajasthan. In North India, the cement sales of Nirma and NVCL occur in overlapping markets which leads to dis-synergies. The nature of risk, competition, challenges, opportunities and business operations for the cement business is separate and distinct from the other businesses carried out by Nirma. Thus, the Scheme, which envisages demerger of Cement Undertaking of Nirma into NVCL whose primary activity is to manufacture, market and sale cement, would enable both promoter controlled companies, Nirma and NVCL, to combine the function of cement businesses under one entity, NVCL as also to scale up and pursue growth opportunities in a more focused manner.
- (ii) The combination of the cement business of Nirma and NVCL is a strategic fit for serving existing markets and for catering to additional volume linked to new customers. It would also enhance competitive strength; achieve reduction of administrative operative costs, increase efficiencies and productivity by pooling resources of Nirma and NVCL. It is believed that the proposed demerger will create enhanced value for shareholders and allow a focused strategy and specialization for sustained growth, which would be in the best interest of all the stakeholders and the persons connected with the aforesaid companies.
- (iii) The demerger will enable the Demerged Company to focus and enhance its residue core business operations by streamlining the operations and ensure better and efficient management control. The demerger will also provide scope for independent collaboration and expansion. The segregation would also enable greater/enhanced focus of management in the Remaining Business and the Cement business thereby facilitating the management to efficiently tap opportunities for each of the said businesses.
- (iv) In view of the aforesaid, the Board of Directors of Nirma Limited and Board of Directors of NVCL have considered and proposed this Scheme of Arrangement under the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

C. PARTS OF THE SCHEME

The Scheme is divided into the following parts:

1. **Part A** deals with definitions, interpretation and share capital;
2. **Part B** deals with demerger of the Cement Undertaking of Nirma and its vesting in NVCL in accordance with Sections 230 to 232 of the Act;
3. **Part C** deals with Remaining Business;
4. **Part D** deals with general terms and conditions that would be applicable to the Scheme.

PART A

DEFINITIONS, INTERPRETATION AND SHARE CAPITAL

1. DEFINITIONS

In this Scheme, the following words and expressions shall, unless the context requires otherwise, have the following meanings ascribed to them:

- 1.1 **“Act” or “the Act”** means the Companies Act, 2013 including rules framed thereunder and shall include any statutory modifications, re-enactment or amendments for the time being in force, and any statutory modifications, re-enactment or amendments.
- 1.2 **“Appointed Date”** means 1st day of June 2019 or any other date as may be approved by the Tribunal.
- 1.3 **“Accounting Standards”** means the generally accepted accounting principles in India notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and to the extent in force and other relevant provisions of the Act.
- 1.4 **“Board of Directors” or “Board”** in relation to each of the Companies, as the case may be, means the board of directors of such company (which term shall be deemed to include any Committee which the Board may have constituted to exercise its powers) or any person duly authorized by the Board for the purposes of this Scheme.
- 1.5 **“Companies”** shall mean Nirma and NVCL.
- 1.6 **“Cement Undertaking” or “Demerged Undertaking”** shall mean all the businesses, undertakings, activities, properties, assets and liabilities, of whatsoever nature and kind and where so ever situated, pertaining to and/or associated to the cement division of Nirma Limited located at Nimbol, Taluka: Jaitaran, Dist: Pali in the State of Rajasthan along with its related limestone mines (‘Undertaking’), including specifically the following
 - (a) All existing facilities for manufacture of various grades of cement carried on by Nirma including all other assets, as are movable in nature pertaining to and in relation to the said Undertaking, whether present or future or contingent, tangible or intangible, in possession or reversion, corporeal or incorporeal (including capital work in progress, stores under progress, electrical fittings, furniture, fixtures, appliances, accessories, power lines, office equipments, computers, communication facilities, installations, vehicles, inventory and tools), stock-in-trade, stock-in-transit, supplies, actionable claims, current assets, earnest monies and sundry debtors, financial assets, outstanding loans and advances, recoverable in cash or in kind or for value to be received, provisions, receivables, funds, cash, cash equivalents and bank balances, and deposits including accrued interest thereto with Government, semi-Government, local and other authorities and bodies, banks, customers and other persons, insurances, the benefits of any bank guarantees, performance guarantees, corporate guarantees and letters of credit, and tax related assets, tax credits (including but not limited to credits with respect to income-tax, tax deducted at source, right to admissibility of claim under section 43B of the Income Tax Act, service tax input credits, CENVAT credits, value added/sales tax/entry tax/goods and services tax credits or set-offs), tax deferrals, tax refunds and advance taxes paid.
 - (b) all immovable properties i.e. land together with the buildings and structures standing thereon (whether freehold, leasehold, leave and licensed, right of way, tenancies or otherwise) including offices, structures, benefits of any rental agreement for use of premises, offices, manufacturing factories, share of any joint assets, etc., which immovable properties are currently being used for the purpose of and in relation to the Undertaking and all documents (including panchnamas, declarations, receipts) of title, rights and easements in relation thereto and all rights, covenants, continuing rights, title and interest in connection with the said immovable properties;

- (c) all the cement and related ancillary businesses pertaining to and in relation to the Undertaking carried on by Nirma,.
- (d) all permits, licenses, permissions including municipal permissions, right of way, approvals, clearances, consents, benefits, registrations, rights, entitlements, credits, certificates, awards, sanctions, allotments, quotas, no objection certificates, exemptions, concessions, subsidies, incentives, liberties and advantages (including consent/authorisation granted by relevant Pollution Control Boards and other licenses/permits/incentives and other benefits granted/issued/ given by any governmental, statutory or regulatory or local or administrative bodies for the purpose of carrying on the cement division or in connection therewith) including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereto that pertain to Undertaking ;
- (e) all contracts, agreements, purchase orders/ service orders, operation and maintenance contracts, memoranda of understanding, memoranda of undertakings, memoranda of agreements, memoranda of agreed points, minutes of meetings, bids, tenders, expression of interest, letter of intent, hire and purchase arrangements, lease/licence agreements, tenancy rights, agreements/panchnamas for right of way, equipment purchase agreements, agreement with customers, purchase and other agreements with the supplier / manufacturer of goods / service providers, other arrangements, undertakings, deeds, bonds, schemes, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise and all rights, title, interests, claims and benefits thereunder pertaining to the Undertaking ;
- (f) all applications (including hardware, software, licenses, source codes, parameterization and scripts), registrations, goodwill, licenses, trade names, service marks, trademarks, copyrights, patents, domain names, designs, intellectual property rights (whether owned, licensed or otherwise, and whether registered or unregistered), trade secrets, research studies, technical knowhow, confidential information and other industrial and intellectual properties including Nirmax brand, Marketing and advertising rights/contracts and all such rights of whatsoever description and nature that pertain to the Undertaking ;
- (g) all rights to use and avail telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interests held in trusts, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, easements, liberties and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in control of or vested in or granted in favour of or enjoyed by Nirma pertaining to or in connection with or relating to Undertaking and all other interests of whatsoever nature belonging to or in the ownership, power, possession or control of or vested in or granted in favour of or held for the benefit of or enjoyed by Nirma and pertaining to the Undertaking ;
- (h) all raw material and fuel linkages, limestone mines, power plants, logistics, warehousing, selling and distribution networks (offices, depots, godowns, guest houses and other related facilities), and any other asset pertaining to the Undertaking .
- (i) all intellectual property rights of any nature whatsoever, books, records, files, papers, engineering and process information, software licenses (whether proprietary or otherwise), test reports, computer programmes, drawings, manuals, data, databases including databases for procurement, commercial and management, catalogues, quotations, purchases, sales and advertising materials, product registrations, dossiers, product master cards, lists of present and former customers and suppliers including service providers, other customer information, customer credit information, customer/ supplier pricing information, and all other books and records, whether in physical or electronic form that pertain to the Undertaking ;
- (j) all debts, liabilities including contingent liabilities, whether present or future, duties, taxes and obligations of Nirma pertaining to the Undertaking and/or arising out of and/or relatable to the Undertaking including:
 - i. the debts, liabilities, duties and obligations of Nirma which arises out of the activities or operations of the Undertaking ;
 - ii. specific loans and borrowings raised, incurred and utilized solely for the activities or operations of or pertaining to the Undertaking ; and
 - iii. Liabilities other than those referred to in sub-clauses i. and ii. above, and not directly relatable to the Remaining Business of the Demerged Company, being the amounts of general or multipurpose borrowings of Demerged Company shall be allocated to the Undertaking in the same proportion in which the book value of assets transferred under this Scheme bears to the total book value of assets of Nirma immediately prior to the Appointed Date.

- (k) All employees of Nirma employed/engaged in the Undertaking as on the Effective Date; and
 (l) all legal or other proceedings of whatsoever nature that pertain to the Undertaking ;

Explanation: In case of any question that may arise as to whether any particular asset or liability and/or employee pertains or does not pertain to the Cement Undertaking or whether it arises out of the activities or operations of the other Business, the same shall be decided by mutual agreement between Board of Directors of Nirma and Board of Directors of NVCL.

- 1.7 **“CENVAT”** means central value added tax.
- 1.8 **“Demerger”** shall mean demerger of Cement Undertaking of Nirma and vesting of the same into NVCL and the consequential issue of equity shares by NVCL to the equity shareholders of Nirma in accordance with the relevant provisions of the Act and Section 2(19AA) of the Income-tax Act, 1961.
- 1.9 **“Effective Date”** shall mean the last of the dates on which the conditions and matters referred to in Clause 17 hereof occur or have been fulfilled or waived and references 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”** or **“Encumber”** shall mean any: (i) encumbrance including without limitation any security interest, claim, mortgage, pledge, charge, hypothecation, lien, lease, assignment, deed of trust, title retention, deposit by way of security, beneficial ownership (including usufruct and similar entitlements), or any other similar interest held by the third person; (ii) security interest or other encumbrance of any kind securing, or conferring any priority of payment in respect of, any obligation of any person, including without limitation any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under applicable Law; (iii) right of pre-emption, right of first offer, or refusal or transfer restriction in favour of any person; and/or (iv) any adverse claim as to title, possession or use.
- 1.11 **“Governmental Authority”** shall mean any national, state, provincial, local or similar government, governmental, statutory, regulatory or administrative authority, government department, agency, commission, board, branch, legislative body, tribunal or court or other entity authorized to make Laws, rules, regulations, standards, requirements, procedures or to pass directions or orders having the force of Law, or any regulatory or administrative authority, body or other organization to the extent that the rules, regulations and standards, requirements, procedures or orders of such authority, body or other organization have the force of Law, and/or any stock exchanges, Registrar of Companies, Office of Regional Director.
- 1.12 **“NCLT”** or **“Tribunal”** shall mean the National Company Law Tribunal, Mumbai Bench and the National Company Law Tribunal, Ahmedabad Bench, as the case may be, having respective jurisdiction at Mumbai and Ahmedabad respectively.
- 1.13 **“Nirma”** or **“Demerged Company”** means Nirma Limited (CIN U24240GJ1980PLC003670), a public company incorporated under the Companies Act, 1956 and having its registered office at Nirma House Ashram Road Ahmedabad Gujarat – 380009.
- 1.14 **“NVCL”** or **“Resulting Company”** means Nuvoco Vistas Corporation Limited (CIN U26940MH1999PLC118229), a public limited company incorporated under the Companies Act, 1956 and having its registered office at Equinox Business Park, Tower 3, East Wing, 4th Floor, LBS Marg, Kurla (West) Kurla Mumbai City MH 400070.
- 1.15 **“Record Date”** shall mean the date to be fixed by the Board of Directors of respective Company or a committee thereof for the purpose of determining the members of the Demerged Company to whom the shares of the Resulting Company will be allotted pursuant to Clause 10 of the Scheme, upon effectiveness of this Scheme.
- 1.16 **“Remaining Business”** means all the undertakings, businesses, activities, operations, assets and liabilities of Nirma other than those comprised in the Cement Undertaking
- 1.17 **“Scheme of Arrangement”** or **“Scheme”** or **“the Scheme”** or **“this Scheme”** shall mean this Scheme of Arrangement including any modification or amendment hereto, made in accordance with the terms hereof, as per Clause 15 of the Scheme.

2. SHARE CAPITAL

- 2.1 The share capital of **“Nirma”** or **“Demerged Company”** as on 31st March 2019 is as under:

| Particulars | Amount (INR) |
|---------------------------------------------|---------------|
| Authorised Capital: | |
| 1,461,000,000 Equity Shares of Rs. 5/- each | 7,305,000,000 |

| Particulars | Amount (INR) |
|--------------------------------------------------------------------------------------------|----------------------|
| 1,000,000 6% Redeemable Non-Cumulative Non-Convertible Preference Shares of Rs. 100/- each | 100,000,000 |
| 250,000,000 6% Redeemable Non-Cumulative Non-Convertible Preference Shares of Re. 1/- each | 250,000,000 |
| 100,000,000 5% Redeemable Non-Cumulative Non-Convertible Preference Shares of Re. 1/- each | 100,000,000 |
| Total | 7,755,000,000 |
| Issued, Subscribed and Paid-up Capital: | |
| 146,075,130 Equity Shares of Rs. 5/- each | 730,375,650 |
| Total | 730,375,650 |

Subsequent to the above date and till the date of filing of this Scheme as approved by the Board of Directors of Nirma, there is no change in authorized, issued, subscribed and paid-up equity capital of Nirma.

2.2 The share capital of “NVCL” or “Resulting Company” as on 31st March , 2019 is as under:

| Particulars | Amount (INR) |
|--------------------------------------------------|-----------------------|
| Authorised Capital: | |
| 7,801,110,000 Equity Shares of Rs. 10/- each | 78,011,100,000 |
| 1,000,000,000 Preference Shares of Rs. 10/- each | 10,000,000,000 |
| Total | 88,011,100,000 |
| Issued, Subscribed and Paid up Capital | |
| 200,000,000 Equity Shares of Rs. 10/- each | 2,000,000,000 |
| Total | 20,00,000,000 |

Subsequent to the above date and till the date of filing of this Scheme as approved by the Board of Directors of NVCL, there is no change in authorized, issued, subscribed and paid-up equity capital of NVCL

3. OPERATIVE DATE OF THE SCHEME

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

PART B

DEMERGER OF THE CEMENT UNDERTAKING AND ITS VESTING IN NVCL

4. TRANSFER OF ASSETS

- 4.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Cement Undertaking (including all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances of the Cement Undertaking) shall, subject to the provisions of this Clause 4.2 in relation to the mode of transfer and vesting and pursuant to Sections 230 to 232 of the Act and without any further act or deed, be demerged from Nirma and be transferred to and vested in and be deemed to have been demerged from Nirma and transferred to and vested in NVCL as a going concern so as to become as and from the Appointed Date, the Cement Undertaking (including all the estate, assets, rights, claims, title, interest and authorities) of NVCL, without requiring any deed or instrument of conveyance for transfer of the same, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/or financial institutions.
- 4.2 In respect of such of the assets of the Cement Undertaking as are movable in nature or are otherwise capable of transfer by delivery of possession or by endorsement and delivery, the same shall be so transferred by Nirma, upon the coming into effect of this Scheme, and shall become the property of NVCL as an integral part of the Cement Undertaking with effect from the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act without requiring any deed or instrument of conveyance for transfer of the same, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/or financial institutions.
- 4.3 In respect of movables other than those dealt with in Clause 4.2 above, including sundry debts, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposits with any Governmental Authority, quasi- governmental authority, local or other authority or body or with any company or other person, NVCL may without being obliged and if it so deems appropriate at its sole discretion, give notice

in such form as it may deem fit and proper, to each person, debtor, or depositor, as the case may be, that the said debt, loan, advance, balance or deposit stands transferred and vested in NVCL.

- 4.4 Consequent to the vesting order passed under Section 232 of the Act in respect of the Scheme, NVCL shall be entitled to exercise all the rights and privileges and be liable to pay all taxes and charges and fulfil all its obligations, in relation to or applicable to all such immovable properties, including mutation and/or substitution of the title to, or interest in the immovable properties which shall be made and duly recorded by the appropriate authority(ies) in favour of NVCL pursuant to the sanction of the Scheme by the NCLT 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 Nirma and/or NVCL. It is clarified that NVCL 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.
- 4.5 Notwithstanding any provision to the contrary, from the Effective Date and until the owned properties, leasehold properties and related rights thereto, license/right to use the immovable property, tenancy rights, liberties and special status so transferred and vested, are recorded, effected and/or perfected, in the record of the appropriate authority, in favour of NVCL, NVCL is deemed to be authorised to carry on the business in the name and style of Nirma under the relevant agreement, deed, lease and/or license, as the case may be.
- 4.6 All assets, rights, title and interest of Nirma in relation to the Cement Undertaking shall also, without any further act, instrument or deed stand transferred to and vested in and be deemed to have been transferred to and vested in NVCL upon the coming into effect of this Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act.
- 4.7 Without prejudice to the generality of the foregoing, upon the effectiveness of this Scheme, NVCL will be entitled to all the intellectual property rights of Nirma in relation to the Cement Undertaking. NVCL may take such actions as may be necessary and permissible to get the same transferred and/or registered in the name of NVCL.
- 4.8 Any assets acquired by Nirma after the Appointed Date but prior to the Effective Date pertaining to the Cement Undertaking shall be deemed to have been acquired by NVCL and upon the coming into effect of this Scheme also without any further act, instrument or deed stand transferred to and vested in or be deemed to have been transferred to or vested in NVCL.
- 4.9 For the avoidance of doubt, upon the coming into effect of this Scheme, with effect from the Appointed Date all the rights, title, interest and claims of Nirma in any leasehold/licensed properties in relation to the Cement Undertaking shall, pursuant to Section 232 (4) of the Act, be transferred to and vested in or be deemed to have been transferred to and vested in NVCL automatically without requirement of any further act or deed.
- 4.10 On and from the Effective Date, and thereafter, NVCL shall be entitled to operate the bank accounts of Nirma, in relation to or in connection with the Cement Undertaking, and realize all monies and complete and enforce all pending contracts and transactions and to accept stock returns and issue credit notes in relation to or in connection with the Cement Undertaking, in the name of NVCL in so far as may be necessary until the transfer of rights and obligations of the Cement Undertaking to NVCL under this Scheme have been formally given effect to under such contracts and transactions.
- 4.11 Any accretion to the Cement Undertaking by Nirma after the Appointed Date and prior to the Effective Date by operation of the Cement Undertaking shall also stand transferred to and vested in NVCL upon the coming into effect of this Scheme.
- 4.12 For avoidance of doubt and without prejudice to the generality of the applicable provisions of the Scheme, it is clarified that with effect from the Effective Date and till such time that the name of bank accounts of Nirma, in relation to or in connection with the Cement Undertaking, has been replaced with that of NVCL, NVCL shall be entitled to operate the bank account of Nirma, in relation to or in connection with the Cement Undertaking, in the name of Nirma in so far as may be necessary. All cheques and other negotiable instruments, payment orders received or presented for encashment, which is in the name of Nirma, in relation to or in connection with the Cement Undertaking, after the Effective Date shall be accepted by the bankers of NVCL and credited to the account of NVCL, if presented by NVCL. NVCL shall be allowed to maintain bank accounts in the name of Nirma for such time as may be determined to be necessary by NVCL for presentation and deposition of cheques and pay orders that have been issued in the name of Nirma, in relation to or in connection with the Cement Undertaking. It is hereby expressly clarified that any legal proceedings by or against Nirma, in relation to or in connection with the Cement Undertaking, in relation to the cheques and other negotiable instruments, payment orders received or presented for encashment, which is in the name of Nirma shall be instituted, or as the case may be, continued by or against NVCL after the coming into effect of this Scheme.

4.13 For the sake of clarity, upon the Effective date and until the licenses, permit, approvals, incentives, subsidies, schemes, preferential status are transferred, vested, recorded, effected in record of the relevant regulator/authority in the favour of Resulting Company, the Resulting Company is authorized to carry out business in name and style of the Demerged Company and under relevant license or permits or approvals as the case may be.

5. TRANSFER OF CONTRACTS, DEEDS, ETC.

5.1 Upon the coming into effect of this Scheme and subject to the provisions of this Scheme including Clause 15, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to Cement Undertaking, to which Nirma is a party or to the benefit of which Nirma may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall be in full force and effect by or against or in favour of NVCL, as the case may be, and may be enforced as fully and effectually as if, instead of Nirma, NVCL had been a party or beneficiary or obligee thereto.

5.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Cement Undertaking occurs by virtue of this Scheme itself, NVCL may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which Nirma is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. NVCL shall be deemed to be authorised to execute any such writings and to carry out or perform all such formalities or compliances referred to above on the part of Nirma to be carried out or performed.

5.3 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licenses, certificates, clearances, authorities, powers of attorney, subsidies and incentives given by, issued to or executed in favour of Nirma in relation to the Cement Undertaking shall stand transferred to NVCL as if the same were originally given by, issued to or executed in favour of NVCL, and NVCL shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to NVCL. NVCL shall make applications to any Governmental Authority as may be necessary in this behalf.

5.4 Without prejudice to the aforesaid, it is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Cement Undertaking which Nirma owns or to which Nirma is a party to, cannot be transferred to NVCL for any reason whatsoever, Nirma shall hold such asset or contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of NVCL, in so far as it is permissible so to do, till such time as the transfer is affected.

6. TRANSFER OF LIABILITIES

6.1 Upon the coming into effect of this Scheme, all debts, liabilities, loans raised and used, obligations incurred, duties of any kind, nature or description (including contingent liabilities which arise out of the activities or operations of the Cement Undertaking) of Nirma as on the Appointed Date and relating to the Cement Undertaking (“**Cement Division Liabilities**”) shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to NVCL and shall become the debts, liabilities, loans, obligations and duties of NVCL which shall meet, discharge and satisfy the same.

The term “Cement Division Liabilities” shall include:

- (i) the liabilities which arise out of the activities or operations of the Cement Undertaking;
- (ii) the specific loans or borrowings raised, incurred and utilized solely for the activities or operations of the Cement Undertaking; and
- (iii) in cases other than those referred to in Clause 6.1(i) or Clause 6.1(ii) above, so much of the amounts of general or multipurpose borrowings, if any, of Nirma, (excluding any borrowings raised, incurred and / or utilized solely for activities or operations of the Remaining Business) as stand in the same proportion which the book value of the assets transferred pursuant to the demerger bears to the total book value of the assets of Nirma immediately before the demerger.

6.2 Where any of the loans raised and used, debts, liabilities, duties and obligations of Nirma as on the Appointed Date deemed to be transferred to NVCL have been discharged by Nirma on or after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of NVCL.

- 6.3 Upon the coming into effect of this Scheme, all loans raised and used and all debts, liabilities, duties and obligations incurred by Nirma for the operations of the Cement Undertaking with effect from the Appointed Date and prior to the Effective Date, subject to the terms of this Scheme, shall be deemed to have been raised, used or incurred by, for and on behalf of NVCL and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to and be deemed to be transferred to NVCL and shall become the loans, debts, liabilities, duties and obligations of NVCL.
- 6.4 Subject to the other provisions of this Scheme, in so far as the assets of the Cement Undertaking are concerned, the security, pledge, existing charges and mortgages, over such assets, to the extent they relate to any loans or borrowings of the Remaining Business of Nirma shall, without any further act, instrument or deed be released and discharged from the same and shall no longer be available as security, pledge, charges and mortgages in relation to aforesaid liabilities of Nirma.
- 6.5 In so far as the assets of the Remaining Business of Nirma are concerned, the security, pledge, existing charges and mortgages over such assets, to the extent they relate to any loans or borrowings of the Cement Undertaking shall, without any further act, instrument or deed be released and discharged from such security, pledge, charges and mortgages. The absence of any formal amendment which may be required by a bank and/or financial institution in order to affect such release shall not affect the operation of this clause.
- 6.6 In so far as the existing security in respect of the loans and other liabilities relating to the Remaining Business of Nirma is concerned, such security shall, without any further act, instrument or deed be continued with Nirma only on the assets which are remaining with Nirma.
- 6.7 Without prejudice to the provisions of the foregoing Clauses and upon the effectiveness of the Scheme, Nirma and NVCL shall execute any instrument(s) and/or document(s) and/or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the RoC to give formal effect to the above provisions, if required.
- 6.8 Upon the coming into effect of this Scheme, NVCL alone shall be liable to perform all obligations in respect of the Cement Division Liabilities, which have been transferred to it in terms of this Scheme, and Nirma shall not have any obligations in respect of such Cement Division Liabilities.
- 6.9 It is expressly provided that, save as mentioned in this Clause 6, no other term or condition of the liabilities transferred to NVCL as part of the Scheme is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.
- 6.10 The provisions of this Clause 6 shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document, all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.

7. LEGAL, TAXATION AND OTHER PROCEEDINGS

- 7.1 Upon the coming into effect of this Scheme, all legal, taxation or other proceedings, whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal), by or against Nirma and relating to the Cement Undertaking, under any statute, whether pending on the Appointed Date or which may be instituted any time thereafter, shall be continued and enforced by or against NVCL after the Effective Date. Nirma shall in no event be responsible or liable in relation to any such legal or other proceedings against NVCL. NVCL shall be substituted as party to such proceedings and shall prosecute or defend such proceedings in co-operation with Nirma.
- 7.2 If proceedings are taken against Nirma in respect of the matters referred to in Clause 7.1 above, it shall defend the same in accordance with the advice of NVCL and at the cost of NVCL, and the latter shall reimburse and indemnify Nirma against all liabilities and obligations incurred by Nirma in respect thereof.
- 7.3 NVCL undertakes to have all legal or other proceedings initiated by or against Nirma referred to in Clause 7.1 above mutated to its name as soon as is reasonably possible after the Effective Date and to have the same continued, prosecuted and enforced by or against NVCL to the exclusion of Nirma. Each of the Companies shall make relevant applications in that behalf.

8. EMPLOYEES

- 8.1 Upon the coming into effect of this Scheme, the employees in relation to the Cement Undertaking (the “**Transferred Employees**”) shall become the employees of NVCL with effect from the Effective Date, and, subject to the provisions hereof, on terms and conditions not less favourable than those on which they are employed by Nirma in the Cement Undertaking and without any interruption of, or break in, service as a result of the transfer of the Cement Undertaking. NVCL agrees that for the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of the Transferred Employees with Nirma shall also be taken into account, and agrees and undertakes to pay the same as and when payable.

- 8.2 In so far as the existing benefits including provident fund, gratuity fund and superannuation fund, trusts, retirement fund or benefits and any other funds or benefits created by Nirma inter alia for its employees (including employees of the Cement Undertaking) are concerned (collectively referred to as the “**Employee Benefit Funds**”), such proportion of the investments made in the Employee Benefit Funds and liabilities which are referable to the Transferred Employees shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. The Employee Benefit Funds shall, subject to the necessary approvals and permissions and at the discretion of NVCL, either be continued as separate funds of NVCL for the benefit of the employees of the Cement Undertaking or be transferred to and merged with other similar funds of NVCL. In the event that NVCL does not have its own fund in respect of any of the aforesaid matters, NVCL may, subject to necessary approvals and permissions, continue to contribute in respect of the Transferred Employees to the respective Employee Benefit Funds or discharge such liabilities of Nirma, until such time that NVCL creates its own fund, at which time the Employee Benefit Funds, investments, contributions and liabilities pertaining to the Transferred Employees shall be transferred to the funds created by NVCL.
- 8.3 In relation to any other fund (including any funds set up by the government for employee benefits) created or existing for the benefit of the employees being transferred to NVCL, NVCL shall stand substituted for Nirma, for all purposes whatsoever, including relating to the obligation to make contributions to the said funds in accordance with the provisions of such scheme, funds, bye laws, etc. in respect of such Transferred Employees.
- 8.4 In so far as the existing benefits or funds created by Nirma for the employees of the Remaining Business are concerned, the same shall continue and Nirma shall continue to contribute to such benefits or funds in accordance with the provisions thereof, and such benefits or funds, if any, shall be held inter alia for the benefit of the employees of the Remaining Business and NVCL shall have no liability in respect thereof.

9. CONDUCT OF BUSINESS BY NIRMA UNTIL THE EFFECTIVE DATE

- 9.1 On and after the Appointed Date, Nirma shall carry on the business and activities of the Cement Undertaking for and on behalf of NVCL and it shall be deemed that the business and activities have been carried on by NVCL.
- 9.2 With effect from the date of approval of this Scheme by the respective Board of Directors of Nirma and Board of Directors of NVCL, Nirma undertakes to carry on the business and activities of the Cement Undertaking with reasonable diligence, business prudence and shall not except in the ordinary course of business or without prior written consent of NVCL, alienate, charge, mortgage, encumber or otherwise deal with or dispose of the Cement Undertaking or part thereof.
- 9.3 With effect from the date of approval of this Scheme by the respective Board of Directors of Nirma and Board of Directors of NVCL, Nirma shall notify NVCL in writing as soon as reasonably practicable of any matter, circumstance, act or omission which is or may be a breach of this Clause 9.

10. CONSIDERATION

- 10.1 In consideration of the demerger by way of transfer and vesting of the Cement Undertaking into NVCL, in terms of this Part B of the Scheme, NVCL shall issue and allot to every member of Nirma, holding fully paid equity shares in Nirma and whose name appears in the register of members of Nirma on the Record Date, or to such of their heirs, executors, administrators or the successor-in-title, shares in the following mode:
- 29 fully paid up equity shares of INR 10/- each of NVCL for every 100 fully paid up equity shares of INR 5/- each held in Nirma;*
- 10.2 Under and pursuant to the Scheme, no fractional shares shall be issued by NVCL, in respect of fractional entitlements. If any equity shareholder of Nirma becomes entitled to any fractional shares pursuant to issue and allotment of equity shares as per clause 10.1 above, the Board of Directors of NVCL shall consolidate/round off such fraction to the nearest integer, and thereupon shall issue and allot new equity shares of NVCL, to the concerned equity shareholders of Nirma. Any fractional entitlement below 0.50 shall be ignored.
- 10.3 The new equity shares shall be issued and allotted in a dematerialized form to the equity shareholders of Nirma as on the Record Date, unless communication is received from any particular shareholder in writing that shares are to be issued in physical form, on or before the date as may be determined by NVCL or committee constituted thereof.
- 10.4 The new shares of NVCL to be issued to the shareholders of Nirma in terms of clause 10.1 and clause 10.2 above shall be subject to the provisions of Memorandum and Articles of Association of NVCL. The approval of this Scheme by the shareholders of NVCL shall be deemed to be due compliance of the provisions of section 62 and other relevant and applicable provisions of the Act, for issue and allotment of new equity shares by NVCL to the shareholders of Nirma, as provided in this Scheme.

- 10.5 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of Nirma, the Board of Directors of Nirma shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer in Nirma as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to the Demerged Company or Resulting Company of equity shares in NVCL issued by NVCL upon the coming into effect of this Scheme.
- 10.6 NVCL shall and to the extent required, increase its Authorized Share Capital as the case may be.
- 11. ACCOUNTING TREATMENT IN THE BOOKS OF NIRMA**
- 11.1 Pursuant to the Scheme coming into effect, with effect from the Appointed Date, the Demerged Company shall account for the demerger, in its books of accounts in accordance with the Accounting Standards prescribed under section 133 of the Act as applicable and general accepted accounting principles in India in the following manner:
- 11.1.1 The Demerged Company shall transfer all assets and liabilities pertaining to the Cement Undertaking as on the Appointed Date at the values appearing in its books of accounts and correspondingly reduced from its books of account, the book values appearing on Appointed Date in accordance with the provisions of section 2(19AA) of the Income Tax Act.
- 11.1.2 The difference i.e. the excess or short fall, as the case may be, of the net book value of assets over the liabilities transferred pertaining to or attributable to the Demerged Undertaking, and demerged from the Demerged Company pursuant to the Scheme, shall be carried to Capital Reserve.
- 11.1.3 Inter Company balances between NVCL and demerged undertaking, if any, shall stand cancelled
- 12. ACCOUNTING TREATMENT IN THE BOOKS OF NVCL**
- 12.1 On the Scheme becoming effective and with effect from the Appointed Date, NVCL shall account for the demerger in its books of accounts in accordance with Appendix C of the Indian Accounting Standards 103 – “Business Combinations” of Companies (Indian Accounting Standards) Rules, 2015 and accordingly:
- 12.1.1 NVCL shall credit to the Equity Share Capital Account in its books of accounts, the aggregate face value of the new equity shares issued and allotted to the equity shareholders of Nirma as per the Scheme.
- 12.1.2 Upon the coming into effect of this Scheme, NVCL shall record the assets and liabilities of the Cement Undertaking transferred to and vested into NVCL pursuant to this Scheme, at values appearing in the books of account of Nirma as on the Appointed Date.
- 12.1.3 The excess, if any, of the assets over liabilities of the Cement Undertaking, transferred to and recorded by NVCL and the credit to Equity Share Capital Account as per clause 12.1.1 above shall be credited to the Capital Reserve of NVCL. The shortfall, if any, shall be debited to Other Equity (either revenue reserve(s) or capital reserve) by NVCL.
- 12.1.4 Inter Company balances between NVCL and demerged undertaking, if any, shall stand cancelled
- 12.2 Notwithstanding the above, upon this Scheme becoming effective, the Board of Directors of NVCL, is authorized to account for any of these balances in any manner whatsoever, as may be deemed fit, in accordance with the Companies (Indian Accounting Standards) Rules, 2015, as amended and applicable to NVCL on effective date.

PART C

REMAINING BUSINESS

13. REMAINING BUSINESS

- 13.1 The Remaining Business and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by Nirma, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks, lenders and/or financial institutions.
- 13.2 All legal, taxation or other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against Nirma under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to the Remaining Business (including those relating to any property, right, power, liability, obligation or duties of Nirma in respect of the Remaining Business) shall be continued and enforced by or against Nirma after the Effective Date, which shall keep NVCL fully indemnified in that behalf.

- 13.3 If proceedings are taken against NVCL in respect of the matters referred to in Clause 13.2 above, it shall defend the same in accordance with the advice of Nirma and at the cost of Nirma, and the latter shall reimburse and indemnify NVCL against all liabilities and obligations incurred by NVCL in respect thereof.
- 13.4 Up to and including the Effective Date:
- (i) Nirma shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Business for and on its own behalf;
 - (ii) all profits accruing to Nirma or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Remaining Business shall, for all purposes, be treated as the profits or losses, as the case may be, of Nirma; and
 - (iii) all assets and properties acquired by Nirma in relation to the Remaining Business on and after the Appointed Date shall belong to and continue to remain vested in Nirma.

PART D

GENERAL TERMS AND CONDITIONS

14. APPLICATIONS

- 14.1 The Companies shall make applications and/or petitions under Sections 230 to 232 and other applicable provisions of the Act to the respective NCLT having respective jurisdiction for approval of the Scheme and all matters ancillary or incidental thereto, as may be necessary to give effect to the terms of the Scheme.
- 14.2 The Companies shall be entitled, pending the effectiveness of this Scheme, to apply to any Governmental Authority, if required, under any Law for such consents and approvals which the Companies may require in relation to the business transferred pursuant to this Scheme including registration, licenses, exemptions, reliefs etc. as may be required/granted under any law for the time being in force.

15. MODIFICATIONS TO THE SCHEME

- 15.1 Subject where required to approval of Tribunal, the Companies by their respective Board of Directors or any Director/Executive/Employee authorized in this behalf (hereinafter referred as to the "Delegates") may assent to, or make, from time to time, any modification(s) or addition(s) to this Scheme which the Tribunal or any authorities under law may deem fit to approve of or may impose and which the Board of Directors of the Companies may in their discretion accept, or such modification(s) or addition(s) as the Board of Directors of the Companies or as the case may be, their respective Delegates may deem fit, or require for the purpose of resolving any doubts or difficulties that may arise in carrying out this Scheme. The Companies by their respective Board of Directors or Delegates are authorised to do and execute all acts, deeds, matters and things necessary for bringing this Scheme into effect, or review the position relating to the satisfaction of the conditions of this Scheme and if necessary, waive any of such conditions (to the extent permissible under law) for bringing this Scheme into effect, and/or give such consents as may be required in terms of this Scheme. In the event that any conditions are imposed by the Tribunal or any authorities, which the Board of Directors of the Companies find unacceptable for any reason, then the Companies shall be at liberty to withdraw the Scheme.
- 15.2 For the purpose of giving effect to this Scheme or to any modification(s) thereof or addition(s) thereto, the Board of Directors or Delegates of the Companies may give and are authorised to determine and give all such directions as are consistent with the Scheme and are necessary for settling or removing any question of doubt or difficulty that may arise under this Scheme or in regard to the meaning or interpretation of any provision of this Scheme or implementation thereof or in any matter whatsoever connected therewith or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any such conditions (to the extent permissible in law) and such determination or directions or waiver, 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. For the avoidance of doubt it is clarified that where this Scheme requires the approval of the Board of Directors of the Companies to be obtained for any matter, the same may be given through their Delegates.
- 15.3 At any stage after the filing of application or petition with Tribunal and/or during the pendency of any proceedings thereof, if the Board of Directors of any of the Demerged Company or Resulting Company so desires, in the interest of the respective Company, then the Scheme can be withdrawn by the Board of Directors and any steps as may be required to be undertaken to give effect to such withdrawal, may be undertaken by any person authorized by the Board of Directors of the respective Applicant Companies.

15.4 Any modification to the Scheme by Nirma and/or NVCL, after receipt of sanction by the NCLT, except in so far as it is necessary to make it compliant of provision of Section 2(19AA) of the Income tax Act, 1961 (which shall be carried out in terms of clause 15.2 above), shall be made only with the prior approval of the NCLT.

16. SCHEME AS AN INTEGRAL WHOLE AND SEVERABILITY

16.1 The provisions contained in this Scheme are inextricably inter-linked with the other provisions and the Scheme constitutes an integral whole. The Scheme would be given effect to only if it is approved in its entirety unless specifically agreed otherwise by the respective Board of Directors of the Companies.

16.2 If any part of this Scheme is found to be unworkable or unviable for any reason whatsoever, the same shall not, subject to the mutual agreement of the Companies in writing, affect the validity or implementation of the other parts and/or provisions of this Scheme.

17. SCHEME CONDITIONAL ON APPROVALS AND SANCTIONS

The Scheme, although to come into effect from the Appointed Date, shall become operative on the last of following dates, namely:

17.1 The date of obtaining the last of the requisite consents, approvals or permissions of any statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme;

17.2 The date of the Scheme being sanctioned by the Tribunal or any other competent authority under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Act.

17.3 The latter of the dates on which the Authenticated/Certified copies of the order of the Hon'ble Tribunal or such other competent authority, as may be applicable, sanctioning this Scheme is filed with the Registrar of Companies, Mumbai / Ahmedabad

The last day of such dates shall be the "Effective Date" for the purpose of this Scheme.

17.4 It is clarified that all other compliances relating to filing and stamp duty etc., if applicable, shall be done on or after the Effective Date subject to clause 17 . However, the Effective Date shall not be affected by any of the modification that might be required to be made as provided under clause 15 and the Effective Date for such modified scheme shall be the same as mentioned in the above paragraphs.

18. EFFECT OF NON-RECEIPT OF APPROVALS AND MATTERS RELATING TO REVOCATION/ WITHDRAWAL OF THE SCHEME

18.1 In the event of any of the said sanctions and approvals referred to in Clause 17 above not being obtained and/or complied with and/or satisfied and/or this Scheme not being sanctioned by the Tribunal and/or order or orders not being passed as aforesaid, this Scheme shall stand revoked, cancelled and be of no effect and in that event, no rights and liabilities whatsoever shall accrue to or be incurred inter se between Demerged Company and Resulting Company or their respective shareholders or creditors or employees or any other person save and except in respect of any act or deed done prior thereto as is contemplated 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 in accordance with the applicable law and in such case, each party shall bear its own costs unless otherwise mutually agreed.

18.2 Demerged Company and Resulting Company, through their respective Boards are empowered and authorized to withdraw this Scheme prior to the Effective Date at any time.

19. TAXES

19.1 With effect from the Appointed Date and upon the Scheme becoming effective, all taxes, duties, cess, receivables, payables by Nirma relating to the Demerged Undertaking including all or any refunds, credits, claims, tax losses, unabsorbed depreciation, relating thereto shall be treated as the assets/liability or refund/credit/claims/tax losses/unabsorbed depreciation of NVCL. However, income-tax paid by or on behalf of Nirma pertaining to the period before the Appointed Date shall continue to remain the property of Nirma. Further, to the extent the income-tax deposited on behalf of Nirma (ie tax deducted at source) between the Appointed Date and Effective Date in so far as it relates to the Demerged Undertaking, which otherwise shall vest in NVCL, may at the option of Nirma, be retained with Nirma only for administrative convenience and in that event, Nirma shall reimburse by payment of an equivalent amount to NVCL in respect of the same.

19.2 All taxes of any nature (other than income-tax), duties, cess or any other like payments or deductions made by Nirma relating to the Demerged Undertaking to any statutory authorities such as Service Tax, Value Added Tax, Goods and Services Tax etc., any tax credits relating to the period after the Appointed Date up to the Effective Date shall be deemed to have been on account of and on behalf of NVCL and the relevant authorities shall be bound to transfer to the account of and give credit for the same to NVCL

upon the passing of the order on this Scheme by the Hon'ble Tribunal upon relevant proof and documents being provided to the said authorities.

- 19.3 The income tax, if any, paid by Nirma on or after the Appointed Date, in respect of income assessable, in relation to the Demerged Undertaking from that date, shall be deemed to have been paid by or for the benefit of NVCL.
- 19.4 Nirma and NVCL are expressly permitted to revise their tax returns including tax deducted at source ('TDS') certificates/returns and to claim refund, credits, excise and service tax credits, set off etc. on the basis of the accounts of the Demerged Undertaking as vested with NVCL upon coming into effect of this Scheme.
- 19.5 The provisions of this Scheme have been drawn up to comply with the conditions relating to "Demerger" as defined under Section 2(19AA) of the Income-tax Act, 1961. If any of the terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section at a later date including resulting from an amendment of law or for any other reason whatsoever, to the extent of such conflict the terms of the Scheme shall stand modified and the provisions of the Income-tax Act, 1961 in general, and the definition of "demerger" in particular shall be deemed to have been complied by Nirma and NVCL. Such modifications will however not affect the other provisions or parts of the Scheme.

20. SEVERABILITY

If any part of this Scheme is found to be unworkable or unviable for any reason whatsoever, the same shall not, subject to the decision of the Board of Directors of the Companies affect the validity or implementation of the other parts and/or provisions of this Scheme.

21. COSTS

Subject to Clause 17 above, all costs, charges, levies and expenses (including, but not limited to, stamp duty, etc.) in relation to or in connection with the Scheme and incidental to the completion of the Scheme and of carrying out the terms of this Scheme shall be borne as mutually agreed by the Board of Directors of Nirma and NVCL"

DESAI HARIBHAKTI & CO.
CHARTERED ACCOUNTANTS

Strictly Private and Confidential

CFAS-2/93/1920/11

15 April 2019

To,

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| <p>The Board of Directors,</p> <p>Nirma Limited, Nirma House, Ashram Road, Ahmedabad – 380 009 Gujarat – India.</p> | <p>The Board of Directors,</p> <p>Nuvoco Vistas Corporation Limited, Equinox Business Park, Tower 3, East Wing, 4th Floor, Off Bandra Kurla Complex, LBS Marg, Kurla West, Mumbai – 400070 Maharashtra – India</p> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Sub: Recommendation of share entitlement ratio for the purpose of Proposed Demerger of Nirma Limited's Cement Undertaking into Nuvoco Vistas Corporation Limited

Dear Madams / Sirs,

We refer to the engagement/appointment letter whereby Nirma Limited (hereinafter referred to as "Nirma") and Nuvoco Vistas Corporation Limited (hereinafter referred to as "NVCL") (NVCL and Nirma are collectively referred to as "Companies") has appointed Desai Haribhakti & Co., Chartered Accountants (hereinafter referred to as "DHC") vide engagement letter effective from 24th January 2019, for recommendation of share entitlement ratio (hereinafter referred to as "Share Entitlement Ratio") for the proposed demerger of Nirma's cement undertaking (hereinafter referred to as "the Cement Undertaking") into NVCL on a going concern basis on an agreed upon date of 31st March 2019 (hereinafter referred to as the "Valuation Date") pursuant to a Scheme of Arrangement under section 230 to 232 and other applicable clauses of the Companies Act, 2013 ("Scheme" or "Scheme of Arrangement") with effect from date as approved by the Companies and other relevant authorities ("Proposed Demerger"). The appointed date as per the Scheme is 1st June 2019.

The Share Entitlement Ratio for this report ("Report") refers to the number of equity shares of NVCL of face value INR 10/- each, which would be issued to equity shareholders of Nirma for the Proposed Demerger.

We would like to draw your attention to the fact that, Cement Undertaking is a division of Nirma Limited and accordingly for the purposes of the said engagement the management of Nirma Limited has provided to us carved out financial statements for the purpose of determining equity value attributable to the Cement Undertaking of Nirma. The scope of our services is limited to conducting relative valuation of the equity shares of NVCL and the equity value attributable to the Cement Undertaking of Nirma and consequently recommending the share entitlement ratio for the Proposed Demerger.

This Report is our deliverable for the engagement. DHC is referred to as "Valuer" or "we" in this Report.

This Report is subject to the scope, assumptions, exclusions, limitation and disclaimer detailed hereunder. As such the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

Desai Haribhakti & Co. Chartered Accountants (earlier known as D B Desai & Co Chartered Accountants) FRN: 323806E



Offices:

Constantia 7th Floor B Wing 11, Dr U N Brahmachari Street, Kolkata 700 017. Ph 033 4002 1485 / 1481
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1. SCOPE AND PURPOSE OF THIS REPORT

- 1.1. Nirma Limited ("Nirma" or "Demerged Company"), is a company domiciled in India and incorporated under the provisions of Companies Act, 1956 of India. Nirma is mainly engaged in manufacturing and selling of various products as mentioned below:
 - a. Industrial chemicals like Soda Ash, Linear Alkyl Benzene, Caustic Soda, etc.
 - b. Consumer products like Detergents, Toilet Soaps, Salt, etc.
 - c. Cement and Clinker ("the Cement Undertaking")
- 1.2. Nirma reported consolidated total income of INR 14,480.01 crores and profit after tax of INR 894.51 crores for the financial year ended 31st March 2018.
- 1.3. The debt securities of Nirma are listed on the wholesale debt market of the National Stock Exchange of India Limited.
- 1.4. The Cement Undertaking (Demerging Unit) was set up in Siddhi Vinayak Cement Private Limited ("SVCPL") which was a 100% subsidiary of Nirma. The 2.28 MTPA Cement Undertaking got commissioned in November 2014. The Cement Undertaking caters to customers in the states of Rajasthan, Gujarat, Uttar Pradesh and Haryana. SVCPL was merged into Nirma under a High Court approved scheme with effect from 1 April 2014.
- 1.5. The Cement Undertaking currently markets its cement under the brand name "Nirmax".
- 1.6. Nuvoco Vistas Corporation Limited ("NVCL" or "Resulting Company"), a limited company domiciled and headquartered in India under the provisions of Companies Act, 1956. NVCL is principally engaged in the business of manufacturing and sale of cement, ready mix concrete and aggregates.
- 1.7. NVCL reported consolidated total income of INR 6,350.94 crores and profit after tax of INR 158.07 crores for the financial year ended 31st March 2018.
- 1.8. The debt securities of NVCL are listed on the wholesale debt market of the National Stock Exchange of India Limited.
- 1.9. We understand that the management and representatives of NVCL and Nirma ("Management/s") are contemplating a re-organization exercise encompassing demerger of the Cement Undertaking into NVCL and thereby combining cement operations on a going concern basis within NVCL pursuant to the Scheme under the provisions of Sections 230-232 of the Companies Act, 2013 (the "Proposed Demerger").
- 1.10. In consideration thereof, equity shares of NVCL will be issued to the equity shareholders of Nirma. Once the Scheme becomes effective, the Cement Undertaking will become a part of NVCL, in consideration of which the shareholders of Nirma will receive equity shares in NVCL. The number of equity shares of NVCL of face value of INR 10/- each to be issued to the equity shareholders of Nirma in the event of the Proposed Demerger is referred to as the "Share Entitlement Ratio".
- 1.11. In connection with the Proposed Demerger, the Companies have appointed DHC to submit a report on the Share Entitlement Ratio for the consideration of the Board of Directors (the "Boards") of the respective Companies as required under the provisions of Sections 230-232 of the Companies Act, 2013 and rules issued thereunder.
- 1.12. The scope of our services is limited to conducting relative valuation of the equity shares of NVCL and the value per share attributable to the Cement Undertaking of Nirma and recommending the Share Entitlement Ratio for the Proposed Demerger.



- 1.13. This Report will be placed before the Boards / Audit Committees of the respective Companies, as applicable, and, to the extent mandatorily required under applicable laws of India. This Report may be required to be produced before the judicial, regulatory or government authorities, courts or shareholders or other stakeholders of Nirma / NVCL, whose approvals / consents in connection with the Proposed Demerger under applicable laws is required. However we will only be responsible to the Companies who have engaged us.
- 1.14. We have considered financial information up to 31st March 2019 and the current market parameters in our analysis and made adjustments for additional facts made known to us till the date of our Report which will have a bearing on the valuation analysis to the extent considered appropriate. The Management of Companies have represented that the business activities of NVCL and the Cement Undertaking have been carried out in normal and ordinary course between 31st March 2019 and the date of this Report and that no material changes have occurred in their respective operations and financial position between 31st March 2019 and the date of this Report for the current valuation exercise.
- 1.15. The Management of the Companies have informed us that:
- There would not be any variation to the existing share capital of the Companies on the Valuation Date till the Proposed Demerger becomes effective without the approval of the shareholders.
 - Neither Companies would declare any dividend which are either materially different than those declared in the past few years or having materially different yields.
 - There are no unusual / abnormal events in both the Companies since the Valuation Date till the Report date materially impacting their operating/ financial performance.

We have relied on the above while arriving at the Share Entitlement Ratio for the Proposed Demerger.

- 1.16. This Report is our deliverable in respect of our recommendation of the Share Entitlement Ratio for the Proposed Demerger.
- 1.17. Our opinion is based on prevailing market, economic and other conditions as at the date of this Report. These conditions can change over relatively short periods of time. Any subsequent changes in these conditions could have an impact upon our opinion. We do not undertake to update this Report for events or circumstances arising after the date of this Report.
- 1.18. This Report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

2. SOURCES OF INFORMATION

- 2.1. In connection with this exercise, we have used the following information about the Companies as received from the Management of Companies in either oral or in written form and/or gathered from public domain:
- Draft scheme of arrangement for the Proposed Demerger;
 - Annual Reports for the year ended 31st March 2018 of Nirma and NVCL and for the earlier periods;
 - Carved out financial statements of the Cement Undertaking from Financial Year ("FY") 2016 to FY 2018;
 - Unaudited financial statements of NVCL for twelve months period ended 31st December 2018;



- e. Unaudited financial statements of NVCL for the year ended 31st March 2019 and carved out financial statements of the Cement Undertaking for 12 months period ended 31st March 2019;
 - f. Projected financial statements including Balance Sheet and Profit and Loss statements from FY 2020 till FY 2023 for NVCL and the Cement Undertaking;
 - g. Management Representation letter from the Companies dated 12th April 2019;
 - h. Other relevant information.
- 2.2. Information provided by leading database sources, market research reports and other published data.
 - 2.3. During the discussions with the Management of Companies, we have also obtained information and explanation regarding past, current and future projections of NVCL and the Cement Undertaking and other information considered necessary and relevant for our exercise.
 - 2.4. We have prepared this Report based on information and clarifications provided by Management of Companies.
 - 2.5. We have not verified the accuracy, reliability and completeness of the information provided and the procedures that we used to perform the work did not constitute an audit or review made under any generally accepted accounting standard.
 - 2.6. The Companies have been provided with the opportunity to review the draft Report (excluding the recommended Share Entitlement Ratio) for this engagement to make sure that factual inaccuracies and omissions are avoided in our final Report.

3. PROCEDURES ADOPTED FOR THE PURPOSE OF THE VALUATION

We have performed the valuation analysis, to the extent applicable, in accordance with Indian Valuation Standards, 2018 issued by the Institute of Chartered Accountants of India ("IVS"). In connection with this analysis, we have adopted the following procedures to carry out the valuation analysis:

- 3.1. Requested and received financial and qualitative information relating to NVCL and the Cement Undertaking;
- 3.2. Obtained and analyzed data available in public domain, as considered relevant by us;
- 3.3. Discussed with the Management of the respective Companies on understanding of the business and fundamental factors affecting NVCL and the Cement Undertaking.
- 3.4. Undertook industry analysis:
 - a. Research publicly available market data including economic factors and industry trends that may impact the valuation.
 - b. Analysis of key trends and valuation multiples of comparable companies/ comparable transactions, if any, using proprietary databases subscribed by us.
- 3.5. Selection of valuation approach and valuation methodology/(ies), in accordance with IVS, as considered appropriate and relevant by us.
- 3.6. Determination of relative equity value of NVCL and the Cement Undertaking and Share Entitlement Ratio thereon.



4. SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

- 4.1. Valuation analysis and results are specific to the purpose of valuation and is not intended to represent value at any time other than valuation date of 31st March, 2019 ("Valuation Date") mentioned in the Report and as per agreed terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.
- 4.2. This Report, its contents and the results are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the Valuation Date and (iii) are based on the financial information of the NVCL and the Cement Undertaking till 31st March 2019. The Management of Companies have represented that the business activities of NVCL and the Cement Undertaking have been carried out in normal and ordinary course between 31st March 2019 and the date of this Report and that no material changes have occurred in their respective operations and financial position between 31st March 2019 and the date of this Report.
- 4.3. A valuation or determination of share entitlement ratio of this nature involves consideration of various factors including those impacted by prevailing stock market trends in general and industry trends in particular. This Report is issued on the understanding that the Management of Companies have drawn our attention to all the matters, which they are aware of concerning the financial position of NVCL and the Cement Undertaking and any other matter, which may have an impact on our opinion, on the Share Entitlement Ratio for the Proposed Demerger as on the Valuation Date.
- 4.4. We have no responsibility to update the Report for any events and circumstances occurring after the date of the Report. Our valuation analysis was completed on a date subsequent to the Valuation Date and accordingly we have taken into account such valuation parameters and over such period, as we considered appropriate and relevant, up to a date close to Valuation Date.
- 4.5. This Report is intended only for the sole use and information of the respective Boards of the Companies and only in connection with the Proposed Demerger. This Report will be placed before the Boards / Audit Committees of the respective Companies, as applicable, and, to the extent mandatorily required under applicable laws of India. This Report may be required to be produced before the judicial, regulatory or government authorities, courts or shareholders or other stakeholders of Nirma / NVCL, whose approvals / consents in connection with the Proposed Demerger under applicable laws is required. We hereby consent to such disclosure of this Report, on the basis that we owe responsibility to only Companies who has engaged us and no other person; and that, to the fullest extent permitted by law, we accept no responsibility or liability to the shareholders of Nirma and/or any other party, in connection with this Report. The results of our valuation analysis and our Report cannot be used or relied by the Companies for any other purpose or by any other party for any purpose whatsoever.
- 4.6. DHC, by reason of performing this valuation and preparing this Report, is not to be required to give expert testimony nor to be in attendance in court or at any government hearing with reference to the matters contained herein, unless prior arrangements have been made with the DHC regarding such additional engagement or where mandatorily required under applicable laws of India.
- 4.7. We are not responsible to any other person / party for any decision of such person / party based on this Report. Any person / party intending to provide finance / invest in the shares / business of the Companies / their holding companies / subsidiaries / associates / investee companies / other group companies, if any, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. If any person / party (other than the Companies) chooses to place reliance upon any matters included in the Report, they shall do so at their own risk and without recourse to DHC.



- 4.8. For the purpose of opining on the relative valuation of NVCL and the Cement Undertaking and the Share Entitlement Ratio, we have used financial and other information provided to us by the Management of Companies and the information that was publicly available, sourced from subscribed databases and formed substantial basis for this Report which we believe to be reliable and conclusions are dependent on such information being complete and accurate in all material aspects. While information obtained from public domain or external sources have not been verified for authenticity, accuracy or completeness, we have obtained information as far as possible, from sources generally considered to be reliable. We assume no responsibility for such information. Our scope of work refrains us to accept responsibility for the accuracy and completeness of the financial and other information provided to us by the Management of Companies. Our conclusion on value assumes that the assets and liabilities of NVCL and the Cement Undertaking, reflected in their respective latest balance sheets remain materially intact as of the Report date.
- 4.9. In accordance with the terms of our engagement letter and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed, certified, carried out a due diligence, or otherwise investigated the historical and projected financial information, if any, provided to us regarding the Companies / their holding / subsidiary / associates / joint ventures / investee companies, if any. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the historical financials / financial statements and projections. The assignment did not involve us to conduct the financial, legal, regulatory, tax, accounting, actuarial or technical feasibility study. We have not done any independent technical valuation or appraisal or due diligence of the assets or liabilities of NVCL and the Cement Undertaking. Also, with respect to explanations and information sought from the Management of Companies, we have been given to understand by the Management of Companies that they have not omitted any relevant and material factors about NVCL and the Cement Undertaking and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt.
- 4.10. Our conclusion is based on the assumptions and information given to us by/on behalf of the Companies. The respective Management of the Companies have indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/results. Accordingly, we assume no responsibility for any errors in the information furnished by the Management of Companies and their impact on the Report.
- 4.11. We have assumed and relied upon the truth, accuracy and completeness of the financial and other information provided to us and used by us. We have assumed that the same is not misleading. We do not assume or accept any liability or responsibility for any independent verification of such information or any independent technical valuation or appraisal of any of the assets, operations or liabilities of the NVCL and the Cement Undertaking. Nothing has come to our knowledge to indicate that the material provided to us was misstated or incorrect or would not afford reasonable grounds upon which to base our Report.
- 4.12. It should be noted that we have examined the Share Entitlement Ratio for the Proposed Demerger and not examined any other matter including economic rationale for the Proposed Demerger per se or accounting, legal or tax matters involved in the Proposed Demerger.
- 4.13. Whilst all reasonable care has been taken to ensure that the factual statements in the Report are accurate, neither us, nor any of our partners, officers or employees shall in any way be liable or responsible either directly or indirectly for the contents stated herein. Accordingly, we make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such factual statements. We expressly disclaim any and all liabilities, which may arise based upon the information used in this Report.



- 4.14. During the course of our work, we may have relied upon business projections or business outlook based on the assumptions made by the Management of the Company. As these assumptions require exercise of judgment and are subject to uncertainties, there can be no assurance that these assumptions are accurate. In addition, we do not take any responsibility for any changes in the information used by us to arrive at our conclusion as set out herein which may occur subsequent to the date of our Report or by virtue of fact that the details provided to us are incorrect or inaccurate.
- 4.15. Valuation is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. There is therefore no indisputable single value. While we have provided an assessment of the value based on an analysis of information available to us and within the scope of our engagement, others may place a different value on this business.
- 4.16. The Report assumes that the Companies complies with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited / unaudited balance sheets of the Companies / their holding / subsidiary / associates / joint ventures / investee companies, if any .
- 4.17. Our Report is not nor should it be construed as our opining or certifying the compliance of the Proposed Demerger with the provisions of any law / standards including companies, foreign exchange regulatory, securities market, accounting and taxation (including transfer pricing) laws / standards or as regards any legal, accounting or taxation implications or issues arising from such Proposed Demerger.
- 4.18. Our Report is not nor should it be construed as our recommendation on the Proposed Demerger or anything consequential thereto / resulting therefrom. Our scope of work is limited to expression of our view on the relative value and the Share Entitlement Ratio. This Report does not address the relative merits of the Proposed Demerger as compared with any other alternatives or whether or not such alternatives could be achieved or are available. Any decision by the Companies / their shareholders / creditors regarding whether or not to proceed with the Proposed Demerger shall rest solely with them. We express no opinion or recommendation as to how the shareholders / creditors of the Companies should vote at any shareholders' / creditors' meeting(s) to be held in connection with the Proposed Demerger. This Report does not in any manner address, opine on or recommend the prices at which the securities of the Companies could or should transact at following the announcement / consummation of the Proposed Demerger. Our Report and the opinion / valuation analysis contained herein is not nor should it be construed as advice relating to investing in, purchasing, selling or otherwise dealing in securities or as providing management services or carrying out management functions. It is understood that this analysis does not represent a fairness opinion.
- 4.19. We express no opinion on the achievability of the forecasts relating to NVCL and the Cement Undertaking given to us by the Management of Companies.
- 4.20. We have not conducted or provided an analysis or prepared a model for any individual assets / liabilities and have wholly relied on information provided to us by the Management of Companies in that regard.
- 4.21. In the particular circumstances of this case, our liability, if any (in contract or under statute or otherwise) for any economic loss or damage arising out of or in connection with this engagement, howsoever the loss or damage caused, shall be limited to the amount of fees actually received by us from the Companies, as laid out in the engagement letter, for such valuation work.



- 4.22. It should be understood that the values at which investments are made or price paid in a transaction may differ from the values computed in this Report due to factors such as the motivation of parties, negotiation skills of the parties, the structure of the transaction, (i.e. financing structure, transition of control, etc.) or other factors unique to the transaction. While we have provided our recommendation for fair equity value of NVCL and the Cement Undertaking based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion on the same.
- 4.23. The fee for our valuation analysis and the Report is not contingent upon the results reported.
- 4.24. This Report is subject to the laws of India.

5. SHARE CAPITAL DETAILS OF NVCL and NIRMA

5.1. Nuvoco Vistas Corporation Limited

Based on the share capital of NVCL as at 31st March 2019, the issued, subscribed and paid up equity share capital of NVCL is INR 2,000 million divided into 200 million equity shares of face value 10 each. NVCL is wholly owned subsidiary of Nirma Limited.

5.2. Nirma Limited

Based on the share capital of Nirma as at 31st March 2019, the issued, subscribed and paid up share capital is tabulated below:

| Shareholders | No. of equity Shares held | % Shareholding |
|---------------------------------|---------------------------|----------------|
| Dr. Karsanbhai K. Patel | 44,701,675 | 30.60% |
| Smt. Shantaben K. Patel | 41,451,261 | 28.38% |
| Shri Rakesh K. Patel | 28,668,905 | 19.63% |
| Shri Hiren K. Patel | 29,145,709 | 19.95% |
| Others (Relatives of Promoters) | 2,107,580 | 1.44% |
| Total | 146,075,130 | 100.00% |

We would like to draw your attention to the fact that, the Cement Undertaking is a division of Nirma and accordingly doesn't have distinctive equity share capital.

6. APPROACH

- 6.1. The Scheme contemplates Proposed Demerger under Sections 230-232 of the Companies Act, 2013 and rules issued thereunder to the extent applicable.
- 6.2. Arriving at the Share Entitlement Ratio for the purposes of a demerger, in accordance with the IVS would require determining the relative value of the equity shares of NVCL and the equity value attributable to the Cement Undertaking of Nirma. These values are to be determined independently but on a relative basis, and without considering the effect of the demerger.
- 6.3. The three main valuation approaches are the asset approach, market approach and income approach. There are several commonly used and accepted methods including those set out in the IVS, within the



market approach, income approach and asset approach, for determining the relative fair value of equity shares, which can be considered in the present case, to the extent relevant and applicable, to arrive at the Share Entitlement Ratio for the purpose of the Proposed Demerger, such as:

- a. Asset Approach including
 - Net Asset Value Method
 - b. Market Approach including
 - Comparable Companies Multiple Method
 - Comparable Transactions Multiple Method
 - Market Price Method
 - c. Income Approach including
 - Discounted Cash Flow Method
- 6.4. It should be understood that the valuation of any company or its assets is inherently subjective and is subject to uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the companies / businesses, and other factors which generally influence the valuation of companies and their assets.
- 6.5. The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of method of valuation has been arrived at using usual and conventional methods adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.
- 6.6. **Asset Approach:** The asset based valuation technique is based on the value of underlying net assets of business either on a book value basis or realizable value basis or replacement cost basis

Net Asset Value ("NAV") Method

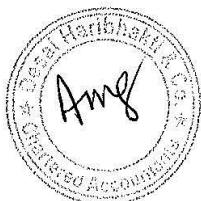
The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. This valuation approach may be used in cases where the assets base dominates the earnings capability. A scheme of arrangement would normally be proceeded with, on the assumption that the companies would merge as going concerns and an actual realization of the operating assets is not contemplated. The operating assets have therefore been considered at their book values.

In the present case, we find it appropriate to consider the net asset value of NVCL and the Cement Undertaking for the current valuation exercise.

- 6.7. **Market Approach:** Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.

Comparable Companies Multiples ("CCM") Method

The value is determined on the basis of multiples derived from valuations of comparable companies, as manifest in the stock market valuations of listed companies. This valuation is based on the principle that



market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

Comparable Transactions Multiples ("CTM") Method

Under the CTM Method, the value is determined on the basis of multiples derived from valuations of similar transactions in the industry. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances. Few of such multiples are Enterprise Value ("EV") / Earnings before Interest, Taxes, Depreciation & Amortization ("EBITDA") multiple, EV/ EBIT multiple and EV / Revenue multiple.

Market Price Method

Under this method, the market price of an equity share of the company as quoted on a recognized stock exchange is generally considered as the fair value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded. The market value generally reflects the investors' perception about the true worth of the company.

We have used the CCM method under the Market approach to arrive at the value of NVCL and the Cement Undertaking, whereby we have considered the appropriate multiples of listed comparable companies in India. We have made a suitable search to find companies comparable engaged in the business similar to that of NVCL and the Cement Undertaking. Accordingly, we have considered CCM method in the current valuation exercise. In the absence of adequate details about the Comparable Transactions, we were unable to apply the CTM method. Currently, the equity shares of the Companies are not listed on any recognized stock exchange of India. Hence, we were not able to apply the Market Price Method in the current case.

- 6.8. **Income Approach:** Income approach is a valuation approach that converts maintainable or future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted or capitalised) amount. The value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.

a. **Discounted Cash Flow (DCF) Method:**

Under the DCF method the projected free cash flows to the firm are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm.

Such DCF analysis involves determining the following:

Estimating future free cash flows:

Free cash flows are the cash flows expected to be generated by the company that are available to the providers of the company's capital – both debt and equity.

Appropriate discount rate to be applied to cash flows i.e. the cost of capital:

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

We were provided with the financial projections of NVCL and the Cement Undertaking for the projected period and accordingly we have derived value as per the DCF method as it is important to



lay emphasis on the earning capacity of NVCL and the Cement Undertaking, i.e., what the company is capable of earning in the future. However the projections of NVCL and the Cement Undertaking are based on business plan or projections and growth expectation by the Management of Companies.

7. BASIS OF SHARE ENTITLEMENT RATIO

- 7.1. The fair basis of the Proposed Demerger would have to be determined after taking into consideration all the factors, approaches and methods considered appropriate by DHC. Though different values have been arrived at under each of the above approaches / methods, for the purposes of recommending the Share Entitlement Ratio it is necessary to arrive at a single value for NVCL and the Cement Undertaking involved in the demerger. It is however important to note that in doing so, we are not attempting to arrive at the absolute values of NVCL and the Cement Undertaking but at their relative values to facilitate the determination of a Share Entitlement Ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approaches / methods.
- 7.2. The Share Entitlement Ratio has been arrived at on the basis of a relative equity valuation of NVCL and the Cement Undertaking based on the various approaches / methods explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of NVCL and the Cement Undertaking, having regard to information base, key underlying assumptions and limitations.
- 7.3. In the ultimate analysis, valuation will have to be arrived at by the exercise of judicious discretion by the valuer and judgments taking into account all the relevant factors. There will always be several factors, e.g. quality of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. This concept is also recognized in judicial decisions. There is, therefore, no indisputable single entitlement ratio. While we have provided our recommendation of the Share Entitlement Ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the Share Entitlement Ratio. The final responsibility for the determination of the entitlement ratio at which the Proposed Demerger shall take place will be with the Boards of the Companies who should take into account other factors such as their own assessment of the Proposed Demerger and input of other advisors, if any.
- 7.4. We have applied methods discussed above, as considered appropriate, and arrived at equity shares of NVCL and the equity value attributable to the Cement Undertaking of Nirma.



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DESAI HARIBHAKTI & CO.
CHARTERED ACCOUNTANTS

Strictly Private and Confidential

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined herein above, we recommend the following Share Entitlement Ratio for the Proposed Demerger whose computation is as under:

29 equity shares of NVCL of face value of INR 10/- each fully paid up for every 100 equity shares of face value of INR 5/- each of Nirma.

Yours faithfully,
For **Desai Haribhakti & Co.**
Chartered Accountants
ICAI Firm Registration No.: 323806E

Arvind Godhawala



Arvind Godhawala
Partner
Membership No.: 106621
Place: Mumbai

NIRMA LIMITED

Report adopted by the Board of Directors of Nirma Limited at their meeting held on 29th April, 2019 explaining effect of the Scheme of Arrangement for Demerger and transfer of Cement Undertaking of Nirma Limited to Nuvoco Vistas Corporation Limited, on shareholders, key managerial personnel, promoter shareholders, laying out in particular the share exchange ratio

1. Back ground

- 1.1 The proposed Scheme of Arrangement between Nirma Limited (“Demerged Company” or “Nirma”) and Nuvoco Vistas Corporation Limited (“Resulting Company” or “NVCL”) and their respective shareholders and creditors under Sections 230 to 232 of the Companies Act, 2013 (the “Act”) and other applicable provisions of the Act provides for Demerger and transfer of Cement Undertaking of Demerged Company to Resulting Company (herein after referred to as “Scheme”), was approved by the Board of Directors (“Board”) of the Demerged Company at its meeting held on 29th April, 2019 after taking on record valuation report dated 15th April, 2019 issued by M/s Desai Haribhakti & Co., Chartered Accountants.
- 1.2 The provisions of Section 232(2)(c) of the Act requires the Board of Directors to adopt a report explaining the effect of the Scheme on shareholders, key managerial personnel, promoter shareholders laying out in particular the share exchange ratio and the same is required to be circulated with the notice of the meeting(s) to be held for the purpose of approving the Scheme.
- 1.3 This report of the Board is made in order to comply with the requirements of Section 232(2)(c) of the Act after perusing inter alia the following necessary documents:
 - a. Draft Scheme initialed by the Chairman for the purposes of identification,
 - b. Memorandum of Association and Articles of Association of the Demerged Company and Resulting Company
 - c. Valuation Report dated 15th April, 2019 issued by M/s Desai Haribhakti & Co., Chartered Accountants

2. Effect of the Scheme on shareholders, key managerial personnel, promoter shareholders

- 2.1 Under the Scheme, on effective date and as enumerated in Clause 10 of the Scheme, 29 fully paid up equity shares of INR 10/- each of NVCL for every 100 fully paid up equity shares of INR 5/- each held in Nirma;
- 2.2 Under the Scheme, no compromise is proposed with any creditors of Nirma, nor the liability of any creditors is being reduced nor being extinguished. Pursuant to the Clause 11 of the Scheme, all the debts owned by Nirma so far as it relates to the Demerged Undertaking shall become debts of NVCL on the same terms and conditions as were applicable to Nirma and therefore, the Scheme has no adverse effect on the creditors of Nirma.
- 2.3 As on date, Nirma has no outstanding dues towards any public deposits and therefore the effect of the Scheme on any such public deposit holders does not arise.
- 2.4 The rights of the employees of Nirma are in no way affected by the Scheme. The employees engaged by Nirma for the purpose of Demerged Undertaking shall continue to be employed by NVCL on the terms and conditions not less favourable than those on which they are employed by Nirma in the Cement Undertaking without any break or interruption in service for the purpose of calculating retirement benefits.
- 2.5 There is no effect of the Scheme on the Key Managerial Personnel and/or the Directors of Nirma and NVCL.
- 2.6 Pursuant to the Scheme, the promoters in their capacity as shareholders of Nirma will get allotment of equity shares of NVCL in the same ratio as mentioned in point (2.1) hereinabove and except as above, there is no other effect of the Scheme on the promoter shareholders of Nirma.

For and on behalf of the Board
For, **Nirma Limited**

Sd/-
Karsanbhai K. Patel
Chairman
DIN :00404099

Date: 29th April, 2019

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD BENCH
C A (CAA) NO.89 OF 2019**

In the matter of the Companies Act, 2013

AND

In the matter of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013;

AND

In the matter of Scheme of Arrangement involving Demerger and transfer of Cement Undertaking of Nirma Limited to Nuvoco Vistas Corporation Limited.

Nirma Limited.

(CIN U24240GJ1980PLC003670)

A company incorporated under the provisions of Companies Act, 1956 and having its registered office At Nirma House, Ashram Road, Ahmedabad-380009 in the state of Gujarat

.....**Applicant Demerged Company**

FORM OF PROXY

I, the undersigned, the Unsecured Creditor of Nirma Limited, do hereby appoint Mr./Ms. of and failing him/her of as my Proxy to act for me at the meeting of the Unsecured Creditors of the Applicant Demerged Company to be held on Thursday, the 12th September, 2019 at 11.30 a.m. at H. T. Parekh Convention Centre, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad 380015, in the state of Gujarat; for the purpose of considering, and if thought fit, approving, with or without modification(s), the said Scheme of Arrangement involving Demerger and transfer of the Cement Undertaking of Nirma Limited to Nuvoco Vistas Corporation Limited, as proposed between the Company and their respective shareholders and creditors; (the "Scheme"), and at such Meeting and any adjournment/adjournments thereof, to vote, for me and in my name (here, "if for" insert "FOR" if, "if against" "AGAINST" and in the latter case, strike out the words below after "Scheme") the said Scheme either with or without modification(s) as my proxy may approve.

Dated this day of2019

Name:

Address:

| |
|------------------------------|
| Affix Rs. 1 Revenue Stamp |
|------------------------------|

Signature of the unsecured creditor.....

Signature of the Proxy.....

Notes:

1. The proxy must be deposited at the registered office of Applicant Demerged Company at Nirma House, Ashram Road, Ahmedabad-380009 in the state of Gujarat, at least 48 (forty-eight) hours before the scheduled time of the commencement of the said meeting.
2. All alterations made in the form of proxy should be initialed.
3. Please affix appropriate revenue stamp before putting signature.
4. In case of multiple proxies, the proxy later in time shall be accepted.
5. Proxy need not be an unsecured creditor of Applicant Demerged Company.



NIRMA LIMITED

Registered Office : Nirma House, Ashram Road, Ahmedabad-380 009.
Phones : 079-2754 6565, 2754 9000 Fax : (079) 2754 6603, 2754 6605
CIN : U24240GJ1980PLC003670
Email : info@nirma.co.in Website : www.nirma.co.in

ATTENDANCE SLIP

PLEASE FILL ATTENDENCE SLIP AND HAND IT OVER AT ENTERANCE OF THE MEETING HALL

Name of the unsecured creditor _____

Name of the Authorised representative/Proxy _____

Address of the unsecured creditor _____

I/we hereby record my/our presence at the meeting of the Unsecured creditor of Nirma Limited, Applicant Demerged Company, convened pursuant to an order dated 26th July, 2019 of the Hon'ble National Company Law Tribunal, Ahmedabad Bench, at H. T. Parekh Convention Centre, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad 380 015 on Thursday, the 12th September, 2019 at 11.30 a.m.

Please (✓)

Unsecured Creditor

Proxy

(Unsecured Creditor/Proxy Signature)