

## **SCHEME OF ARRANGEMENT**

**BETWEEN**

**CARGO SERVICE CENTER INDIA PRIVATE LIMITED**

**AND**

**MUMBAI CARGO SERVICE CENTER AIRPORT PRIVATE LIMITED**

**AND**

**THEIR RESPECTIVE SHAREHOLDERS**

**(Under Sections 230 to 232 of the Companies Act, 2013)**

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### **INTRODUCTION**

**CARGO SERVICE CENTER INDIA PRIVATE LIMITED** (hereinafter referred to as ‘**CSC**’ or ‘**Demerged Company**’) is a private limited company, having CIN U63010MH1994PTC078721 incorporated under the Companies Act, 1956 and having its registered office at 301-303 Rangoli Complex Air Cargo Complex, Sahar Road Andheri East, Mumbai 400 099, Maharashtra. The Demerged Company’s main object as per the Memorandum of Association is *inter alia* to carry on the business of transportation, warehousing of cargo and other merchandise and to render cargo handling and logistic services.

**MUMBAI CARGO SERVICE CENTER AIRPORT PRIVATE LIMITED** (hereinafter referred to as ‘**Resulting Company**’) is a private limited company, incorporated under the Companies Act, 2013 having CIN U63040MH2017PTC292564 and having its registered office 301-303, Rangoli Building, Sahar Road Andheri East, Mumbai 400099, Maharashtra. The Resulting Company’s main object as per the Memorandum of Association is *inter alia* to design, operate and maintain air cargo terminals, to undertake services comprising the air cargo handling ground, and to carry on the business of transportation, warehousing of cargo and other merchandise and to render cargo handling and logistic services.

The Demerged Company is engaged in the business of air cargo handling and warehousing services. In order to segregate the Palletization Business (*as defined hereinafter*) from the Remaining Business (*as defined hereinafter*) of the Demerged Company, it is intended to demerge the Palletization Business on a going concern basis into the Resulting Company.

This Scheme of Arrangement (hereinafter referred to as the ‘**Scheme**’) provides for,

*inter-alia*, transfer by way of demerger of the Palletization Business Undertaking (*as defined hereinafter*) of CSC and vesting of the same in the Resulting Company pursuant to Sections 230 to 232 of the Act (*as defined hereinafter*).

The Board of Directors (*as defined hereinafter*) of both the Demerged Company and the Resulting Company have reviewed, considered and proposed the demerger of the Palletization Business Undertaking of the Demerged Company and vesting of the same with the Resulting Company through this Scheme under the provisions of Sections 230 and 232 of the Act. The demerger of the Palletization Business Undertaking of the Demerged Company and vesting of the same with the Resulting Company will, *inter alia*, enable greater realization of the potential of the businesses of both the Demerged Company and Resulting Company, shall have a beneficial impact on the Demerged Company and Resulting Company, their shareholders and shall be in the interest of future growth of the Demerged Company and Resulting Company and their respective businesses.

## **RATIONALE FOR THE SCHEME**

The proposed restructuring would result in better and efficient control by the management of the segregated businesses and offer opportunities to the management of the Demerged Company and Resulting Company to vigorously pursue growth and expansion strategies. Further, it would also result in the following benefits:

- Greater administrative efficiency and shall enable the Demerged Company to focus on and enhance its Remaining Business operations by streamlining operations and cutting costs;
- Ability to leverage financial and operational resources of each business;
- Each business would be able to address independent business opportunities, pursue efficient capital allocation and attract different sets of investors, strategic partners, lenders and other stakeholders, and will enable investors to separately hold investments which best suit their investment strategies and risk profiles;
- Streamlining of group structure; and
- Consolidation of business operations: pursuant to the demerger of the Palletization Business Undertaking by the Demerged Company to the Resulting Company, the Resulting Company will have advanced shareholder's value accruing from consolidation of business operation resulting in economies of scale, operational rationalisation, organisation efficiency and optimum utilisation of various resources.

The Scheme is between the Demerged Company, the Resulting Company and their respective shareholders and is not intended to be any sort of an arrangement or compromise with the creditors. The rights of and the amounts due to the creditors of

each and every class including but not limited to, secured, unsecured, preferential or statutory creditors and sundry or business or trade creditors of the companies or the obligations of the companies towards them or the terms of their loans or debt or for that matter, anything in relation to such creditors, will not be affected by this Scheme in any manner what so ever.

Pursuant to the provisions of Sections 230 to 232, and other relevant provisions of the Act, if any, this Scheme provides for: (i) the demerger of the Palletization Business Undertaking of the Demerged Company and vesting of the same with the Resulting Company; (ii) increase in the authorised share capital of the Resulting Company; (iii) the consequent issue of New Equity Shares by the Resulting Company to the equity shareholders of the Demerged Company; and (iv) all other matters consequential and incidental to, or otherwise integrally connected with respect to the above in the manner provided in the Scheme.

## **PARTS OF THE SCHEME**

This Scheme of Arrangement is divided into the following parts:

PART I deals with the definitions and share capital of the Demerged Company (defined hereinafter) and the Resulting Company;

PART II deals with the demerger of the Palletization Business Undertaking of Demerged Company and its vesting in the Resulting Company and remaining business of the Demerged Company

PART III deals with the consideration for the demerger and accounting treatment for the demerger in the books of the Demerged Company and the Resulting Company consequent to the demerger; and

PART VI deals with general terms and conditions applicable to this Scheme.

## **PART I**

### **1. DEFINITIONS**

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

- 1.1 “**Act**” or “**Companies Act**” means the Companies Act, 2013 including any statutory modifications, re-enactments or amendments thereof for the time being in force.
- 1.2 “**Appointed Date**” means the opening hours of April 1, 2019.
- 1.3 “**Appropriate Authority**” means any governmental, statutory, departmental or

public body or authority, including the Regional Director, Registrar of Companies, Income Tax department, NCLAT.

- 1.4 **“Board of Directors”** or **“Board”** in relation to the Demerged Company and the Resulting Company, as the case may be, means the board of directors of such companies, and shall include a committee, if any, duly constituted and authorised thereof for the purpose of matters pertaining to the, the Scheme and/or any other consequential or incidental matter in relation thereto.
- 1.5 **“Demerged Company”** or **“CSC”** shall mean Cargo Service Centre India Private Limited, having CIN U63010MH1994PTC078721 and has its registered office at 301-303 Rangoli Complex Air Cargo Complex, Sahar Road Andheri East, Mumbai 400 099, Maharashtra.
- 1.6 **“Effective Date”** means the date on which the scheme shall be deemed to be effective / operative retrospectively from the Appointed Date. It is clarified that the coming into effect of Scheme presupposes the filing of the certified copy/ies of the order/s of the Regional Director or the NCLT, as the case may be, sanctioning this Scheme under the provisions of the Act with the ROC. Any references in the Scheme to “upon the Scheme becoming effective” or “on coming into effect of the Scheme” or “Scheme coming into effect” shall mean “on the Effective Date”.
- 1.7 **“Employees”** mean all the employees of Palletization Business Undertaking of the Demerged Company as on the Effective Date (including any employees seconded by the Demerged Company to the Resulting Company).
- 1.8 **“Encumbrance”** means and includes any options, pledge, mortgage, lien, security, interest, claim, charge, pre-emptive right, easement, limitation, attachment, restraint or any other encumbrance of any kind or nature whatsoever, and the term **“Encumbered”** shall be construed accordingly.
- 1.9 **“New Equity Shares”** means 16,10,382 equity shares of the Resulting Company of face value Rs. 10 /- (Rupees Ten) each to be issued to the equity shareholders of the Demerged Company, as consideration for the demerger of the Palletization Business Undertaking.
- 1.10 **“Governmental Authority”** means any applicable central, state or local government, legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau, instrumentality, judicial or quasi-judicial or arbitral body, municipal or administrative forums including any statutory, departmental or public body or authority, including Registrar of Companies, NCLT and NCLAT.
- 1.11 **“NCLT”** means the National Company Law Tribunal, Mumbai Bench.

- 1.12 “**NCLAT**” means the National Company Law Appellate Tribunal.
- 1.13 “**Record Date**” means the date to be fixed by the Board of Directors of the Resulting Company for the purpose of determining date on which the New Equity Shares shall be issued by the Resulting Company to the equity shareholders of the Demerged Company, in accordance with Clause 5 hereto, upon coming into effect of this scheme.
- 1.14 “**Registrar of Companies**” means the Registrar of Companies located at Mumbai.
- 1.15 “**Remaining Business**” means all the businesses and the divisions of the Demerged Company other than the Palletization Business Undertaking and more particularly set out in **Annexure- 1**.
- 1.16 “**Resulting Company**” shall mean Mumbai Cargo Service Center Airport Private Limited having CIN U63040MH2017PTC292564 and its registered office at 301-303, Rangoli Building, Sahar Road Andheri East, Mumbai City 400099.
- 1.17 “**Palletization Business**” means palletization business being carried on at Chhatrapati Shivaji International Airport by CSC at present and in particular includes the acceptance & weighment of General Cargo, carting, unitization, packing & labelling, releasing of general cargo, supervision of third party built cargo including import cargo, documentation, delivery order services to airlines customers handled from Foreign Airline Cargo Terminal (FACT) warehouse.
- 1.18 “**Palletization Business Undertaking**” means and includes the whole of the Palletization Business of the Demerged Company, as a going concern, being carried on by the Demerged Company and shall include (without limitation):
- a) all the assets and properties, whether movable or immovable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent, and including but not limited to land and building, office premises, residential and other premises including rights in leasehold land, all fixed and movable plant and machinery, vehicles, fixed assets, demo assets, spares, accessories, capital work in progress, deferred tax assets, current assets including but not limited to inventories, sundry debtors, loans and advances (whether recoverable in cash or in kind for value to be received) balance with service tax, sales tax, excise, customs, or income tax authorities, investments, reserves, provisions, funds, licenses, registrations, membership of professional associations, other associations and clubs, certificates, permissions, consents, approvals from state, central, municipal or any other authority for the time being in force, concessions (including but not limited to income tax, excise duty, Goods And Service Tax, Sales Tax, or customs,

and other incentives of any nature whatsoever), remissions, remedies, subsidies, guarantees, bonds, copyrights, patents, trade names, trademarks, designs and any other intellectual property rights of any nature whatsoever and other rights and licenses including any applications in respect thereof, tenancy rights, leasehold rights, premises, ownership flats, hire purchase, lending arrangements, benefits of security arrangements, security contracts, computers, computer programs manuals, data, catalogues, quotations, sales and advertisement materials, list of present and former customers and suppliers, customer and supplier pricing information and all other records and documents in relation to the Demerged Company's Palletization Business activities and operations, insurance policies, office equipments, telephones, telexes, facsimile connections, communication facilities, leased line connections and installations, equipment and installations and utilities, electricity, water and other service connections, contracts, deeds, instruments, agreements and arrangements, powers, authorities, permits, registrations / licenses etc. of all kinds, allotments, privileges, liberties, advantages, easements and all the right, title, interest, goodwill, benefits and advantages, deposits, reserves, preliminary expenses, if any, benefit of deferred revenue expenditure, prepaid expenditure, provisions, advances, receivables, deposits (including but not limited to security deposits, bank deposits etc.), benefits on any deposits, receivables, advance on deposits paid or deemed to have been paid by the Demerged Company in respect of the Palletization Business, funds, cash and cash equivalents, bank balances, accounts and all other rights, benefits of all agreements, subsidies, grants, incentives, tax credits (including but not limited to credits in respect of income tax, taxes deducted at source, advance tax, unexpired minimum alternate tax i.e. tax on book profits, Value Added Tax, Goods and Service Tax, sales tax deferral, custom duty drawbacks, benefits under the Service Tax Act, service tax set off, benefits of unutilized CENVAT credits, input tax credits, etc.), tax benefits and exemptions and other benefits, and other claims and powers, all books of accounts, documents and records of whatsoever nature and wheresoever situated, whether in physical or electronic form, belonging to or in the possession of or granted in favour of or enjoyed by the Demerged Company in respect of its Palletization Business, as on the date immediately preceding the Appointed Date;

- b) all debts, borrowings, obligations, duties and liabilities, both present and future (including deferred tax liabilities, contingent liabilities and the liabilities and obligations under any licenses or permits or Schemes) of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilized, whether secured or unsecured, whether in Indian rupees or foreign currency, whether provided for or not in the books of account or disclosed in the balance sheet of the Demerged Company in respect of the Palletization Business as on the date

immediately preceding the Appointed date; and

- c) all employees on the rolls of the Palletization Business of the Demerged Company on the closing hours of the date immediately preceding the Effective Date.

It is intended that the definition of Palletization Business Undertaking under this Clause would enable the transfer of all property, assets, rights, duties, employees and liabilities of the Palletization Business of the Demerged Company into the Resulting Company pursuant to this Scheme.

- 1.19 “**Scheme of Arrangement** or “**Scheme**” or “**the Scheme**” or “**this Scheme**” means this Scheme of Arrangement in its present form or with any modifications/amendments made under Clause 22 of this Scheme.
- 1.20 All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Income Tax Act, 1961 or any other applicable laws, rules, regulations, bye laws, as the case may be, including any statutory modification or re-enactment thereof from time to time.

## 2. SHARE CAPITAL

### Demerged Company

- 2.1 As on December 31, 2019, the share capital structure of the Demerged Company is as under:

| <b>PARTICULARS</b>  | <b>Amount (in Rs.)</b> |
|---|------------------------|
| (A) <i>Authorized Capital</i><br>4,000,000 equity shares of Rs. 10/- each                     | 40,000,000/-           |
| <b>Total</b>  | 40,000,000/-           |
| (B) <i>Issued, Subscribed and Paid-up Capital</i><br>3,800,218 equity shares of Rs. 10/- each | 38,002,180/-           |
| <b>Total</b>  | 38,002,180/-           |

### Resulting Company:

- 2.2 As on December 31, 2019, the share capital structure of the Resulting Company is as under:

| <b>PARTICULARS</b>  | <b>Amount (in Rs.)</b> |
|---|------------------------|
| (A) <i>Authorized Capital</i><br>10,000,000 equity shares of Rs. 10/- each                    | 100,000,000/-          |
| <b>Total</b>  | 100,000,000/-          |
| (B) <i>Issued, Subscribed and Paid-up Capital</i><br>2,857,143 equity shares of Rs. 10/- each | 28,571,430/-           |
| <b>Total</b>  | 28,571,430/-           |

### **3. DATE OF TAKING EFFECT AND OPERATIVE DATE**

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

## **PART II**

### **4. TRANSFER AND VESTING OF THE PALLETIZATION BUSINESS UNDERATKING**

- 4.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date, the whole of the undertaking, assets, properties, licenses and liabilities of the Palletization Business Undertaking as defined in Clause 1.18 (excluding assets and properties pertaining to the Remaining Business as defined in Clause 1.15) shall pursuant to the provisions contained in Sections 230 and 232 and all other applicable provisions, if any, of the Act and Section 2(19AA) of the Income Tax Act, 1961, and without any further act or deed shall stand transferred to and vested in and / or be deemed to be transferred to and vested in the Resulting Company on a going concern basis so as to vest in the Resulting Company all rights, title and interest pertaining to the Palletization Business Undertaking such that the Palletization Business Undertaking shall be managed entirely by the Resulting Company. In so far as the immovable properties, relating to the Palletization Business Undertaking of the Demerged Company are concerned the same shall stand absolutely and irrevocably transferred to the Resulting Company automatically without requirement of execution of any further documents for registering the name of the Resulting Company as owner thereof and necessary applications as may be required shall be made to the necessary authorities for recording such transfer and such authorities may rely on the Scheme along with the copy of the Order passed by the NCLT.
- 4.2 Upon the Scheme becoming operative from the Effective Date and with effect from the Appointed Date, all the assets of the Palletization Business Undertaking whether movable in nature or immovable or are otherwise capable



of transfer by manual delivery or by endorsement and delivery, shall stand vested in the Resulting Company, and shall become the property and an integral part of Resulting Company. The vesting pursuant to this sub-Clause shall be deemed to have occurred by manual delivery or endorsement and delivery, as appropriate to the property being vested, and the title to such property shall be deemed to have transferred and vested accordingly.

- 4.3 All assets of the Palletization Business Undertaking that are moveable properties other than those described under sub Clause 4.2 above, including sundry debtors, intellectual property rights, outstanding loans and advances, if any, bank balances and deposits, if any, with any Governmental Authorities, semi- government, local authorities, customers and other persons shall without any further act, deed or instrument, become the property of the Resulting Company and the same shall also have been deemed to have been transferred by way of delivery of possession of the respective documents in this regard and shall become the property of the Resulting Company as an integral part of the Palletization Business Undertaking with effect from the Appointed Date.
- 4.4 All assets of the Palletization Business Undertaking that are immovable properties, including any right or interest in the land together with the buildings and structures thereon, whether freehold or leasehold, licensed or otherwise held by the Demerged Company and all documents of title, rights and easements in relation thereto including all lease/license agreements together with security deposits and advance/prepaid lease, license fees shall stand transferred to and be vested in the Resulting Company, without any further act or deed done or being required to be done by the Demerged Company and/or the Resulting Company. The Resulting Company shall be entitled to and shall exercise all rights and privileges attached to the aforesaid immovable properties and the relevant landlords, owners, lessors shall continue to comply with the terms, conditions and covenants under all the relevant lease/license or rent agreements and shall in accordance with the terms of such agreements refund the security deposits and advance/prepaid lease/license fees to the Resulting Company. The mutation or substitution of the title of the immovable property shall, upon the Scheme becoming effective, be made and duly recorded in the name of the Resulting Company by the appropriate authorities, pursuant to the sanction of the Scheme by the NCLT in accordance with the terms hereof.
- 4.5 Upon the Scheme becoming operative on the Effective Date and with effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of the Palletization Business Undertaking shall also, under the provisions of Sections 230 and 232 and all other applicable provisions, if any, of the Act, and without any further act or deed, be transferred to or be deemed to be transferred to the Resulting Company, so as to become, on and from the Appointed Date, the debts, liabilities, contingent liabilities, duties and obligations of the Resulting

Company and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-Clause.

- 4.6 With effect from the Appointed Date and upon the Scheme becoming operative, any statutory licenses, permissions or approvals or consents relating to and or held by the Demerged Company required to carry on operations of the Palletization Business Undertaking shall stand vested in or transferred to the Resulting Company without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of the Resulting Company. The benefit of all statutory and regulatory permissions, registration or other licenses, and consents shall vest in and become available to the Resulting Company pursuant to the Scheme.
- 4.7 Since each of the permissions, approvals, consents, sanctions and other authorizations relating to the Palletization Business Undertaking, shall stand transferred by the Order of the NCLT to the Resulting Company, the Demerged Company and the Resulting Company shall file the relevant intimations, if any, for the record of the statutory authorities who shall take them on file and give effect, pursuant to the vesting Order of the sanctioning NCLT.
- 4.8 Upon the Scheme becoming operative, all the existing securities, mortgages, charges, encumbrances or liens, if any, as on the Effective Date, over the assets comprised in the Palletization Business Undertaking transferred to the Resulting Company by virtue of this Scheme and in so far as such securities, mortgages, charges, encumbrances or liens secure or relate to liabilities of the Palletization Business Undertaking, the same shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and such assets as are transferred to the Resulting Company pursuant to the Scheme and such securities, mortgages, charges, encumbrances or liens shall not relate or attach to any of the other assets of the Resulting Company.
- 4.9 The transfer and vesting of the Palletization Business Undertaking, shall be subject to the existing securities, charges and mortgages, if any, subsisting over or in respect of the property and assets or any part thereof.

Provided however, any reference in any security documents or arrangements to which the Demerged Company is a party, shall be construed as reference only to the assets pertaining to the Palletization Business Undertaking, as are vested into the Resulting Company by virtue of the aforesaid Clauses, to the end and intent that such security, charge and mortgage shall not extend or be deemed to extend, to any of the other assets of the Demerged Company.

Provided always that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by the Demerged Company in relation to the Palletization Business Undertaking by virtue of this Scheme and the Resulting Company shall not be obliged to create any further or additional security therefore after the Scheme has become operative.

- 4.10 Any and all registrations, goodwill, licenses, trademarks, trade names, service marks, patents, copy rights, domain names and all such rights of whatsoever description and nature in relation to the Palletization Business Undertaking to which the Demerged Company is a party or to the benefit of which the Palletization Business Undertaking may be eligible and which are subsisting or having effect immediately before the Effective Date, shall stand vested and transferred to the Resulting Company and be and remain in full force and effect in favour of the Resulting Company and may be enforced by or against it as fully and effectually as if, instead of Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto.
- 4.11 All taxes, duties, cess payable by Resulting Company relating to the Palletization Business Undertaking including all or any refunds/credit/claims relating thereto shall be treated as the liability or refunds/credit/claims, as the case may be, of the Resulting Company.
- 4.12 It is hereby clarified that nothing contained in the Scheme shall in any manner affect any Remaining Business now or hereafter carried out by the Demerged Company.
- 4.13 The Scheme has been drawn up to comply with the conditions relating to “Demerger” as specified under Section 2(19AA) of the Income-tax Act, 1961. Further, if any terms or provisions of the Scheme are found or interpreted to be inconsistent with the said provisions at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said section of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the Income-tax Act, 1961. Such modification will however not affect other parts of the Scheme.

### **PART III**

#### **5. CONSIDERATION BY WAY OF ISSUANCE OF SHARES BY THE RESULTING COMPANY**

- 5.1 Upon the Scheme becoming effective and in consideration of the demerger of the Palletization Business Undertaking and the transfer and vesting thereof in the Resulting Company pursuant to the provisions of the Scheme, the Resulting Company shall, without any further act, payment, consent, instrument or deed, issue and allot the New Equity Shares to the shareholders of the Demerged

Company on the basis of share entitlement ratio determined by an independent valuer.

- 5.2 Mr. Artham Someswara Rao, who is a registered valuer under Asset Classification Securities and Financial Assets and registered with Insolvency and Bankruptcy Board of India has issued a report on the share entitlement ratio, which has been approved by the Board of the Demerged Company and Resulting Company.
- 5.3 On the basis of share entitlement ratio determined by an independent valuer, for every 1 equity shares held by the shareholders of Demerged Company (i.e. Mr. Tushar Jani and Mr. Khushroo Dubash), they will get 0.4237608 equity shares of the Resulting Company and balance if any, will be settled in cash. Accordingly, 8,05,191 equity shares of face value Rs. 10/- each shall be allotted to each of Mr. Tushar Jani and Mr. Khushroo Dubash at par and balance of Rs. 328/- to be paid in cash to each of them towards consideration for the Scheme.
- 5.4 The issue and allotment of the New Equity Shares by the Resulting Company to the shareholders of the Demerged Company as provided in Clause 5.3 above is an integral part of this Scheme, shall be deemed to have been carried out without any further act or deed by the Resulting Company as if the procedure laid down under Section 62(1)(c) of the Act and all other relevant Rules, Regulations and Laws for the time being in force were duly complied with.
- 5.5 The New Equity Shares of the Resulting Company to be issued to the shareholders of the Demerged Company pursuant to Clause 5.3 above shall be subject to the memorandum and articles of association of the Resulting Company and shall rank *pari-passu* in all respects, including dividend, voting, etc., with the existing equity shares of the Resulting Company.

## **6. INCREASE IN AUTHORISED CAPITAL OF THE RESULTING COMPANY**

Upon the sanctioning of the Scheme, the Resulting Company shall as may be required to increase its authorised capital and shall do all acts, deeds and things in connection with and to effectuate the increase in authorised capital so as to be able to discharge its obligations under Clause 5.

## **7. ACCOUNTING TREATMENT IN THE BOOKS OF THE RESULTING COMPANY AND THE DEMERGED COMPANY**

### **7.1 In the books of the Resulting Company**

- 7.1.1 The Resulting Company shall record the assets and liabilities pertaining to the Palletization Business Undertaking, at the respective book values as at the close

of business hours on the day prior to the Appointed Date in accordance with the provisions of section 2(19AA) of the Income Tax Act.

- 7.1.2 The Resulting Company shall credit its share capital account with the face value of the New Equity Shares in accordance with Clause 5.3. The difference, if any, between the value of the Net Assets ('Net Asset' means excess of value of assets over the value of liabilities as per Clause 7.1.1) pertaining to the Palletization Business Undertaking acquired and recorded by the Resulting Company, over the issue of shares as contemplated in Clause 5, paid as consideration shall be transferred to capital reserve or goodwill, as the case may be.
- 7.1.3 The aggregate face value of the New Equity Shares issued by the Resulting Company as consideration to the equity shareholders of the Demerged Company, will be credited to the equity share capital account.
- 7.1.4 To the extent there are any obligations of the Resulting Company towards the Palletization Business Undertaking, the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of account of the Resulting Company.
- 7.1.5 All costs and expenses incurred by the Resulting Company in connection with the Scheme and to put it into operation and any other expenses or charges attributable to the implementation of the Scheme shall be debited to the profit & loss account of the Resulting Company. However, costs pertaining to issue of equity shares shall be directly debited to the reserves of the Resulting Company.

## 7.2 **In the books of CSC**

- 7.2.1 Upon the Scheme becoming effective, the value of assets, liabilities, profits/losses or reserves pertaining to the Palletization Business Undertaking as appearing in the books of accounts of the Demerged Company are to be transferred to the Resulting Company in terms of this Scheme and shall be reduced from the respective book value of assets and liabilities of the Demerged Company.
- 7.2.2 The excess of assets over liabilities transferred under Clause 7.2.1 above shall be adjusted against Retained Earnings. In case of deficit, the same shall be credited to capital reserve.
- 7.2.3 Notwithstanding the above, the Board of Directors of the Demerged Company are authorized to account for any of these balances in any manner whatsoever, as may be deemed fit, in accordance with accounting principle generally accepted in India, including the Indian Accounting Standards (IND AS)

specified under Section 133 of the Companies Act read with Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

## **PART IV**

### **8. TAXES**

- 8.1.1 Income taxes of whatsoever nature including advance tax, self-assessment tax, regular assessment taxes, tax deducted at source, Minimum Alternative Tax (MAT), Wealth Tax, if any, paid by the Demerged Company after the Appointed Date specifically pertaining to the Palletization Business Undertaking shall be treated as paid by the Resulting Company and it shall be entitled to claim the credit, refund, adjustment for the same as may be applicable.
- 8.1.2 If the Demerged Company is entitled to any unutilized credits (including balances or advances), benefits under the incentive schemes and policies including tax holiday or concessions relating to the Palletization Business Undertaking under any Tax Laws or Applicable Laws, the Resulting Company shall be entitled as an integral part of the Scheme to claim such benefit or incentives or unutilised credits as the case may be without any specific approval or permission.
- 8.1.3 Upon the Scheme becoming effective, the Demerged Company and the Resulting Company shall have the right to revise their respective financial statements and returns along with prescribed forms, filings and annexures under the Tax Laws and to claim refunds and/or credit for Taxes paid and for matters incidental thereto, if required, to give effect to the provisions of the Scheme.

### **9. TRANSACTIONS UPTO THE EFFECTIVE DATE**

- 9.1 With effect from the Appointed Date and up to and including the Effective Date:
- (a) The Demerged Company shall carry on and be deemed to have carried on the business and activities in relation to the Palletization Business Undertaking and shall stand possessed of their properties and assets relating to the Palletization Business Undertaking for and in trust for the Resulting Company and all the profits / losses accruing on account of the Palletization Business Undertaking shall for all purposes be treated as profits / losses of the Resulting Company.
- (b) all profits accruing to the Demerged Company, or losses arising or incurred by it (including the effect of taxes if any thereon), relating to the Palletization Business Undertaking for the period after the Appointed Date based on the audited accounts of the Demerged Company shall for

all purposes, be treated as the profits or losses, as the case may be, of the Resulting Company.

- (c) The Demerged Company shall carry on its business and activities with reasonable diligence, business prudence and shall not, undertake any additional financial commitments of any nature whatsoever, borrow any amounts nor incur any liabilities or expenditure, issue any additional guarantee, indemnities, letter of comfort or commitments either for itself or on behalf of any third party, or sell transfer, alienate, charge, mortgage, encumber or otherwise deal with the said Palletization Business Undertaking or any part thereof except (i) in the ordinary course of business or (ii) if the same is expressly permitted by this Scheme or (iii) pursuant to any pre-existing obligation undertaken by the Palletization Business Undertaking of the Demerged Company prior to the Appointed Date or (iv) with prior written consent of the Resulting Company.

Provided that as far as the obligations referred as above are concerned, the restrictions there under shall be applicable from the date of the acceptance of the present Scheme by the respective Board of Directors of the Demerged Company and Resulting Company even if the same are prior to the Appointed Date.

- (d) The Demerged Company shall not vary the terms and conditions of service of its permanent employees relating to the Palletization Business Undertaking except in the ordinary course of its business or after obtaining written approval from the Resulting Company.
- (e) The Resulting Company shall be entitled, pending sanction of the Scheme, to apply to the Central Government, State Government, Union Territories and all other concerned agencies, ministries, departments and authorities (statutory or otherwise) as are necessary under any law for such consents, approvals and sanctions, which the Resulting Company may require to carry on the business of the Palletization Business Undertaking and the Demerged Company shall assist the Resulting Company in obtaining such consents, approvals and sanctions.

9.2 With effect from the date of approval to the Scheme by Board of directors of the Demerged Company and the Resulting Company until the Effective Date, the Demerged Company shall carry on the business and activities of the Palletization Business Undertaking with reasonable diligence and business prudence for and in trust for and benefit of the Resulting Company.

## **10. DECLARATION OF DIVIDEND, BONUS, ETC.**

10.1 For the avoidance of doubt, it is hereby clarified that nothing in this Scheme shall prevent the Resulting Company from declaring and paying dividends,

whether interim or final, to its equity shareholders as on the respective Record Date(s) for the purpose of any such dividend.

- 10.2 The Demerged Company shall not utilize the profits or income, if any, relating to the Palletization Business Undertaking for the purpose of declaring or paying any dividend to its shareholders or for any other purpose in respect of the period falling on and after the Appointed Date, without the prior written consent of the Board of Directors of both the Demerged Company and the Resulting Company.
- 10.3 Until the coming into effect of this Scheme, the holders of equity shares of the Demerged Company and the Resulting Company shall, save as expressly provided otherwise in this Scheme continue to enjoy their existing respective rights under their respective Articles of Associations.
- 10.4 It is clarified that the aforesaid provisions in respect of declaration of dividends, whether interim or final, are enabling provisions only and shall not be deemed to confer any right on any member of Demerged Company and/or the Resulting Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Directors of Demerged Company and the Resulting Company and subject, wherever necessary, to the approval of the shareholders of Demerged Company and the Resulting Company, respectively.

## **11. EMPLOYEES**

- 11.1 The Demerged Company shall not vary the terms and conditions of employment of its Employees during the period when the application is pending before the NCLT except without obtaining written consent from the Resulting Company. However, the Demerged Company shall be entitled to make such changes in the terms and conditions of employment of its Employees which are made regularly during the course of its business. On the Scheme becoming effective, all employees of the Palletization Business Undertaking in service on the Effective Date, shall be deemed to have become employees of the Resulting Company with effect from the Appointed Date or their respective joining date, whichever is later, without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Resulting Company shall not be less favorable than those applicable to them with reference to the Palletization Business Undertaking on the Effective Date. Any question that may arise as to whether any employee belongs to or does not belong to the Palletization Business Undertaking shall be decided by Board of Directors of both Demerged Company and Resulting Company.
- 11.2 It is expressly provided that, on the Scheme becoming effective, the provident fund, gratuity fund, superannuation fund or any other special fund or trusts



(“**Funds**”) created or existing for the benefit of the employees of or relatable to the Palletization Business Undertaking shall be deemed to have been created by the Resulting Company in place of the Demerged Company for all purposes whatsoever in relation to the administration or operation of such fund or funds or in relation to the obligation to make contributions to the said fund or funds in accordance with the provisions thereof as per the terms provided in the respective trust deeds, if any, to the end and intent that all rights, duties, powers and obligations of the Demerged Company in relation to such fund or funds shall become those of the Resulting Company. It is clarified that the services of the employees of the Palletization Business Undertaking will be treated as having been continuous and not interrupted for the purpose of the said fund or funds.

## **12. LEGAL PROCEEDINGS**

All legal proceedings of whatsoever nature by or against the Demerged Company pending and/or arising on or from the Appointed Date and before the Effective Date and relating to the Palletization Business Undertaking, shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against the Resulting Company, as the case may be in the same manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company.

## **13. INSURANCE POLICIES**

Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all valid insurance policies with respect to the Palletization Business Undertaking of the Demerged Company will be endorsed in favour of the Resulting Company and the Demerged Company shall do all such acts and deeds to give effect to the understanding herein.

## **14. CONTRACTS, DEEDS, ETC.**

- 14.1 Notwithstanding anything to the contrary contained in any contract, deed, bond, agreement or any other instrument, but subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments, if any, of whatsoever nature and subsisting or having effect on the Effective Date and relating to the Palletization Business Undertaking of the Demerged Company, shall continue in full force and effect against or in favour of the Resulting Company, and may be enforced effectively by or against the Resulting Company as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party thereto from inception.
- 14.2 The Resulting Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law

or otherwise, enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Resulting Company shall, be deemed to be authorised to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of the Demerged Company in relation to the Palletization Business Undertaking.

## **15. ACTIONS COMPLETED PRIOR TO APPOINTED DATE**

The transfer and vesting of the assets, liabilities and obligations of the Palletization Business Undertaking of the Demerged Company under Clause 4 hereof and the continuance of the proceedings hereof shall not affect any transaction or proceedings already completed by the Demerged Company on or before the Appointed Date to the end and intent that, subject to Clause 9, the Resulting Company accepts all acts, deeds and things done and executed by and/or on behalf of the Demerged Company as acts, deeds and things done and executed by and on behalf of the Resulting Company.

## **16. REMAINING BUSINESS OF THE DEMERGED COMPANY**

- 16.1 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 the Demerged Company.
- 16.2 The Remaining Business of the Demerged Company and all other assets, liabilities, incentives, rights and obligations pertaining thereto shall continue to be vested in and managed by the Demerged Company in the manner as provided below.
- 16.3 All legal and other proceedings including any insurance claims by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted in future, whether or not in respect of any matter arising before the Effective Date and relating to the Remaining Business of the Demerged Company (including those relating to any property, right, power, liability, obligation or duty, of the Demerged Company in respect of the Remaining Business of the Demerged Company) shall be continued and enforced by or against the Demerged Company.
- 16.4 With effect from the Appointed Date:
  - (a) The Demerged Company shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Remaining Business of the Demerged Company for and on its own behalf;

- (b) The Demerged Company may enter into such contracts as the Demerged Company may deem necessary in respect of the Remaining Business;
- (c) All profits accruing to the Demerged Company thereon or losses arising or incurred by it relating to the Remaining Business of the Demerged Company shall, for all purposes, be treated as the profits, or losses, as the case may be, of the Demerged Company;
- (d) All assets and properties acquired by the Demerged Company in relation to the Remaining Business on and after the Appointed Date shall belong to and continue to remain vested in the Demerged Company; and
- (e) All liabilities (including contingent liabilities) loans, debts (whether secured or unsecured) raised or incurred, duties and obligations of every kind, nature and description whatsoever and howsoever arising or accruing in relation to the Remaining Business shall belong to and continue to remain vested in the Demerged Company.

## **17. SAVING OF CONCLUDED TRANSACTIONS**

The transfer and vesting of the Palletization Business Undertaking as above and the continuance of proceedings by or against the Demerged Company in relation to the Palletization Business Undertaking shall not affect any transaction or proceedings already concluded on or after the Appointed Date till the Effective Date, to the end and intent that the Resulting Company accepts and adopts all acts, deeds and things done and executed by the Demerged Company in respect thereto from the Appointed Date as done and executed on behalf of the Resulting Company.

## **18. BUSINESS AND PROPERTY IN TRUST FOR RESULTING COMPANY**

As and from the Appointed Date upto and including the Effective Date:

- 18.1 The Demerged Company shall carry on and be deemed to have carried, in respect of the Palletization Business, on all business and activities and shall hold and stand possessed of and shall be deemed to have held and stand possessed of all its estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions for and on account of, for the benefit of, and in trust for, the Resulting Company.
- 18.2 Any income or profit accruing or arising to the Demerged Company and all costs, charges, expenses and losses or taxes (including but not limited to income tax, advance tax, tax deducted at source, minimum alternate tax, taxes withheld / paid in a foreign country, Service Tax, Sales Tax, Value Added Tax, Goods and Service Tax, customs duty, etc), incurred by the Demerged Company, in respect of the Palletization Business, shall for all purposes be treated as the income, profits, costs, charges, expenses and losses or taxes, as

the case may be, of the Resulting Company and shall be available to the Resulting Company for being disposed off in any manner as it thinks fit.

- 18.3 Any of the rights, powers, authorities or privileges exercised by the Demerged Company in respect of its Palletization Business, shall be deemed to have been exercised by the Demerged Company for and on behalf of, and in trust for and as an agent of the Resulting Company. Similarly, any of the obligations, duties and commitments, in respect of the Palletization Business that have been undertaken or discharged by the Demerged Company shall be deemed to have been undertaken for and on behalf of and as an agent for the Resulting Company;
- 18.4 For the avoidance of doubt, all taxes (including, without limitation, income tax, taxes deducted at source, minimum alternate tax, wealth tax, sales tax, excise duty, customs duty, Service Tax, Value Added Tax, Goods and Service Tax etc.) paid or payable by the Demerged Company in respect of the operations and / or the profits of the Palletization Business Undertaking before the Appointed Date, shall be on account of the Demerged Company and, insofar as it relates to such tax payment by the Demerged Company in respect of the profits or activities or operation of the Palletization Business Undertaking with effect from the Appointed Date, the same shall be deemed to be the corresponding item paid by the Resulting Company, and, shall, in all proceedings, be dealt with accordingly; and
- 18.5 Any exemption from or any assessment with respect to any tax which has been granted or made, or any benefit by way of set off or carry forward as the case may be of any unabsorbed business losses or unabsorbed depreciation or investment allowance or other allowance or loss which has been extended or is available to the Demerged Company, in respect of the Palletization Business under the Income Tax Act, 1961 shall be available to the Resulting Company.
- 18.6 With effect from the Appointed Date, all debts, liabilities, duties and obligations of the Demerged Company pertaining to the Palletization Business as on the close of business on the date preceding the Appointed Date, whether or not provided in the books of the Demerged Company, and all liabilities debts, duties, obligations pertaining to the Palletization Business which arise or accrue on or after the Appointed Date shall be deemed to be the debts, liabilities, duties and obligations of the Resulting Company.

## **19. VALIDITY OF EXISTING RESOLUTIONS, ADJUSTMENTS ETC.**

All resolutions passed by the Demerged Company so far as they relate to or to be done or caused to be done in relation to the Palletization Business Undertaking, shall be deemed to have authorized any Director of the Resulting Company or such other person(s) as authorized by any two Directors of the

Resulting Company to do all acts, deeds, things as may be necessary to give effect to these Resolutions.

## **20. FURTHER ASSURANCES**

- 20.1 The Demerged Company and the Resulting Company, as may be required shall make applications and/or petitions under Sections 230 and 232 and other applicable provisions of the Act to the NCLT or such other Appropriate Authority for sanction of this Scheme and all matters ancillary or incidental thereto.
- 20.2 The Demerged Company and the Resulting Company shall cooperate with each other and shall take such steps as necessary or desirable including making applications, submissions, etc. to give effect to the transaction contemplated herein.

## **21. APPLICATION TO THE TRIBUNAL**

- 21.1 The Demerged Company shall and the Resulting Company, if required, shall make applications/ petitions to the NCLT for sanction of this Scheme, under Sections 230 to 232 read with Sections 66 and 52 and other applicable provisions of the Act; and
- 21.2 Any dispute arising out of this Scheme shall be subject to the jurisdiction of the NCLT, Mumbai Bench.

## **22. MODIFICATION OR AMENDMENTS TO THE SCHEME**

- 22.1 On behalf of the Demerged Company and the Resulting Company, the Board of Directors of respective companies, may consent, on behalf of all persons concerned by unanimous resolutions, to any modifications or amendments of the Scheme and without prejudice to the generality of the foregoing, any modification to the Scheme involving withdrawal of any of the parties to the Scheme at any time and for any reason whatsoever, or to any conditions or limitations that the NCLT or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them (i.e. the Board of Directors) and solve all difficulties that may arise for carrying out the Scheme and do all acts, deeds and things necessary for putting the Scheme into effect.
- 22.2 For the purpose of giving effect to this Scheme or to any modification thereof the Board of Directors of the Demerged Company and the Resulting Company may give and are authorised to give such directions including directions for settling any question of doubt or difficulty that may arise.

## **23. SCHEME CONDITIONAL ON APPROVALS / SANCTIONS**

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

- 23.1 The sanctions and approval including sanctions of any governmental authority or any other agency, department or authority as may be required under any law;
- 23.2 The sanction of the NCLT or any other Appropriate Authority under law being obtained under the relevant provisions of the Act and other applicable provisions by the Demerged Company and the Resulting; and
- 23.3 The authenticated/certified copies of the NCLT Order confirming/sanctioning the Scheme being filed with the Registrar of Companies, Mumbai.

#### **24. REVOCATION AND SEVERABILITY**

- 24.1 In the event of any of the said sanctions and approvals referred to in Clause 23 of this Scheme not being obtained and/or complied with and/or satisfied and/or this Scheme not being sanctioned by the NCLT or any other Appropriate Authority, this Scheme shall stand revoked, cancelled and be of no effect and become null and void, and in that event, no rights and liabilities whatsoever shall accrue to or be incurred inter se between the Demerged Company or the 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 rights, liabilities or obligations 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, the Demerged Company and the Resulting Company shall bear its own costs and expenses unless otherwise mutually agreed.
- 24.2 If any part of this Scheme hereof is invalid, ruled illegal by any court of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the parties that such part shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case the parties shall attempt to bring about a modification in the Scheme, as will best preserve for the parties the benefits and obligations of the Scheme, including but not limited to such part. Further, the Board of Directors of the Demerged Company and the Resulting Company shall be entitled to revoke, cancel and declare the Scheme of no effect if such Boards are of view that the coming into effect of the Scheme in terms of the provisions of this Scheme or filing of the authenticated or certified copy of the order along with the Scheme with any authority could have adverse implication on all/any of the Demerged Company and or the Resulting Company. The Demerged Company and the Resulting Company shall be at liberty to withdraw from this Scheme, in case any condition or alteration imposed by the NCLT or any other Appropriate Authority is not on terms acceptable to them.

## **25. RESIDUAL PROVISIONS**

- 25.1 The Resulting Company shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority, if required, under any law for such consents and approvals which the Resulting Company may require to carry on the business of the Demerged Company.
- 25.2 Upon this Scheme becoming effective, the accounts of the Resulting Company, as on the Appointed Date shall be reconstructed in accordance with the terms of this Scheme.
- 25.3 On the approval of the Scheme by the members of the Demerged Company and the members of the Resulting Company pursuant to Section 230, Section 232 and other relevant provisions of the Act, it shall be deemed that the said members have also accorded all relevant consents to other provisions of the Act to the extent the same may be considered applicable.
- 25.4 The Resulting Company shall be entitled to file / revise its income tax returns, taxes deducted at source certificates, taxes deducted at source returns, wealth tax returns and other statutory returns, if required, and shall have the right to claim any refunds, relating to income tax, Goods and Service-Tax, etc., advance tax credits, credit of tax deducted at source, credit of foreign taxes paid / withheld, credit of unexpired minimum alternate tax credit, tax reliefs and any allowances extended or available to the Demerged Company in respect of the Palletization Business Undertaking under any law for the time being in force, etc., if any, as may be required consequent to implementation of this Scheme.
- 25.5 It is clarified that all taxes payable by the Demerged Company in respect of the Palletization Business Undertaking from the Appointed Date onwards, including all or any refunds and claims shall, for all purposes, be treated as the tax liabilities or refunds and claims of the Resulting Company. Accordingly, upon the Scheme becoming effective, with effect from the Appointed Date, the Resulting Company, if required, is expressly permitted to revise its Sales Tax returns, Goods and Service Tax returns, excise, CENVAT returns and other tax returns, and to claim any past refunds and/or credits due to the Demerged Company, pursuant to the provisions of this Scheme.
- 25.6 If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Demerged Company and the Resulting Company, affect the validity or implementation of the other parts and/or provisions of this Scheme.

## **26. COSTS**

All costs, charges, taxes including duties, levies, registration fees and all other expenses, if any, arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto including the stamp duty, if any, applicable in relation to this Scheme shall be borne and paid by the Demerged Company.



**ANNEXURE- 1**  
**REMAINING BUSINESS**

1. Export & import courier handling at CSI Mumbai International Air Port Air Cargo
2. Warehouse handling and documentation at Chennai International Airport.
3. Operation and management of Center for Perishable and General Cargo at Sardar Vallabhbhai Patel International Airport (“**SVPI**”).
4. Operation and management of domestic cargo terminal at SVPI.
5. Operation, maintenance and management of domestic cargo terminal at Aurangabad and Manguluru Airport.
6. All other business of the Demerged Company except the Palletization Business Undertaking.