

**SCHEME OF ARRANGEMENT**  
**BETWEEN**  
**MEGA RUBBER TECHNOLOGIES PRIVATE LIMITED**  
**(DEMERGED COMPANY)**  
**AND**  
**SUJAN INDUSTRIES HOSUR PRIVATE LIMITED (RESULTING COMPANY)**  
**AND**  
**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**  
**UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS**  
**OF THE COMPANIES ACT, 2013**

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**PREAMBLE**

This Scheme (as defined hereinafter) is presented under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and rules made thereunder, and in accordance with the provisions of Section 2(19AA) of the IT Act, 1961, for the demerger of Demerged Undertaking (as defined hereinafter) of the Demerged Company into the Resulting Company.

In addition, this Scheme also provides for various other matters consequential, supplement or otherwise integrally connected herewith.

**1. Background of companies**

**Demerged Company**

- 1.1. **Mega Rubber Technologies Private Limited** (hereinafter referred to as 'MRTPL' or the 'Demerged Company') is a private limited company bearing CIN –U25110MH1995PTC084554, a company governed under the Companies Act, 2013 and incorporated on 11 January 1995 with Registrar of Companies, Maharashtra, Mumbai. The registered office of the company is situated at Unit No. 77, Mistry Industrial Complex, MIDC Cross Road, Andheri East, Mumbai, Maharashtra, India, 400093. It is primarily engaged in the business of manufacturing, purchase, sell, import, export, deal in wholesale and retail, supply, exchange, distribute, redistribute, process, pack, store and size Rubber Compound, Rubber Moulded Goods, Rubber Extruded Goods, Rubber Tubings, Rubber Pipes, Rubber and Engineering goods and Rubber to metal bonded components.



### **Resulting Company**

1.2. **SUJAN INDUSTRIES HOSUR PRIVATE LIMITED** (hereinafter referred to as 'SIHPL' or the 'Resulting Company') is a private limited company bearing CINU22199MH2024PTC430093, a company incorporated under the Companies Act, 2013 on 5 August 2024. The Registered Office of the company is situated at 4-A,4th Floor, 898, Notan Plaza, Turner Road, Bandra West, Mumbai, Mumbai, Maharashtra, India, 400050. The Resulting Company was incorporated by Demerged Company with a view to undertake the businesses of manufacturing, purchase, sell, import, export, deal in wholesale and retail, supply, exchange, distribute, redistribute, process, pack, store and size Rubber Compound, Rubber Moulded Goods, Rubber Extruded Goods, Rubber Tubings, Rubber Pipes, Rubber and Engineering goods and Rubber to metal bonded components i.e., the business of the Demerged Company and specifically the Hosur (South) Division business. The issued, subscribed and paid up share capital of the Resulting Company to the extent of INR 99,000 is held by the Demerged Company and balance INR 1,000 is held by an individual promoter namely Mr. Narendra Harish Sujan

### **2. Rationale and purpose of the Scheme:**

- 2.1. The Demerged Company and the Resulting Company belong to the same business sector i.e. – Manufacturing and exports of rubber moulded items & rubber to metal bonded items
- 2.2. Currently, the Demerged Company has manufacturing units in the following regions:
- i. North -West known as the North-west Division; and
  - ii. South - the Hosur (South) Division business.
- 2.3. The demerger is pursuant to the family arrangement where it has been mutually agreed within the family that North-west and Hosur (South) division shall be managed by two different sets of family members independently to preserve the family property, preservation of peace and honor of the family, avoidance of continuous friction, litigation and protecting the interest of all concerned. In order to achieve the said family arrangement, Hosur (South) division will be demerged into Resulting Company.
- 2.4. Hence, the Board of Directors are looking to segregate the south division i.e. the Hosur (South) Division business of the Demerged Company into Resulting Company, so that the Hosur (South) Division business can be housed in separate entity which will provide benefits such as focused management, focused operations, growth and expansion in future.

Apart from the above the scheme will also have the following benefits:

- Management focus and enhanced flexibility
- Focusing on the right hiring and training strategies



- Beneficial to all stakeholders of the Scheme, leading to growth and value creation in the long run and maximizing the value and return to the shareholders, unlocking intrinsic value of the assets, achieving cost efficiencies and operational efficiencies; and
- Segregating the business would enable independent business opportunities and would bring greater internal control on the business process and ease in decision making.

Accordingly, the Scheme is proposed to demerge the Demerged Undertaking viz the Hosur (South) Division business of the Demerged Company on a going concern basis into the Resulting Company.

- 2.5. This Scheme has been drawn up to comply with the conditions relating to “Demerger” as specified under Section 2(19AA) of the IT Act. If any term or provisions of the Scheme is 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 Section 2(19AA) of the IT Act shall prevail (or corresponding provisions of any amended or newly enacted law, as applicable) and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the IT Act. Such modification will however not affect other parts of the Scheme.
- 2.6. No creditor of the Demerged Company or the Resulting Company will be prejudiced as a result of the Scheme (*as defined hereinafter*). The Scheme will neither impose any additional burden on the shareholders of the Demerged Company, nor will it adversely affect the interests of any of the shareholders or creditors of the Demerged Company and Resulting Company. Further, the Scheme is only for the transfer and vesting of the Demerged Undertaking by way of an arrangement from the Demerged Company into the Resulting Company and is not an arrangement or compromise with the creditors of any of the entities involved in the Scheme.
- 2.7. The Scheme is divided into the following parts:

<b><u>Part A</u></b>	Dealing with Definitions, Interpretation and Share Capital of the Demerged Company and the Resulting Company
<b><u>Part B</u></b>	Dealing with the Transfer & Vesting of the Demerged Undertaking of the Demerged Company into the Resulting Company, Consideration, Accounting Treatment, and Books & Records of the Demerged Company and the Resulting Company
<b><u>Part C</u></b>	Remaining Business of the Demerged Company
<b><u>Part D</u></b>	Dealing with General Terms and Conditions of the Scheme



## PART A

### DEFINITIONS AND SHARE CAPITAL

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#### 1. DEFINITIONS

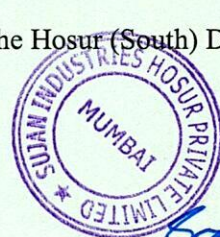
In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meanings:

- 1.1. 'Act' or 'the Act' the Companies Act, 2013 and all the rules made thereunder, including any statutory modifications, re-enactments or amendments thereof for the time being in force as the case may be.
- 1.2. 'Appointed Date' means 1 April 2026, or any other date as may be approved by the NCLT.
- 1.3. 'Applicable Law(s)' means any statute, law, regulation, ordinance, rule, judgment, order, decree, by-law, approval from the concerned authority, Government resolution, order, directive, guideline, policy, requirement, or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or adjudication having the force of law of any of the foregoing, or other similar directives made pursuant to such laws, whether in effect on the date of this Scheme or at any time after such date by any concerned authority having jurisdiction over the matter in question;
- 1.4. 'Board of Directors' means and includes the respective Board of Directors of MRTPL and SIHPL as the case may be, or any committee constituted by the Board of Directors of any of the respective Companies for the purpose of this Scheme.
- 1.5. 'Demerged Company' means 'Mega Rubber Technologies Private Limited' or 'MRTPL' bearing CIN U25110MH1995PTC084554 as more particularly defined in paragraph 1.1 - 'Background of companies' of this Scheme.
- 1.6. 'Demerged Undertaking' and/ or 'Hosur (South) Division' means the business, undertaking, properties and liabilities, of whatsoever nature and kind and wheresoever situated pertaining to the Hosur (South) Division of the Demerged Company on a going concern basis, as on the Appointed Date and shall include, without limitation the following:
  - a) all properties and assets, movable and immovable, real and personal, in possession or reversion, corporeal and incorporeal, present and future, contingent or of whatsoever nature, wheresoever situated along with buildings, offices, plant and machineries, vehicles, investments (if any), capital work-in-progress, current assets, intangibles, office equipments, appliances, computers, accessories, licenses, permits, quotas, approvals, registrations, lease, tenancy rights, incentives, if any, municipal permissions, consents, powers of every kind, nature and description whatsoever in connection with



or pertaining to or relatable to Hosur (South) Division and all other permissions, rights, contracts (including rights under any contracts, government contracts, memorandum of understanding, etc.), all entitlements, deposits, advances and / or moneys paid or received by the Demerged Company in connection with or pertaining to or relatable to Hosur (South) Division, all statutory licenses and / or permissions and / or approvals and / or filings to carry on the operations of the Hosur (South) Division, benefits of all agreements, import entitlements contracts and arrangements and all other interests in connection with or relating to the Hosur (South) Division;

- b) all debts and debt securities whether convertible or not and listed or not, liabilities, guarantees, assurances, commitments and obligations of any nature or description, whether fixed, contingent or absolute, asserted or un-asserted, matured or un-matured, liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising, (including, without limitation, whether arising out of any contract or otherwise) and pertaining to the and / or arising out of and / or relatable to and or availed for the purposes of the Hosur (South) Division;
- c) all deposits and balances with Government, semi-Government, local and other authorities and bodies, customers and other persons, earnest moneys and / or security deposits paid or received by the Demerged Company directly or indirectly in connection with or relating to the Hosur (South) Division;
- d) all agreements, rights, contracts, entitlements, permits, power of attorneys, licenses, registrations, insurance policies, approvals, consents, engagements, arrangements, subsidies, concessions, exemptions and all other privileges and benefits of every kind, nature and description whatsoever (including but not limited to benefits of tax relief including under the IT Act such as credit for advance tax, taxes deducted at source, taxes collected at source, foreign tax credit, tax losses, unutilized deposits or credits, benefits under the GST/VAT/ Sales Tax law, GST/VAT/ sales tax set off, unutilized deposits or credits, benefits of any unutilized MODVAT/CENVAT/Service tax credits, GST credits etc.) relating to the Hosur (South) Division;
- e) all necessary books, records, agreements, contracts, appointment letters, files, papers, memorandum of understandings, product specification, engineering and process information, records of standard operating procedures, computer programs along with their licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form in connection with or relating to the Hosur (South) Division;



- f) all the respective employees of the Demerged Company substantially engaged in the Hosur (South) Division, and those employees that are determined by the Board of Directors of the Demerged Company to be substantially engaged in or relatable to the Hosur (South) Division as on the Effective Date.

For the purposes of the definition of the Demerged Undertaking and this Scheme, it is clarified that liabilities pertaining to or relating to the Hosur (South) Division shall mean:

- i. The debts, liabilities, including debentures and obligations incurred and duties of any kind, nature or description (including contingent liabilities) which arise out of the activities or operations of the Demerged Undertaking (comprising of the Hosur (South) Division);
  - ii. The specific loans, credit facilities, overdraft facilities and borrowings (including debentures, bonds, notes and other debt securities) raised, incurred and utilized solely for the activities or operations of the Demerged Undertaking (comprising of the Hosur (South) Division); and
  - iii. Liabilities in cases, other than those referred to in sub-clauses (i) and (ii) above and not directly relatable to the Remaining Business of Demerged Company, being the amounts of general or multipurpose borrowings, if any, of the Demerged Company, allocated to the Demerged Undertaking in the same proportion which the value of the assets transferred pursuant to the demerger of the Demerged Undertaking bears to the total value of the assets of the Demerged Company immediately prior to the Appointed Date, as prescribed under the IT Act.
- g) Any question that may arise as to whether a specified asset or liability and / or employee pertains to or does not pertain to the Demerged Undertaking or whether it arises out of the activities or operations of the Hosur (South) Division shall be decided by the Board of Directors of the Demerged Company.
- It is hereby clarified that the Demerged Undertaking - shall not include 'Remaining Business' or 'Remaining Undertaking'.

1.7. **'Effective Date'** means the date or last of the dates on which the certified / authenticated copy of the order of the NCLT (as defined herein below) sanctioning this Scheme is filed with the Registrar of Companies, Maharashtra, Mumbai by the Demerged Company and the Resulting Company.

1.8. **'Government'** means any applicable Central, State Government or local body, legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau, quasi-judicial authority or instrumentality thereof or arbitration or arbitral body having jurisdiction over the territory of India.



- 1.9. 'IT Act' means the Income-tax Act, 1961 as may be amended or supplemented from time to time (and any successor provisions or law), including any statutory modifications or re-enactments thereof together with all applicable by-laws, rules, regulations, orders, ordinances, directions including circulars and notifications and similar legal enactments, in each case issued under the Income-tax Act, 1961
- 1.10. 'New Equity Shares' means equity shares issued by the Resulting Company to the shareholders of the Demerged Company pursuant to transfer and vesting of the Demerged Undertaking from the Demerged Company into the Resulting Company.
- 1.11. 'NCLT' means the National Company Law Tribunal, Mumbai Bench having jurisdiction over the Demerged Company and the Resulting Company for the purpose of approving any scheme of compromises, arrangement and merger of companies under Sections 230 to 232 and other applicable sections of the Companies Act, 2013.
- 1.12. 'Resulting Company' means 'Sujan Industries Hosur Private Limited' or 'SIHPL' bearing CIN U22199MH2024PTC430093 as more particularly defined in paragraph 1.2 of the 'Background of companies' of this Scheme.
- 1.13. 'Remaining Business' or 'Remaining Undertaking' means the business, assets and liabilities of whatsoever nature and kind of the Demerged Company other than the Demerged Undertaking and includes the business of North-west Division and their respective assets and liabilities including portion of general or multipurpose borrowings, contracts and employees not forming part of Demerged Undertaking of the Demerged Company.
- 1.14. 'Registrar of Companies' or 'ROC' means the Registrar of Companies, Maharashtra, Mumbai, in relation to the Demerged Company and the Resulting Company;
- 1.15. 'Scheme of Arrangement' or 'Scheme' or 'the Scheme' or 'this Scheme' or 'Scheme of Demerger' means this Scheme of Arrangement in its present form with any modification(s) made under clause 9 of Part D of this Scheme as approved or directed by the NCLT.

## 2. INTERPRETATION

- 2.1. All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning as prescribed to them under the Act, the IT Act, 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.
- 2.2. In this Scheme, unless the context otherwise requires:



- a) the words “including”, “include” or “includes” shall be interpreted in a manner as though the words “without limitation” immediately followed the same;
- b) any document or agreement includes a reference to that document or agreement as varied, amended, supplemented, substituted, novated or assigned, from time to time, in accordance with the provisions of such a document or agreement;
- c) the words “other”, “or otherwise” and “whatsoever” shall not be construed ejusdem generis or be construed as any limitation upon the generality of any preceding words or matters specifically referred to;
- d) the headings are inserted for ease of reference only and shall not affect the construction or interpretation of the relevant provisions of this Scheme;
- e) the term “Clause” refers to the specified clause of this Scheme, as the case may be;
- f) reference to any legislation, statute, regulation, rule, notification or any other provision of law means and includes references to such legal provisions as amended, supplemented or re-enacted from time to time, and any reference to legislation or statute includes any subordinate legislation made from time to time under such a legislation or statute and regulations, rules, notifications or circulars issued under such a legislation or statute; and
- g) words in the singular shall include the plural and *vice versa*.

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

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

### 4. SHARE CAPITAL

4.1. The authorized, issued, subscribed and paid-up share capital of the Demerged Company as on 30 September 2025 is as under:

Particulars	Amount (in Rs)
<b><u>Authorised Share Capital</u></b>	
55,00,000 Equity Shares of Rs. 10/- each	5,50,00,000/-
<b>TOTAL</b>	<b>5,50,00,000/-</b>
<b><u>Issued, Subscribed and Paid-up Share Capital</u></b>	
23,74,131 Equity Shares of Rs. 10/- each	2,37,41,310/-



Particulars	Amount (in Rs)
<b>TOTAL</b>	<b>2,37,41,310/-</b>

4.2. The authorized, issued, subscribed and paid-up share capital of the Resulting Company as on 30 September 2025 is as under:

Particulars	Amount (in Rs)
<b><u>Authorised Share Capital</u></b>	
10,000 Equity Shares of Rs. 10/- each	1,00,000/-
<b>TOTAL</b>	<b>1,00,000/-</b>
<b><u>Issued, Subscribed and Paid-up Share Capital</u></b>	
10,000 Equity Shares of Rs. 10/- each	1,00,000/-
<b>TOTAL</b>	<b>1,00,000/-</b>

4.3. The shares or any other securities of Demerged Company and the Resultant Company are not listed on any stock exchange, whether in India or in any other country. Further, after the above-mentioned date(s) and till the date of this Scheme being approved by the respective Board of Directors of the Demerged Company and the Resulting Company, there has been no change in the authorized capital or the issued, subscribed and paid-up capital of the Demerged Company and the Resultant Company.



**PART B**

**DEMERGER OF THE DEMERGED UNDERTAKING OF THE DEMERGED COMPANY**

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**1. TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING INTO THE RESULTING COMPANY**

1.1. Subject to the provisions of this Scheme in relation to modalities of demerger and vesting, upon this Scheme coming into effect on the Appointed Date, the Demerged Undertaking, altogether with all its present and future properties, assets, investments, rights, obligations, liabilities, benefits and interest therein, whether known or unknown, shall stand transferred to and vested into the Resulting Company, and all the present and future properties, assets, liabilities, investments, rights, obligations, liabilities, benefits and interest of the Demerged Undertaking shall become the property of, and integral part of, the Resulting Company subject to the charges and encumbrances (to the extent they are outstanding on the Appointed Date), if any, created by the Demerged Company on their properties and assets in favor of lenders, as going concern, by operation of law pursuant to the vesting order of the NCLT sanctioning this Scheme, without any further act or deed required by either of the above, in particular, the Demerged Undertaking shall vest with and be available to the Resulting Company, in the manner described in sub-paragraph (a) to (o):

- a) Upon this scheme coming into effect from the Appointed Date, all assets and liabilities of the Demerged Undertaking of whatsoever nature and wheresoever situated, shall, under the provisions of Section 230 to Section 232 and all other applicable provisions, if any, of the Act, without any further act or notice or intimation to any person or deed, be transferred to and vested in and/ or be deemed to be transferred to and vested in the Resulting Company as a going concern. From the Appointed Date, the Demerged Undertaking of the Demerged Company shall vest in the Resulting Company along with all the rights, title, interest or obligations therein.

Provided that for the purpose of giving effect to the vesting order passed under Section 232 in respect of this Scheme, the Resulting Company shall be entitled to get effected the change in the title and the appurtenant legal right(s) upon the vesting of such properties in accordance with the provisions of the Act, at the office of the respective concerned authority, where any such property is situated;

- b) All immovable properties of the Demerged Undertaking including land together with the buildings and structures standing thereon and rights and interests in immovable properties of the Demerged Undertaking, whether freehold or leasehold or otherwise and all documents of title, rights and easements in relation thereto shall stand vested in and/or be deemed to have been vested in the



Resulting Company, by operation of law pursuant to the vesting order of the NCLT sanctioning the Scheme, and its filings with the concerned Registrar of Companies. Such assets shall stand vested in the Resulting Company and shall be deemed to be and become the property as an integral part of the Resulting Company by operation of law. The Resulting Company shall simultaneously with the filing and registration of the order of the NCLT sanctioning the Scheme be always entitled to all the rights and privileges attached in relation to such immovable properties and shall be liable to pay appropriate rent, rates and taxes and fulfil all obligations in relation thereto or as applicable to such immovable properties. Upon the Scheme becoming effective, the title to such properties shall be deemed to have been mutated and recognized as that of the Resulting Company and the mere filing thereof with the appropriate Registrar or Sub-Registrar of Assurances or with the relevant Government shall suffice as record of continuing titles with the Resulting Company pursuant to the Scheme becoming effective and shall constitute a deemed mutation and substitution thereof. The Resulting Company shall subsequent to the vesting order be entitled to the delivery and possession of all documents of title to such immovable properties in this regard. It is hereby clarified that all the rights, title and interest of the Demerged Undertaking in any lease & license, leasehold properties shall, pursuant to Section 232 of the Act and the provisions of this Scheme, without any further act, instrument or deed, be vested in or be deemed to have been vested in the Resulting Company;

- c) Notwithstanding anything contained in this Scheme, in respect of the immovable properties pertaining to the Demerged Undertaking of the Demerged Company, whether owned or leased, the Board of the Resulting Company may determine, for the purpose inter alia of payment of stamp duty, and vesting into the Resulting Company and if the Board of the Resulting Company so decide, the concerned parties, whether executed before the Effective Date, shall execute and register or cause so as to be done, separate deeds of conveyance or deed of assignment of lease, as the case may be, in favour of the Resulting Company in respect of such immovable properties. Each of the immovable properties, only for the payment of stamp duty, shall be deemed to be conveyed at a consideration being the value of such properties. The execution of such conveyance shall form an integral part of the Scheme. For the avoidance of doubt, it is clarified that any document executed for the limited purpose of meeting regulatory requirements shall not be deemed to be a document under which the transfer of any part of the Demerged Undertaking takes place and the Demerged Undertaking shall be transferred solely pursuant to and in terms of this Scheme and the order of the Tribunal sanctioning this Scheme;
- d) All the movable assets comprised in the Demerged Undertaking including cash in hand, if any, capable of passing by manual delivery or constructive delivery or by endorsement and delivery, shall



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be so delivered or endorsed and delivered, as the case may be, to the Resulting Company, to the end and intent that the ownership and property therein passes to the Resulting Company on such handing over in pursuance of the provisions of Section 232 of the Act (as an integral part of the Demerged Undertaking of the Demerged Company). The plant and machinery, which are fastened to land and/or buildings continue to remain movable properties inter alia because the said plant and machinery are fastened to land only with a view to have better enjoyment of the movable properties;

- e) In respect of all movables comprised in the Demerged Undertaking, other than those specified in sub-clause (d) above, including trade receivables, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, local and other authorities and bodies, customers and other persons, the same shall, without any further act, instrument or deed, be transferred to and stand vested in and/or be deemed to be transferred to and stand vested in the Resulting Company under the provisions of the Act;
- f) In relation to the assets, properties and rights including rights arising from contracts deeds, instruments and agreements, pertaining to the Demerged Undertaking, which require separate documents of transfer including documents for attornment or endorsement, as the case may be, the Resulting Company and the Demerged Company will execute the necessary documents of transfer including documents for attornment or endorsement, as the case may be, as and when required or will enter into a novation agreement;
- g) All debts, loans whether secured or unsecured, debentures, liabilities (including deferred tax liability, property tax), duties, guarantees, indemnities and obligations of every kind, nature, description, whether or not provided for in the books of accounts and whether disclosed or unknown in the balance sheet pertaining to the Demerged Undertaking shall also, under the provisions of the Act, without any further act or deed, be transferred to or be deemed to be transferred to the Resulting Company on the same terms and conditions, as applicable, so as to become as from the Appointed Date the debts, loans (secured /unsecured), debentures, liabilities, duties, guarantees, indemnities 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, duties, guarantees, indemnities and obligations have arisen, in order to give effect to the provisions of this sub-clause;
- h) However, the Resulting Company may, at any time, after coming into effect of this Scheme in accordance hereof, if so required, under any law or otherwise, execute deeds of confirmation in favor of the creditors, or lenders, as the case may be, or in favor of any other party to the contract or



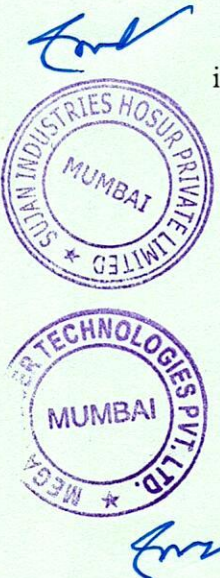
arrangement to which the Demerged Company is a party or any writing, as may be necessary, in order to give formal effect to the provisions mentioned herein. The Resulting Company shall under the provisions of the Scheme be deemed to be authorized to execute any such writings on behalf of the Demerged Company as well as to implement and carry out all such formalities and compliances referred to above;

- i) The transfer and vesting of the Demerged Undertaking of the Demerged Company as aforesaid 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 of the Demerged Undertaking. Restructuring of all such security or charge and reallocation of existing credit facilities granted by the secured creditors shall be given effect to only with the mutual consent of the concerned secured creditors and the Board of Directors of the Demerged Company and Resulting Company;

Provided however, that any reference in any security documents or arrangements (to which the Demerged Company is a party) pertaining to the assets of the Demerged Company offered or agreed to be offered as security for any financial assistance or obligations, shall be construed as reference only to such assets, as are offered or agreed to be offered as security, pertaining to the Demerged Company as is vested in the Demerged Company, to the end and intent that such security, charge and mortgage shall not extend or be deemed to extend, to any of the assets of the Demerged Undertaking or any of the assets of the Resulting Company. Further, the filing of the certified copy of the order of the NCLT sanctioning this Scheme with the relevant Registrar of Companies, Maharashtra, Mumbai shall be deemed to be sufficient for creating or modifying the charges in favour of the secured creditors, if any, of the Demerged Company, as required as per the provisions of this Scheme and of the Resulting Company, in relation to the Demerged Undertaking, on the Effective Date.

It is hereby clarified that –

- i. Existing security, if any, in respect of liabilities of the Demerged Undertaking shall extend to and operate only over the assets comprised in the Demerged Undertaking which has been charged and secured in respect of the abovementioned liabilities; and
- ii. If any security or charge exists on the assets comprising of the Demerged Undertaking in respect of the loans and liabilities which have not been transferred to the Resulting Company pursuant to this Scheme, the Demerged Company shall create adequate security over the assets of the Demerged Company other than the Demerged Undertaking to the satisfaction of the lenders and upon creation of such security, the assets of the Demerged Undertaking shall be released and discharged from such encumbrance.



- j) All existing and future incentives, unavailed credits and exemptions, benefit of carried forward losses, refunds available and other statutory benefits, including in respect of income tax (including tax deducted at source, tax collected at source and advance tax), excise (including MODVAT/CENVAT), customs, VAT, sales tax, service tax (including input credit), goods and services tax etc. which the Demerged Undertaking of the Demerged Company is entitled to shall be available to and vest in Resulting Company;
- k) Upon coming into effect of this Scheme and as per the provisions of Section 72A(4) and other applicable provisions of the IT Act, all accumulated tax losses, if any and unabsorbed depreciation, if any of MRTPL as pertaining to the Demerged Undertaking shall be transferred to SIHPL;
- l) In so far as the various incentives, subsidies, special status and other benefits or privileges enjoyed (including sales tax, excise duty, custom duty, service tax, value added tax, goods and services tax and other incentives), granted by any Government body, local authority or by any other person and availed of by the Demerged Undertaking of the Demerged Company, the same shall vest with and be available to the Resulting Company on the same terms and conditions as presently available to the Demerged Company;
- m) Upon coming into effect of this Scheme and till such time that the names of the bank accounts of the Demerged Undertaking of the Demerged Company is replaced with that of the Resulting Company, the Resulting Company shall be entitled to operate the bank accounts of the Demerged Company, in their names, in so far as may be necessary;
- n) With effect from the Appointed Date, all permits, quotas, rights, entitlements, tenancies and licenses relating to brands, trademarks, patents, copy rights, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Demerged Undertaking of the Demerged Company and which are subsisting or having effect immediately before the Appointed Date, shall be and remain in full force and effect in favor of the Resulting Company and may be enforced fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a beneficiary or obligee thereto; and
- o) With effect from the Appointed Date, any statutory licenses, permissions, approvals and/ or consents held by the Demerged Company as required to carry on its operations 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 or any other person concerned therewith in favor of the Resulting Company. The benefit of all statutory and regulatory permissions, licenses, environmental approvals and consents including the statutory licenses, permissions or approvals or consents required to carry



on the operations of the Demerged Undertaking of the Demerged Company shall vest in, and become available to, the Resulting Company upon the Scheme coming into effect by virtue of the order of the NCLT.

- 1.2. All registrations, benefits, incentives, exemptions etc. in respect of the Demerged Undertaking which the Demerged Company is eligible for and / or which are actually availed by the Demerged Company will be transferred to the Resulting Company upon the Resulting Company intimating the concerned authority or undertaking the necessary actions for the transfer and / or the Board of Directors of the Resulting Company will be authorized to seek approval or enter into agreement with the concerned authority and /or undertake such other activity as is necessary for being eligible for such registrations, benefits, incentives, exemptions, etc. as were availed by the Demerged Company.
- 1.3. The Resulting Company, under the provisions of this Scheme, is hereby authorized or be deemed to be authorized to execute all and any writings on behalf of the Demerged Company, to implement and carry out all formalities and compliances in relation to the above-mentioned clause(s), if required.
- 1.4. Subject to the above clauses from the effective date the Resulting Company alone shall be liable to perform all obligations and business in respect of the Demerged Undertaking and Demerged Company shall not have any obligations in respect of said business.
- 1.5. Subject to the above clauses from the effective date the Demerged Company alone shall be liable to perform all obligations and business pertaining to the remaining business and the Resulting Company shall not have any obligations in respect of the remaining business.

## 2. CONSIDERATION

- 2.1. Upon the Scheme coming into effect and with effect from the Effective Date and in consideration of the transfer and vesting of the Demerged Undertaking of the Demerged Company into the Resulting Company in terms of Part B of the Scheme, the Board of Directors of the Resulting Company shall, without any further act or deed, issue and allot on proportionate basis to each shareholder of the Demerged Company, whose name is recorded in the register of members of the Demerged Company, on the Effective Date as under, as per the report obtained from the registered valuers. For every 1 (One) Equity share of face and paid up value of Rs. 10/- (Indian National Rupees Ten Only) held in the Demerged Company, 1 (One) Equity share ("New Equity Shares") of face and paid-up value of Rs. 10/- (Indian National Rupees Ten Only) in the Resulting Company credited as fully paid will be issued to the equity shareholders of the Demerged Company. Resulting Company to issue and allot equity shares to the shareholders of Demerged



Company in the ratio of 1:1 (referred to as the “**Share Entitlement Ratio**”). It is clarified that no cash consideration shall be paid by the Resulting Company to the Demerged Company or its shareholders.

- 2.2. The New Equity Shares shall be issued to the shareholders of the Demerged Company in Demat form only.
- 2.3. In case the shareholders’ equity shareholding in the Demerged Company is such that the shareholder becomes entitled, pursuant to clause 2.1 above, to a fraction of an equity share of the Resulting Company, the Resulting Company shall round off the said entitlement to the nearest integer and allot equity shares accordingly.
- 2.4. The Resulting Company shall take necessary steps to increase or alter, if necessary, its authorized share capital suitably, if required, to enable it to issue and allot the equity shares pursuant to this Scheme.
- 2.5. Upon the Scheme being effective and on allotment of New Equity Shares by the Resulting Company, the shares held in Resulting Company by the Demerged Company and the individual promoter namely Mr. Narendra Harish Sujan shall stand automatically cancelled without any further act or deed. Further, it is clarified that no shares will be issued for the shares that are held by the Demerged Company and the individual promoter namely Mr. Narendra Harish Sujan in Resulting Company.
- 2.6. The Resulting Company, shall, if and to the extent required, apply for and obtain any approvals from the concerned authorities for the issue and allotment of equity shares, under the Scheme. The New Equity Shares to be issued and allotted as provided in Clause 2.1 above shall be subject to the provisions of the Memorandum and Articles of Association of the Resulting Company and shall rank pari-passu in all respects with the then existing equity shares of the Resulting Company after the Record Date including with respect to dividend, bonus entitlement, rights shares entitlement, voting rights and other corporate benefits.

### 3. **REDUCTION OF SHARE CAPITAL OF THE RESULTING COMPANY**

- 3.1. Simultaneously, with the issue and allotment of the New Equity Shares by the Resulting Company to the equity shareholders of the Demerged Company in accordance with Clause 2.1 above of this Scheme, in the books of the Resulting Company, all the existing equity shares (i.e., 10,000 equity shares of face value INR 10 each) of the Resulting Company which are held by the Demerged Company and individual promoter namely Mr. Narendra Harish Sujan shall stand cancelled, extinguished and annulled on and from the Effective Date, without any further act, instrument or deed. Such cancellation of the share capital of the Resulting Company shall be effected as a part of the Scheme itself. The order of NCLT sanctioning the Scheme shall be deemed to be an order under Section 66 of the Act confirming the reduction and no separate sanction under Section 66 of the Act shall be necessary.



#### 4. ACCOUNTING TREATMENT

Upon the Scheme becoming effective and with effect from the Appointed Date, the Demerged Company shall account for the scheme in accordance with Accounting Standards notified under Section 133 of the Act, as may be amended from time to time, other accounting principles generally accepted in India and any other applicable provisions and laws for the time being in force.

##### IN THE BOOKS OF THE DEMERGED COMPANY

4.1. Upon the Scheme becoming effective and with effect from the Appointed Date, the transfer and vesting of the Demerged Undertaking from Demerged Company to Resulting Company shall be accounted in the financial statements of Demerged Company as per accounting standards notified under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder, in following manner:

- a) The assets and liabilities pertaining to the Demerged Undertaking of the Demerged Company being transferred to the Resulting Company, shall be, at values appearing in the books of account of the Demerged Company as on the Appointed Date.
- b) The excess / deficit of assets over liabilities of the Demerged Undertaking transferred pursuant to Clause (a) above and the cancellation of investment in the equity shares held by the Demerged Company in the paid-up share capital of the Resulting Company as per clause 3 above, shall be adjusted against Reserves.

##### IN THE BOOKS OF THE RESULTING COMPANY

4.2. Upon the Scheme becoming effective and with effect from the Appointed Date, the transfer and vesting of the Demerged Undertaking from Demerged Company to Resulting Company shall be accounted in the financial statements of Resulting Company as per accounting standards notified under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder, in following manner:

- a) The Resulting Company shall record the assets and liabilities pertaining to the Demerged Undertaking of the Demerged Company being transferred to the Resulting Company at values appearing in the books of account of the Demerged Company as on the Appointed Date.
- b) The Resulting Company 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 the Demerged Company as per Clause 2.1 above.



- c) The excess / deficit of assets over liabilities recorded in the books of Resulting Company as per the Clause (a) and the value of share issued as per the Clause (b) above shall be adjusted against Goodwill / Capital Reserves.
- d) Upon the Scheme being effective, the existing shareholding of the Demerged Company and the individual promoter in the Resulting Company shall stand cancelled as per clause 3 above. Upon cancellation, the Resulting Company shall debit to its Equity Share Capital Account, the aggregate face value of existing equity shares held by the Demerged Company and the individual promoter in the Resulting Company, which stands cancelled and the same shall be credited to the Capital Reserve of the Resulting Company.

4.3. In case of any differences in accounting policies between the Demerged Company and the Resulting Company, the accounting policies followed by the Resulting Company will prevail and the difference till the Appointed Date will be quantified and adjusted as per the applicable accounting standards.

**5. BOOKS AND RECORDS OF THE DEMERGED COMPANY**

All books, records, files, papers, engineering and process information, building plans, business plans, databases, catalogues, quotations, advertising materials, if any, lists of present and former clients and all other books and records, whether in physical or electronic form, except the Demerged Undertaking and pertaining to the Remaining Business of the Demerged Company, to the extent possible and permitted under Applicable Laws, shall continue to be with the Demerged Company.

**6. BOOKS AND RECORDS OF THE RESULTING COMPANY**

All books, records, files, papers, engineering and process information, building plans, business plans, databases, catalogues, quotations, advertising materials, if any, lists of present and former clients and all other books and records, whether in physical or electronic form, of the Demerged Undertaking, to the extent possible and permitted under Applicable Laws, be handed over by the Demerged Company to the Resulting Company.



**PART C**  
**REMAINING BUSINESS**

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**1. REMAINING BUSINESS OF THE DEMERGED COMPANY**

- 1.1. 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.
- 1.2. 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.
- 1.3. With effect from the Appointed Date upto Effective Date:
- 1.3.1. The Demerged Company shall continue and / or may 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;
- 1.3.2. The Demerged Company may enter into such contracts as the Demerged Company may deem necessary in respect of the Remaining Business;
- 1.3.3. 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;
- 1.3.4. 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
- 1.3.5. 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.



## PART D

### GENERAL TERMS AND CONDITIONS

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#### 1. COMPLIANCE WITH TAX LAWS

1.1. This Scheme has been drawn up to comply with the conditions as specified under Section 2(19AA) of the IT Act and other relevant provisions of the IT Act involving demerger as aforesaid. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said section at a later date including resulting from a retrospective amendment of law or for any other reason whatsoever, till the time the Scheme becomes effective, the provisions of the said section of the IT Act shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the IT Act and other relevant provisions of the IT Act.

1.2. In case of any tax proceedings/appeals of whatsoever nature which are to be initiated or may be initiated by or against Demerged Company to the extent it pertains to Demerged Undertaking, Resulting Company shall be made party thereto and shall prosecute or defend such proceedings in co-operation with Demerged Company and any (i) payment and expenses made thereto shall be the Liability of Resulting Company and the Resulting Company shall reimburse and indemnify the Demerged Company against all Liabilities incurred by the Demerged Company in respect thereof; and (ii) payment received as recovery/refund by the Demerged Company in relation to such proceedings shall be transferred to Resulting Company.

1.3. Any tax liabilities under the IT Act, Customs Act 1962, Service Tax laws, Goods and Services Tax Laws and other applicable State Value Added Tax laws or other Applicable Laws / regulations dealing with taxes / duties / levies allocable or related to the Demerged Company, in respect of the Demerged Undertaking, to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date shall be transferred to the Resulting Company. Any surplus in the provision for taxation / duties / levies account including advance tax, tax collected at source and tax deducted at source as on the date immediately preceding the Appointed Date will also be transferred to the account of the Resulting Company.

1.4. Any refund under the IT Act, Customs Act 1962, Service Tax laws, Goods and Services Tax Laws and other applicable State Value Added Tax laws or other Applicable Laws/ regulations dealing with taxes/ duties/ levies allocable or related to the Demerged Company and due to the Demerged Company, in respect of the Demerged Undertaking, consequent to the assessment made on the Demerged Company for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Resulting Company.



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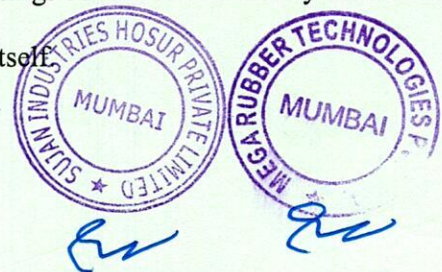
- 1.5. All taxes/ credits including income-tax, tax on book profits, foreign tax credit, sales tax, excise duty, custom duty, service tax, value added tax, goods and services tax or any other direct or indirect taxes as may be applicable, etc. paid or payable by the Demerged Company, in respect of the Demerged Undertaking, in respect of the operations and/ or the profits of the undertaking before the Appointed Date, shall be on account of the Demerged Company and, in so far as it relates to the tax payment (including, without limitation, income-tax, tax on book profits, foreign tax credit, sales tax, excise duty, custom duty, service tax, value added tax, goods and services tax etc.) whether by way of deduction at source, collection of tax at source, advance tax, or otherwise howsoever, by the Demerged Company in respect of the profits or activities or operation of the business after 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. Further, any tax deducted at source by the Demerged Company/ Resulting Company in respect of the Demerged Undertaking on payables to the Resulting Company/ the Demerged Company respectively which has been deemed not to be accrued, shall be deemed to be advance taxes paid by the Resulting Company and shall, in all proceedings, be dealt with accordingly.
- 1.6. Obligation for deduction and collection of tax at source on any payment made by or to be made by the Demerged Company, in respect of the Demerged Undertaking, under the IT Act, service tax laws, customs law, state value added tax, Goods and Services tax laws or other Applicable Laws / regulations dealing with taxes/ duties / levies shall be made or deemed to have been made and duly complied with by the Resulting Company.
- 1.7. Without prejudice to the generality of the above, all benefits, incentives, losses, credits (including, without limitation to income tax, tax on book profits, service tax, applicable state value added tax, goods and services tax etc.) to which the Demerged Company, in respect of Demerged Undertaking, are entitled to in terms of Applicable Laws, shall be available to and vest in the Resulting Company.
- 1.8. Upon this Scheme becoming effective and from the Appointed Date, the Resulting Company and Demerged Company are expressly permitted to revise and file its income tax returns and other statutory returns, including tax deducted and collected at source returns, services tax returns, goods and services tax, sales tax and value added tax returns, as may be applicable and has expressly reserved the right to make such provisions in its returns and to claim refunds or credits etc. if any. Such returns may be revised and filed notwithstanding that the statutory period for such revision and filing may have lapsed.
- 1.9. In addition, upon the coming into effect of this Scheme and with effect from the Appointed Date, all deduction otherwise admissible to Demerged Company pertaining to the Demerged Undertaking including without limitation to deduction admissible on actual payment or on deduction of appropriate taxes or on



payment of tax deducted at source (including without limitation under Section 43B, Section 40 and Section 40A of the IT Act) shall be eligible for deduction to the Resulting Company upon fulfilment of the applicable conditions under the IT Act.

## 2. CONTRACTS, DEEDS, CONSENTS AND OTHER INSTRUMENTS

- 2.1. Upon the coming into effect of this Scheme and subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements including development agreements, power of attorneys, instruments, licenses, engagements, certificates, permissions, consents, approvals, concessions and incentives (, sales tax, excise duty, custom duty, service tax, value added tax, goods and service tax and other incentives), remissions, remedies, subsidies, guarantees and other instruments, if any, of whatsoever nature to which the Demerged Company, in respect of Demerged Undertaking, are a party or to the benefit of which the Demerged Company, in respect of Demerged Undertaking, may be eligible and which have not lapsed and are subsisting or having effect on the Effective Date shall be in full force and effect against or in favor of the Resulting Company, as the case may be, and may be enforced by or against the Resulting Company as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary thereto.
- 2.2. Upon the coming into effect of this Scheme and subject to the other provisions of this Scheme, the Resulting Company may enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which the Demerged Company will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required or if so considered necessary. The Resulting Company shall be deemed to be authorized to execute any such deeds, writings or confirmations on behalf of the Demerged Company, in respect of the Demerged Undertaking, and to implement or carry out all formalities required on the part of the Demerged Company to give effect to the provisions of this Scheme.
- 2.3. The Resulting Company shall be entitled, pending the sanction of the Scheme, to apply to the Central Government, State Government or any other agency, department or other authorities concerned as may be necessary under law, for such consents, approvals and sanctions which the Resulting Company may require to own and operate the Demerged Undertaking.
- 2.4. The above shall not affect any transaction or proceedings or contracts or deeds already concluded by the Demerged Company on or before the Appointed Date and after the Appointed Date till the Effective Date. The Resulting Company accepts and adopts all acts, deeds and things done and executed by the Demerged Company in respect thereto as done and executed on behalf of itself.



### 3. LEGAL AND OTHER PROCEEDINGS

- 3.1. Upon the Scheme becoming effective, all legal and other proceedings including before any statutory or quasi-judicial authority or tribunal of whatsoever nature by or against the Demerged Company, in respect of the Demerged Undertaking, whether pending on the Appointed Date or which may be instituted in future, shall be continued and/or enforced by or against the Resulting Company only, to the exclusion of the Demerged Company in the same manner and to the same extent as would have been continued and enforced by or against the Demerged Company.
- 3.2. Further, the aforementioned proceedings shall not abate or be discontinued nor in any way be prejudicially affected by reason of demerger of the Demerged Undertaking into the Resulting Company or anything contained in the Scheme.
- 3.3. On and from the Effective Date, the Resulting Company shall and may, if required, initiate any legal proceedings in relation to the Demerged Company, in respect of the Demerged Undertaking, in the same manner and to the same extent as would or might have been initiated by the Demerged Company.

### 4. STAFF, WORKMEN AND EMPLOYEES

- 4.1. On the Scheme coming into effect, all staff, workmen and employees (if any, including those on sabbatical / maternity leave) of the Demerged Company, in respect of the Demerged Undertaking, in service on the Effective Date shall stand transferred and vested and / or be deemed to have become staff, workmen and employees of the Resulting Company with effect from the Effective Date without any break or interruption in their service and on the terms and conditions not less favorable than those applicable to them with reference to the Demerged Company on the Effective Date. The position, rank and designation of the employees would however be decided by the Resulting Company.
- 4.2. It is expressly provided that, in so far as the gratuity fund, provident fund and super annuation fund (hereinafter referred as "**Fund or Funds**") created or existing for the benefit of the staff, workmen and employees of the Demerged Company, in respect of the Demerged Undertaking, is concerned, upon the Scheme coming into effect, the Demerged Company shall be substituted by the Resulting 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 Fund or Funds, 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 and all the rights, duties and benefits of the staff, workmen and employees



of the Demerged Company under such Fund or Funds shall be protected, subject to the provisions of law for the time being in force. It is clarified that the services of the staff, workmen and employees of the Demerged Company, in respect of the Demerged Undertaking, will be treated as having been continuous for the purpose of the Fund or Funds and for other benefits such as long service awards.

- 4.3. In so far as the Fund or Funds created or existing for the benefit of the employees of the Demerged Company, in respect of the Demerged Undertaking, is concerned, upon the coming into effect of this Scheme, balances lying in the accounts of such employees of the Demerged Company in the Fund or Funds as on the Effective Date shall stand transferred from the respective Fund or Funds of the Demerged Company to the corresponding Fund or Funds set up by the Resulting Company.

#### **5. SAVING OF CONCLUDED TRANSACTIONS**

The transfer and vesting of Demerged Undertaking under Clause 1 of Part B - Transfer and Vesting of Demerged Company into Resulting Company as per Part B above, the effectiveness of contracts and deeds under Clause 2 of Part D - Contracts, Deeds, Consents and Other Instruments above and continuance of proceedings by or against the Resulting Company under Clause 3 of Part D - Legal and Other Proceedings above shall not affect any transaction or proceedings or contracts or deeds already concluded by the Demerged Company on or before the Appointed Date and after the Appointed Date till the Effective Date. The Resulting Company accepts and adopts all acts, deeds and things done and executed by the Demerged Company in respect thereto as done and executed on behalf of itself.

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

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

- 6.1. The Demerged Company shall carry on and be deemed to have carried on all business and activities and shall hold and stand possessed of and shall be deemed to have held and stood possessed of all the contracts, liabilities or property or assets or the benefit or obligations thereof or thereunder pertaining to the Demerged Undertaking, for and on behalf of and in trust for the Resulting Company and shall account for the same to the Resulting Company.
- 6.2. All income or profit/benefit accruing or arising to the Demerged Company, in respect of the Demerged Undertaking, and all costs, charges, expenses and losses (including brought forward losses, book losses, etc.) or taxes (including but not limited to advance tax, tax deducted at source, tax collected source, credit, taxes withheld, etc.), incurred by the Demerged Company, in respect of the Demerged Undertaking, 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.

## **7. CONDUCT OF BUSINESS TILL EFFECTIVE DATE**

- 7.1. With effect from the Appointed Date and up to the Effective Date, the Demerged Company:
- a) shall carry on their business and activities with reasonable diligence and in the same manner as they have been doing hitherto in normal course and business prudence; and
  - b) shall not, without the prior consent in writing of any of the persons authorized by the Board of Directors of the Resulting Company, sell, alienate, charge, mortgage, encumber, or otherwise deal with or dispose of the assets comprising the Demerged Undertaking of the Demerged Company or any part thereof or undertake any financial commitments of any nature whatsoever, except in the ordinary course of business.
- 7.2. With effect from the Effective Date, the Resulting Company shall commence and carry on and shall be authorized to carry on the businesses carried on by the Demerged Company, in respect of Demerged Undertaking.
- 7.3. The Demerged Company shall continue to comply with the provisions of the Act, including those relating to preparation, presentation, circulation and filing of accounts as and when they become due for compliance.
- 7.4. The Demerged Company and the Resulting Company shall be free to make any modification to its capital structure either by an increase (by issue of rights shares, bonus shares, convertible debentures or otherwise), decrease, reclassification, sub-division or re-organization, or in any other manner whatsoever, as may be required by the respective business requirements by mutual consent of the Board of Directors of the Demerged Company and the Resulting Company, as the case may be.

## **8. APPLICATIONS TO THE NCLT OR SUCH OTHER APPROPRIATE AUTHORITY**

- 8.1. The Demerged Company and the Resulting Company shall, with all reasonable dispatch, make applications to the NCLT or such other appropriate authority under Section 230 of the Act, seeking orders for dispensing with or convening, holding and conducting of the meetings of the respective classes of the shareholders, and creditors of the Demerged Company and the Resulting Company as may be directed by the NCLT or such other appropriate authority.



8.2. On the Scheme being agreed to by the requisite majorities of the classes of the shareholders and creditors of the Demerged Company and the Resulting Company, whether at a meeting or otherwise, as prescribed under law and / or as may be directed by the NCLT or such other appropriate authority, the Demerged Company and the Resulting Company shall, with all reasonable dispatch, apply to the NCLT or such other appropriate authority for sanctioning the Scheme under Sections 230 to 232 of the Act, and for such other order or orders, as the said NCLT or such other appropriate authority may deem fit for carrying this Scheme into effect.

**9. MODIFICATIONS / AMENDMENTS TO THE SCHEME**

9.1. The Demerged Company and the Resulting Company, through unanimous approval by their Board of Directors may consent on behalf of all persons concerned, to any modifications or amendments of this Scheme or to any conditions which the NCLT and/or any other authorities under law may deem fit to approve of or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise in carrying out this Scheme and do all acts, deeds and things as may be necessary, desirable or expedient for putting this Scheme into effect, including but not limited to withdrawal of the Scheme before the Scheme is approved by the NCLT.

9.2. For the purpose of giving effect to this Scheme or to any modification, amendment or condition thereof, the Board of Directors of the Demerged Company and the Resulting Company are authorized to give such directions and/or to take such step as may be necessary or desirable including any directions for settling any question or doubt or difficulty whatsoever that may arise.

**10. CONDITIONALITIES TO THE SCHEME**

10.1. This Scheme is conditional upon and subject to:

- a) The approval of the Scheme by the requisite majority of the shareholders and creditors of the Demerged Company and the Resulting Company, unless the meeting of the shareholders and/or creditors of either or both the companies is dispensed with by the order of the NCLT; and
- b) Sanctions under the provisions of Sections 230 and 232 of the Act and the necessary orders of NCLT under Section 232 of the Act being obtained and filed with the Registrar of Companies, Mumbai.

**11. EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS AND / OR REVOCATION OF THE SCHEME**



- 11.1. In the event of necessary sanctions and approvals not being obtained and/or complied with and/or satisfied and/or this Scheme not being sanctioned by the NCLT and/or order or orders not being passed by such date as may be mutually agreed upon by the respective Board of Directors of the Demerged Company and the Resulting Company, this Scheme shall stand revoked, cancelled and be of no effect.
- 11.2. In the event of revocation under Clause 11.1 above, no rights and liabilities whatsoever shall accrue to or be incurred inter se the Demerged Company and 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 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 Company shall bear its own costs unless otherwise mutually agreed.
- 11.3. The Board of Directors of the Demerged Company and the Resulting Company shall be entitled to withdraw this Scheme any time prior to the Effective Date.
- 11.4. 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 the Board of Directors of the Demerged Company and the Resulting Company are of view that the coming into effect of the Scheme in terms of the provisions of this Scheme or filing of the drawn up orders with any authority could have an adverse implication(s) on all or any of the Demerged Company or the Resulting Company.
- 11.5. If any part of this Scheme hereof is invalid, ruled illegal by any NCLT of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the Demerged Company and the Resulting Company that such part shall be severable from the remainder of the Scheme. Further, if the deletion of such part of this Scheme may cause this Scheme to become materially adverse to the any of the Demerged Company and /or the Resulting Company, then in such case the Demerged Company and /or the Resulting Company shall attempt to bring about a modification in the Scheme, as will best preserve for the Demerged Company and the Resulting Company the benefits and obligations of the Scheme, including but not limited to such part.

## 12. REMOVAL OF DIFFICULTIES

The Demerged Company and the Resulting Company may, through mutual consent and acting through the respective board of directors, agree to take steps, as may be necessary, desirable or proper, to resolve all doubts, difficulties or questions, whether by reason of any orders of the NCLT or any directives or orders of any governmental authorities or otherwise rising out of, under or by the virtue of this scheme in



relation to the arrangement contemplated in this scheme and / or matters concerning or connected therewith.

**13. COSTS, CHARGES AND EXPENSES**

All taxes including duties (including the adjudication charges/ fees and stamp duty, if any, applicable in relation to this Scheme), levies and all other similar expenses, if any (save as expressly otherwise agreed) of the Demerged Company and the Resulting Company arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne and paid by both Demerged Company and Resulting Company equally.



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