

SCHEME OF DEMERGER

UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND RULE 18 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016

AMONG

**SUPANGITA ENGINEERS PRIVATE LIMITED
("Transferor Company")**

AND

**CADM TOOLS AND COMPONENTS PRIVATE LIMITED
("Transferee Company")**

(The Transferor Company and the Transferee Company are collectively referred to as the
"Companies")

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS



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This scheme of demerger (“**Scheme**”) is entered into among the Transferor Company (defined herein), the Transferee Company (defined herein) and their respective shareholders and creditors, under Sections 230 to 232 and other relevant provisions of the Act, and other applicable laws, for the demerger and vesting of the business of mechanical engineering and manufacture of tools and components for use in machinery (“**Business**”) of the Transferor Company into the Transferee Company (“**Demerger**”).

This Scheme also makes provisions for various other matters consequential or related hereto and otherwise integrally connected herewith.

THE SCHEME:

The Scheme is divided into the following parts:

Part	Contents
Part A	Introduction to the Scheme and its rationale.
Part B	Definitions and share capital structure of the Companies.
Part C	Demerger of the Business of the Transferor Company into the Transferee Company.
Part D	General terms and conditions.



PART A

INTRODUCTION AND RATIONALE

1. INTRODUCTION

1.1 Particulars of the Transferor Company:

The Transferor Company is a private company incorporated on 30.03.1985 under the provisions of the Companies Act, 1956, bearing the Corporate Identification Number (CIN) U85110KA1985PTC006800. The registered office of the Transferor Company is situated at No. 7C / D, Bommasandra Industrial Area, Bengaluru 560 099. The main objects of the Transferor Company as set out in its memorandum of association are produced herewith as ANNEXURE A.

1.2 Particulars of the Transferee Company:

The Transferee Company is a private company incorporated on 19.09.2018 under the provisions of the Companies Act, 2013, bearing the CIN U36999KA2018PTC116426. The registered office of the Transferee Company is situated at No. 7C, Bommasandra Industrial Area, Bengaluru 560 099. The main objects of the Transferee Company as set out in its memorandum of association are produced herewith as ANNEXURE B.

2. RATIONALE FOR THE SCHEME

In the interests of both the Companies and their respective shareholders and creditors, the Boards of Directors of the Companies are desirous of streamlining the business operations of the Companies, by way of the Scheme pursuant to Sections 230 to 232 and other applicable provisions of the Act. The rationale for entering into the Scheme is set out below:

- (a) The Scheme will enable the Transferor Company and the Transferee Company to achieve their respective business objectives more efficiently, and offer opportunities to their respective managements to vigorously pursue growth opportunities;
- (b) The Scheme will enable the Transferor Company to focus on its remaining business activities by streamlining operations and reducing costs;
- (c) The shareholders of the Companies will be able to segregate their investments in line with their investment strategies and risk profiles;



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- (d) Accordingly, the Demerger proposed under this Scheme will build a stronger and more sustainable business for both the Companies, and is expected to result in, *inter alia*, the following benefits to the Companies:
- (i) Focused business and management control;
 - (ii) Greater efficiency and more optimal utilisation of resources; and
 - (iii) Enhanced value for all stakeholders.



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PART B

DEFINITIONS AND SHARE CAPITAL

3. DEFINITIONS

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

- (a) **“Act” or “the Act”** means the Companies Act, 2013 along with ordinances, rules and regulations made thereunder, and shall include all statutory modifications, re-enactments and amendments.
- (b) **“Applicable Law(s)”** means any statute, law, regulation, ordinance, rule, judgment, rule of law, order, decree, ruling, bye-law, approval of any governmental authority, directive, guideline, policy, clearance, requirement or other governmental restriction or any similar form of decision of or determination by, or any interpretation or administration having the force of law of any of the foregoing by any governmental authority having jurisdiction over the matter in question, whether in effect as of the date of this Scheme or at any time thereafter;
- (c) **“Appointed Date”** means 30.06.2020, or such other date as the NCLT may direct.
- (d) **“Board of Directors” or “Board”** means the board of directors of the Transferor Company or the Transferee Company, as the case may be, constituted from time to time under the Act, and includes duly constituted committees thereof.
- (e) **“Business”** means the business of mechanical engineering and manufacture of tools and components for use in machinery, carried on by the Transferor Company, proposed to be demerged into the Transferee Company, and includes:
 - (i) All assets and liabilities of the Transferor Company pertaining to the Business;
 - (ii) Without prejudice to the generality of the aforementioned clause, Business shall include all secured and unsecured debts, liabilities, losses, duties, obligations, reserves and provisions and other assets and properties, brands, trademarks, service mark, trade secret, product licenses, marketing authorisations, copyrights, marketing rights, propriety rights, logos and other intellectual property rights, assets, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent and including but without being limited to machinery, furniture and fixture,

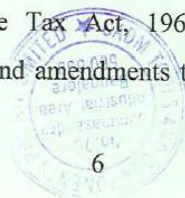


vehicles, work-in-progress, lending arrangements, benefits of security arrangements, investments, receivables, actionable claims, current assets including minimum alternate tax ("MAT") credit, in respect of the Business, hire purchase and lease arrangements, computers, office equipment, telephones, internet connections, communication facilities, equipment and installations, benefits of agreements, contracts and arrangements including but not limited to contracts entered into with customers, vendors and service providers, permits, allotments, approvals, consents, privileges, liberties, advantages and all the right, title, interest, benefit and advantage, deposits, advances, receivables, funds, cash, bank balances, accounts and all other rights, claims and powers of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or enjoyed by the Transferor Company in connection with or pertaining or relatable to the Business and all earnest money and/or deposits including security deposits paid by the Transferor Company in connection with or relating to the Business.

- (iii) All staff and employees of the Transferor Company employed in the Business, as identified by the Board of Directors of the Transferor Company, as on the Effective Date.
- (iv) Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the Business, or whether it arises out of the activities or operations of the Business shall be decided by mutual agreement between the Board of Directors of the Transferor Company and the Transferee Company;

It is expressly clarified that the "Business" shall not include the immovable properties of the Transferor Company more particularly described in ANNEXURE Cherein.

- (f) "Effective Date" or the "Scheme coming into effect" or the "coming into effect of this Scheme" means the later of the dates on which the certified true copy of the order passed by the National Company Law Tribunal, Bengaluru Bench approving the Scheme, is filed with the Registrar of Companies, Karnataka, by the Transferor Company and the Transferee Company.
- (g) "Government Authority" means Central Government, any applicable State or local Government, legislative body, regulatory or administrative authority, agency or commission or any board, bureau or instrumentality thereof.
- (h) "IT Act" means the Income Tax Act, 1961, and shall include all statutory modifications, re-enactments and amendments thereof (including but not limited to



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the Income Tax Rules, along with all notifications, circulars and instructions issued by the Central Board of Direct Taxes).

- (i) "NCLT" or "Tribunal" means the Bengaluru bench of the National Company Law Tribunal.
- (j) "Scheme" or "the Scheme" or "this Scheme" means this Scheme of Demerger in its present form, and with any modification(s) made subsequently, as approved or directed by the NCLT, or any other appropriate authority.
- (k) "Transferor Company" means Supangita Engineers Private Limited.
- (l) "Transferee Company" means CADM Tools and Components Private Limited.

3.2 The expressions, which are used in this Scheme but not defined herein shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the I.T. Act, and the Applicable Law, as the case may be, including all statutory modifications and re-enactments thereof.

3.3 References to any law in this Scheme shall include amendment(s), circulars, notifications, clarifications, supplements, replacements and amendments to such law.

4. SHARE CAPITAL

4.1 Details of the share capital of the Transferor Company, as on the date of approval of the Scheme by its Board of Directors i.e. 30.06.2020, are set out below:

Authorised Capital	Amount (INR)
20,000 equity shares of INR 100/- each	20,00,000/-
30,000 preference shares of INR 100/- each	30,00,000/-
TOTAL	50,00,000/-
Issued, Subscribed and Paid-up Capital	Amount (INR)
20,000 equity shares of INR 100/- each	20,00,000/-
30,000 preference shares of INR 100/- each, issued at par and redeemed.	-
TOTAL	20,00,000/-



4.2 Details of the share capital of the Transferee Company, as on the date of approval of the Scheme by its Board of Directors i.e. 30.06.2020, are as given below:

Authorised Capital	Amount (INR)
20,000 equity shares of INR 100/- each	20,00,000/-
TOTAL	20,00,000/-
Issued, Subscribed and Paid-up Capital	Amount (INR)
1,000 equity shares of INR 100/- each	1,00,000/-
TOTAL	1,00,000/-

4.3 There has been no change in the authorised, issued, subscribed or paid-up share capital of the Companies since the date of approval of this Scheme by the Boards of Directors of the Companies.



PART C

DEMERGER

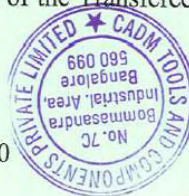
5. DEMERGER OF THE BUSINESS

5.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date, and subject to the provisions of this Scheme, the entire Business shall, pursuant to the provisions of Sections 230 to 232 and other relevant provisions of the Act, without any further act, instrument or deed (unless expressly stated in the Scheme), be and stand, transferred to and vested in, or be deemed to be transferred to and vested in the Transferee Company, as a going concern, in accordance with Section 2(19AA) of the I.T. Act, so as to vest in the Transferee Company, on and from the Appointed Date, all the rights, obligations, assets, liabilities, titles and interests of the Transferor Company in relation to the Business, including but not limited to the following:

- (a) investments, funds, deposits, advances, sundry debts, outstanding loans and advances, recoverables and receivables whether from government, semi-government, local authorities, cash and bank balances, all earnest moneys and/or deposits including security deposits, and all other assets, in relation to the Business, which are otherwise capable of transfer by physical delivery or by endorsement and delivery or by delivery instructions in relation to dematerialized shares or mutual fund units, which delivery shall be deemed to have occurred by manual delivery or endorsement;
- (b) All contracts, deeds, bonds, agreements, instruments, schemes, arrangements, bids, tenders, letters of intent, expressions of interest, writings or benefits of whatsoever nature or kind, in relation to the Business, to which the Transferor Company is a party or by which the assets, or business in relation to the Business of the Transferor Company are bound, or to the benefit of which the Transferor Company may be eligible or entitled in relation to its Business, and which are subsisting or in effect immediately before the Effective Date, shall wholly and entirely stand vested in, or transferred to the Transferee Company (including the title, rights, entitlements, claims or benefits or interests therein) without any further acts, costs, charges, instruments or deeds, and shall continue in full force and effect in the name of, or in favour of, the Transferee Company, and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary thereof or thereunder;



- (c) All other titles, rights, entitlements, claims or benefits or interests of whatsoever nature or kind relating to the Business, benefit of all agreements, arrangements including but not limited to indemnities / guarantees given by the Transferor Company, benefits of any agreement to sell off properties purchased by the Transferor Company, benefits of any agreement for sale, slump sale agreement, business transfer agreement, interests, claims and powers of every kind, nature and description of and arising to them in relation to the Business, in favour of or enjoyed by the Transferor Company in relation to the Business;
- (d) all furniture and fixtures, computers, data processors, office equipment, electrical installations, telephones and other communication facilities of every kind, nature and description, including leased assets, in relation to the Business;
- (e) All statutory and regulatory permissions (including municipal permissions), authorizations, clearances, approvals, consents, licenses, entitlements, subsidies, privileges, benefits, exemptions, deferrals, quotas, incentives, liberties, concessions, plans, authorities (including for the operation of bank accounts), or powers of attorneys of whatsoever nature or kind given by, issued or granted to or executed by, enjoyed by, conferred upon, held by or availed of by the Transferor Company, in relation to the Business, which are subsisting or in effect immediately before the Effective Date, shall be and remain in full force and effect, and shall wholly and entirely stand vested in, or transferred in favour of the Transferee Company, and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary thereto;
- (f) All quality certifications and approvals, trademarks, trade names, service names, patents, goodwill and domain names, copyrights, industrial designs, trade secrets, product registrations and other intellectual property of any kind or type whatsoever in relation to the Business, including any applications/representations filed in relation to the foregoing, books, records, files, papers, engineering and process information, software licenses (whether proprietary or otherwise), drawings, computer programs, manuals, data, catalogues, quotations, sales and advertising material, lists of present and former customers and suppliers, other customer information and all other records and documents whether in physical form or electronic form relating to the Business and the title, rights, entitlements, claims or benefits or interests therein, shall wholly and entirely stand vested in, or transferred to the Transferee Company without any further acts, instruments, costs, charges or deeds, and shall be appropriately transferred/ endorsed/ mutated in favour of the Transferee Company pursuant to and upon the Scheme becoming effective;



- (g) Any person having any obligation towards the Transferor Company in relation to the Business, shall perform and satisfy such obligation in favour of the Transferee Company without any further acts, instruments, costs, charges or deeds, including, any obligation to make any payment to the Transferor Company upon the Scheme becoming effective;
- (h) All debts (secured or unsecured) whether in Indian rupees or foreign currency, duties, liabilities (including contingent liabilities), borrowings, including loans, loan facilities, deposits or advances, obligations and undertakings in relation to the Business of the Transferor Company, of every kind (both present and future), nature and description whatsoever and howsoever arising, raised or incurred, or utilized for the activities and operations of the Business, along with any encumbrance in respect thereof created in favour of the creditors thereto, as on the Appointed Date whether or not provided or accounted for in the books of accounts of the Transferor Company, shall, without any further acts, instruments, costs, charges or deeds, pursuant to and upon the Scheme becoming effective, become the debts, liabilities and obligations of the Transferee Company (along with the encumbrance in respect thereof) on the same terms and conditions as were applicable to the Transferor Company, and the Transferee Company undertakes to meet, discharge and satisfy the same to the exclusion of the Transferor Company, including, liability for bonus, provident fund, pension, gratuity, if any, for the period up to the Appointed Date to the extent not provided for in the books of the Transferor Company, and shall be appropriately transferred/ endorsed/ mutated by the banks or financial institutions or other lenders concerned therewith in favour of the Transferee Company pursuant to and upon the Scheme becoming effective;

5.2 It is hereby clarified that 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, which may accrue or arise after the Appointed Date but which relate to the period on or up to the day of the Appointed Date, including any encumbrance on the assets pertaining to the Business, or on any income earned from those assets.

5.3 For the purpose of this Scheme, it is clarified that liabilities pertaining to the Business include:

- (a) the liabilities, which arise out of the respective activities or operations of the Business;



- (b) specific loans and borrowings raised, incurred or utilized solely for the respective activities or operation of the Business;
- (c) liabilities other than those referred to in sub-clauses (a) and (b) above, being the amounts of general or multipurpose borrowings of the Transferor Company, allocated to the Business in the same proportion in which the value of the assets transferred under this Scheme bear to the total value of the assets of the Transferor Company immediately before giving effect to this Scheme.

5.4 All and any kind of the existing, securities, pledges, mortgages, charges, hypothecation, limitation, attachment, restraint, encumbrances, liens or any other security interests or encumbrance of any kind, if any, as on the Appointed Date and/or such encumbrance as may be created by the Transferor Company after the Appointed Date, over the assets of the Transferor Company in relation to the Business, and in so far as such encumbrance secures or relates to liabilities of the Business of the Transferor Company shall, after the Effective Date, stand transferred, without any further acts, instruments, costs, charges or deeds, along with the liabilities of the Transferor Company in relation to the Business, to which the encumbrance relates, are transferred to the Transferee Company pursuant to and upon this Scheme becoming effective, and continue to relate and attach to such assets or any part thereof to the same extent as such Encumbrance is related or attached to such assets of the Transferor Company prior to the Effective Date even after such assets are transferred to the Transferee Company pursuant to and upon this Scheme becoming effective; provided that, under no event shall such encumbrances relate or attach to any of the other assets of the Transferee Company.

5.5 Without prejudice to the other provisions of this Scheme, the Transferee Company may, at any time after the coming into effect of the Scheme, in accordance with its provisions, if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or arrangements with any party to any contract or arrangement to which the Transferee Company is a party or any writings as may be necessary, in order to give formal effect to the provisions of this Scheme. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of Transferor Company and to carry out or perform all such formalities or compliances referred to above on behalf of the Transferor Company.

