

6. EFFECTIVE DATE

The Scheme set out herein in its present form, or with any modification approved or directed by the NCLT, or as made pursuant to clause 16, shall be effective from the Appointed Date mentioned herein, but shall be operative from the Effective Date.

7. CONSIDERATION FOR THE DEMERGER

7.1 In consideration for the Business, the Transferee Company shall, upon this Scheme becoming effective, without any further application or deed, issue and allot 19,000 equity shares of Rs. 100/- (Rupees One Hundred only) each, credited as fully paid-up, to the shareholders of the Transferor Company holding fully paid-up equity shares in the Transferor Company and whose names appear in the register of members of the Transferor Company, on the Effective Date or to such of their respective heirs, executors, administrators or other legal representatives, or other successors in title as may be recognized by the board of directors of the Transferor Company. Thus, the Transferee Company shall issue a total of 19,000 fully paid-up equity shares of Rs. 100/- (Rupees One Hundred only) each to the shareholders of the Transferor Company.

7.2 The equity shares to be issued to the members of the Transferor Company under the aforementioned Clause shall be subject to the memorandum and articles of association of the Transferee Company, and shall rank *paripassu* with the existing equity shares of the Transferee Company in all respects.

7.3 Subject to the provisions of Clause 7.1 above, the Transferee Company shall, if necessary, suitably increase its authorised share capital for allotment of shares to the shareholders of the Transferor Company.

7.4 The equity shares to be issued to the shareholders of Transferor Company pursuant to the above Clause shall be in multiples of 1. Any issue of fractional shares shall be rounded off to the nearest whole number.

7.5 The issue and allotment of the equity shares in the Transferee Company to the members of the Transferor Company as provided in this Scheme, are an integral part hereof, and shall be deemed to have been carried out as if the procedure laid down under relevant sections of the Act, and any and all other Applicable Laws have been duly complied with.



execute deeds, writings or confirmations or enter into any arrangements, confirmations or novations, in order to give formal effect to the provisions of this Scheme.

- 9.2 The Transferee Company shall be deemed to be authorised to execute any deeds, writings or confirmations on behalf of the Transferor Company and to implement or carry out all formalities required on the part of the Transferor Company to give effect to the provisions of this Part of the Scheme.

10. LEGAL PROCEEDINGS

- 10.1 All legal proceedings of whatsoever nature by or against the Transferor Company in relation to the Business, pending on the Appointed Date and / or arising after the Appointed Date till the Effective Date, on and from the Effective Date, shall be continued and enforced by or against the Transferee Company in the manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company.
- 10.2 After the Appointed Date, if any proceedings are initiated against the Transferor Company in respect of the matters referred to in the aforementioned clause 1, the Transferor Company shall defend the same in good faith at the cost of the Transferee Company, and the Transferee Company shall reimburse and indemnify the Transferor Company against all liabilities and obligations incurred by the Transferor Company in respect thereof.
- 10.3 The Transferee Company undertakes to have all legal or other proceedings initiated by or against the Transferor Company in relation to the Business, transferred to its name and to have the same continued, prosecuted and enforced by or against the Transferee Company to the exclusion of the Transferor Company.

11. ACCOUNTING TREATMENT IN THE BOOKS OF THE COMPANIES

- 11.1 Upon the Scheme becoming effective, and with effect from the Appointed Date, the Transferee Company shall account for the Demerger of the Business in its books of account in accordance with the applicable Indian accounting standards notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended.
- 11.2 Upon the Scheme becoming effective, the Transferee Company shall, record all the assets and liabilities pertaining to the Business of the Transferor Company vested in it pursuant to this Scheme, at their respective book values.



11.3 The Transferee Company shall credit to its equity share capital account, the aggregate face value of the equity shares issued by it to the shareholders of the Transferor Company, pursuant to this Scheme.

11.4 The excess / deficit of the value of net assets pertaining to the Business recorded by the Transferee Company and the value of shares allotted to the shareholders of the Transferor Company shall be debited / credited by the Transferee Company to reserves and surplus account, profit and loss account, and the goodwill account.

Explanation: "Net Assets" shall be computed as the book value of the assets of the Transferor Company pertaining to the Business transferred to the Transferee Company, less the book value of the liabilities pertaining to the Business transferred to the Transferee Company.

11.5 In case of any differences in accounting policies between the Transferee Company and the Transferor Company, the accounting policies followed by the Transferee Company shall prevail to ensure that the financial statements reflect the financial position on the basis of consistent accounting policies.

11.6 Upon the Scheme becoming effective, and with effect from the Appointed Date, the Transferor Company shall account for the Demerger of the Business in its books of account in accordance with the applicable Indian accounting standards notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended.

11.7 Upon the Scheme becoming effective, the excess of aggregate of book value of assets over the aggregate of book value of liabilities pertaining to the Business transferred to the Transferee Company pursuant to the Scheme shall be treated as under:

- (a) The book values of the assets and the liabilities of the Transferor Company being transferred as a part of the Business to the Transferee Company shall be reduced in the books of the Transferor Company on the Appointed Date;
- (b) Pursuant to the Demerger in accordance with this Scheme, the difference, if any, arising between the net book value of assets and liabilities of the Business so transferred, shall be debited / credited to reserve and surplus account and profit and loss account of the Transferor Company.

12. SAVING OF CONCLUDED TRANSACTIONS AND PROCEEDINGS

The transfer of and vesting of the Business of the Transferor Company under this Scheme, and the continuance of proceedings by or against the Transferee Company, shall not affect



any action taken or transactions or proceedings or contracts already concluded, or actions taken but not concluded by the Transferor Company in relation to the Business, in the ordinary course of business, or otherwise expressly consented in writing by the Transferee Company on or after the Appointed Date, and the Transferee Company accepts all such acts, deeds and things done lawfully or executed by the Transferor Company in the ordinary course of business, or otherwise expressly consented in writing by the Transferee Company.

13. CONDUCT OF BUSINESS BETWEEN THE APPOINTED DATE AND EFFECTIVE DATE

13.1 The Transferor Company hereby undertakes, from the Appointed Date and up to, and including, the Effective Date:

- (a) to carry on and be deemed to have been carrying on the activities of the Business, and shall stand possessed of, and hold all of the properties and assets of the Business for and on account of, and in trust for the Transferee Company. The Transferor Company hereby undertakes to hold the said assets with utmost prudence until the Effective Date;
- (b) to carry on the activities of the Business with reasonable diligence and business prudence, and shall not, without the prior written consent of the Transferee Company, alienate, charge, mortgage, encumber or otherwise deal with or dispose of the undertakings of the Business or any part thereof, including its assets, liabilities, employees and business activities, except in the ordinary course of business, or as otherwise expressly stated under this Scheme, or otherwise with the consent of the Transferee Company;
- (c) not to borrow any money, or enter into any transaction or arrangement to create any borrowing or indebtedness, or give any guarantee or indemnity or loans, or create encumbrance of any kind on the assets or properties of the Business, except in the ordinary course of business, or as otherwise expressly consented in writing by the Transferee Company; and
- (d) not to utilize the profits or reserves, if any, relating to the Business of the Transferor Company for the purpose of declaring or paying any dividends including, interim dividend, or for making any bonus or rights issuance of shares, in respect of the period falling on and after the Appointed Date, except with the written consent of the Transferee Company.



14. TAX

14.1 With respect to tax payments including, without limitation to duties, surcharges and cess (including, without any limitation, income tax, minimum alternate tax, sales tax, excise duty, customs duty, service tax, goods and services tax, both state and central, value added tax, anti-dumping duty, special additional duty, octroi, bonds with the custom authorities etc.), whether by way of deduction at source by third parties in favour of the Transferor Company in relation to the Business, advance tax, self-assessment tax, tax paid under protest, any other disputed amount under appeal or otherwise, howsoever made by the Transferor Company in respect of its profits, activities, operations of its Business, whether or not recorded or appearing in the books of the Transferor Company, prior to the Effective Date or whenever such deduction of tax at source, advance tax, self-assessment tax, minimum alternate tax, goods and services tax, both state and central, or any other tax demand stands adjusted against any refund in any tax proceedings and stands refundable to the Transferor Company, the same shall, on and from Effective Date, without any further acts, instruments, costs, charges or deeds, be deemed to be the corresponding item paid/ payable/ refundable/ adjustable by/ to or for the benefit of the Transferee Company, and, shall, in all such proceedings, be dealt with accordingly notwithstanding that the certificates/ challans for / advance tax are in the name of the Transferor Company. Without prejudice to any other rights available to the Transferee Company under the provisions of I.T. Act or any other Applicable Laws, the Transferee Company shall, after the Scheme becomes effective, without any further acts, instruments, costs, charges or deeds, be entitled to revise their financial statements, income tax returns or other statutory returns including but not limited to, tax deducted at source certificates, sales tax/value added tax returns, excise returns, service tax returns and other tax returns filed by it in respect of any previous year, notwithstanding that the time prescribed for such revision may have elapsed.

14.2 On and from the Effective Date, the Transferee Company shall be deemed to be entitled to, without any further acts, instruments, costs, charges or deeds, carry forward to its own account and claim all credits for minimum alternate tax, goods and services tax, or any unutilized indirect tax credits, including but not limited to tax credits Applicable Laws, which are lying to the account of the Transferor Company in relation to the Business, whether or not recorded in its books of accounts.

14.3 In so far as the various incentives, exemptions, service tax/ excise/custom/ sales tax/VAT benefits, goods and services tax, both state and central, subsidies (including applications for any benefits, incentives or subsidies), rehabilitation schemes, grants, special status, income tax holidays/ benefits and other benefits or privileges enjoyed, granted by any government body, local authority or by any other person, or availed of by the Transferor



Company in relation to the Business, the same shall, without any further acts, instruments, costs, charges or deeds, stand vested with and be available to the Transferee Company on the same terms and conditions upon the coming into effect of this Scheme.



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PART D

GENERAL TERMS AND CONDITIONS

15. CONDITIONALITY OF THE SCHEME

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

- (a) The requisite consent, approval or permission of the NCLT, the Central Government and any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme;
- (b) The certified copies of the orders of the NCLT under Sections 230 to 232 of the Act approving the Scheme being filed with the Registrar of Companies, Karnataka; and
- (c) Compliance with such other conditions as may be imposed by the NCLT.

16. MODIFICATION OR AMENDMENTS TO THE SCHEME

- 16.1 The Transferee Company and the Transferor Company by their respective Boards of Directors, or any person(s) or committee authorized / appointed by them, may carry out or assent to any modification or amendments to the Scheme or to any conditions or limitations that the NCLT and/ or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by the Board of Directors or the persons / committee.
- 16.2 If any of the provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the Applicable Law at a later date, for any reason whatsoever, including as a result of amendment of the Applicable Law, then the Scheme shall be deemed to be modified to the extent necessary to comply with the amended and up-to-date Applicable Law.
- 16.3 The Transferee Company and the Transferor Company by their respective Board of Directors shall be authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and / or any matter concerned or connected therewith.



17. APPLICATION TO THE NCLT

The Transferee Company and the Transferor Company shall, with all reasonable efforts and diligence, file a joint petition to the NCLT, Bengaluru bench for seeking approval of the Scheme.

18. EFFECT OF NON-RECEIPT OF APPROVALS

18.1 In the event any of the approvals or conditions enumerated in the Scheme not being obtained or complied with, or for any other reason, the Scheme cannot be implemented, the Board of Directors of the Transferee Company and the Transferor Company shall mutually waive such conditions as they consider appropriate to give effect, as far as possible, to this Scheme and failing such mutual agreement, or in case the Scheme is not sanctioned by the NCLT, the Scheme shall become null and void and each party shall bear and pay their respective costs, charges and expenses in connection with the Scheme.

18.2 Further, in the case of non-receipt of approvals to the Scheme, no rights or liabilities whatsoever shall accrue to or be incurred inter-se by the Transferor Company or the Transferee Company or their shareholders or creditors or employees or any other person.

19. COSTS, CHARGES AND EXPENSES

In the event of the Scheme being sanctioned by the NCLT, the Transferor Company shall bear and pay all costs, charges, expenses, taxes including duties, levies in connection with the Scheme, equally or otherwise, as may be agreed upon by the Board of Directors of the Companies.

20. RESIDUAL PROVISIONS

If any part of the Scheme is found to be non-feasible or unworkable for any reason whatsoever, subject to the decision of the respective Boards of the Transferor Company and the Transferee Company, this shall not affect the validity or implementation of the other parts and/or provisions of the Scheme.



ANNEXURE A

MAIN OBJECTS OF SUPANGITA ENGINEERS PRIVATE LIMITED

- i. To carry on all or any kind of business of Mechanical Engineers, manufacturers of Machinery and Machinery accessories, Machine Tools and accessories, Magnetic, pneumatic, hydraulic, Electric, Electro Hydraulic, Electro Magnetic, Electro pneumatic Elements and equipment used in machine tools and general machinery, Agricultural implements, tools, Jigs, fixtures and gauge makers, Ferrous and nonferrous Founders, metal workers, mill-wrights, machinists, iron and steel converters, smiths, wood workers, structural engineers, welders, builders, metallurgists, manufacturers of and dealers in electrical and mechanical equipment of all kinds, carriers and merchants and to buy, sell, manufacture, repair, convert, alter, let, hire and deal in machinery, implements, rolling stock and hardware of all kinds.
- ii. To carry on the business of manufacturers of and dealers of machine tools, jigs, fixtures and all industrial toolings including dies, moulds, press tools, forgings and castings, both ferrous and non-ferrous, heavy welded fabrications of stainless steel, mild steel, aluminium, including, tanks, tankers, pressure vessels, ducting, transmission towers, sub-assemblies of welding equipments, current transformers, various sub-assemblies required for earth-moving equipments, gear boxes, boilers, conveyors and material handling equipments and various parts and accessories required for application in electrical, mechanical, chemical, textile, agricultural and other industries.
- iii. To carry on the business of manufacturers and dealers of stampings, motors, gearboxes, pressed out components, injection and compression-moulded plastic, aluminium, copper and brass components, machined components required for electrical, mechanical, textile, automobile, chemical, and agricultural industries including Electroplating and galvanizing.
- iv. To carry on the business of erection and commissioning engineers, manufacturers, advisors, planners, designers, consultants for and in connection with execution and undertaking contracts for erection and commissioning and fabrication of cement plant, sugar plant, Tobacco and foundry machinery accessories, and induction furnaces.



ANNEXURE B

MAIN OBJECTS OF CADM TOOLS AND COMPONENTS PRIVATE LIMITED

- i. To carry on all or any kind of business of Mechanical Engineers, manufacturers of Machinery and Machinery accessories, Machine Tools and accessories, Magnetic, pneumatic, hydraulic, Electric, Electro Hydraulic, Electro Magnetic, Electro pneumatic Elements and equipment used in machine tools and general machinery, tools, Jigs, fixtures and gauge makers, Ferrous and nonferrous Founders, metal workers, structural engineers, welders, builders, metallurgists, manufacturers of and dealers in electrical and mechanical equipment of all kinds, carriers and merchants and to buy, sell, manufacture, repair, convert, alter, let, hire and deal in machinery, implements, rolling stock and hardware of all kinds.
- ii. To carry on the business of manufacturers of and dealers of machine tools, jigs, fixtures and all industrial toolings including dies, moulds, press tools, forgings and castings, both ferrous and non-ferrous, heavy welded fabrications of stainless steel, mild steel, aluminium, including, tanks, tankers, pressure vessels, ducting, transmission towers, sub-assemblies of welding equipments, current transformers, various sub-assemblies required for earth-moving equipments, gear boxes, boilers, conveyors and material handling equipments and various parts and accessories required for application in electrical, mechanical, chemical, textile and other industries.
- iii. To carry on the business of manufacturers and dealers of stampings, motors, gearboxes, pressed out components, injection and compression-moulded plastic, aluminium, copper and brass components, machined components required for electrical, mechanical, textile, automobile and chemical industries including Electroplating and galvanizing.
- iv. To carry on the business of erection and commissioning engineers, manufacturers, advisors, planners, designers, consultants for and in connection with execution and undertaking contracts for erection and commissioning and foundry machinery accessories, and induction furnaces.



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ANNEXURE C

IMMOVABLE PROPERTIES OF THE TRANSFEROR COMPANY

Owned / leasehold premises:

- 1) Piece of Land identified as Plot No. 7C & 7D of Bommasandra Industrial Area situated at Sy. Nos. 70 of Hebbagodi Village, AttibelleHobli, Anekal Taluk, Bangalore, measuring 4047 Sq. Mtrs.
- 2) Piece of land identified as Plot No. 111A-1 of Bommasandra Industrial Area situated in Sy. Nos. 82 of Hebbagodi Village, AttibelleHobli, Anekal Taluk, Bangalore, measuring 6308Sq. Mtrs.
- 3) Piece of Land identified as Plot No. 95 of Bommasandra Industrial Area situated at Sy. Nos. 177 and 178 of Hebbagodi Village, AttibelleHobli, Anekal Taluk, Bangalore, measuring 2038 Sq. Mtrs.



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