

SCHEME OF AMALGAMATION**OF****SHAKTI AUTO CAM PRIVATE LIMITED****(Transferor Company)****WITH****SHAKTI PRECISION COMPONENTS (INDIA) PRIVATE LIMITED****(Transferee Company)****AND****THEIR RESPECTIVE SHAREHOLDERS**

Under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013, as the case may be, read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 in respect of the Amalgamation of Shakti Auto Cam Private Limited with Shakti Precision Components (India) Private Limited.

GENERAL**A. Description of the Companies and Background:**

- I. Shakti Auto Cam Private Limited, (hereinafter referred to as Transferor Company) (CIN: U50300KA1991PTC012479), a Company incorporated under the provisions of the Companies Act, 1956, having its registered office at # No.18B,Doddanekkundi Industrial Area, 1st Stage Whitefield Road,



Bangalore-560048, Karnataka. The Transferor Company is engaged in the business of manufacturing auto parts components and related products activity.

- II. Shakti Precision Components (India) Private Limited, (hereinafter referred to as Transferee Company) (CIN: U34300KA1999PTC024691), a Company incorporated under the provisions of the Companies Act, 1956, having its registered office at No.20-B, Doddanekundi Industrial Estate Whitefield Road, Mahadevapura, Bangalore – 560048, Karnataka. The Transferee Company is engaged in the business of manufacturing automobile components and related products activities.

B. Rationale and purpose of the Scheme:

The amalgamation of the Transferor Company with the Transferee Company would *inter alia* have the following benefits:

- (a) The Transferee Company is the Subsidiary Company of the Transferor Company since incorporation and both the Company are engaged in same line of business and therefore in order to consolidate the operations in the Transferee Company as well as eliminate the duplication of various processes, the amalgamation is proposed.
- (b) More effective integration and greater financial strength and flexibility for the amalgamated entity, which would result in maximizing overall shareholder value, and will improve the competitive position of the combined entity.
- (c) Greater efficiency in cash management of the amalgamated entity and unfettered access to cash flow generated by the combined business which can be deployed more efficiently to fund organic and inorganic growth opportunities, to maximize shareholder value.



- (d) Improved organizational capability and leadership, to compete successfully in an increasingly competitive industry.
- (e) Greater access by the amalgamated company to different market segments in the conduct of its business.
- (f) Cost savings are expected to flow from more focused operational efforts, rationalization, standardization and simplification of business processes, and the elimination of duplication, and rationalization of administrative expenses.
- (g) Achieving economies of scale.
- (h) The entire Share Capital in both the companies is held by close group of people (within two families).
- (i) The composition of the Boards of Directors with two Directors of the Transferor Company and Transferee Company is exactly the same.
- (j) The main objects of the Transferee Company include the main objects of the Transferor Company.

In view of the aforesaid, the Boards of Directors of the Transferor Company and the Transferee Company have considered and proposed the amalgamation of the entire undertaking and business of the Transferor Company with the Transferee Company in order to benefit the stakeholders of both companies. Accordingly, the Boards of Directors of the Transferor Company and the Transferee Company have formulated this Scheme of Amalgamation for the transfer and vesting of the entire undertakings and businesses of the Transferor Company with, and into the Transferee Company pursuant to the provisions of Section 230 to Section 232 and other relevant provisions of the Act.

This Scheme is divided into following Parts



1. Part A – Dealing with Definitions and Share Capital;
2. Part B - Dealing with Amalgamation of Shakti Auto Cam Private Limited (Transferor Company) with Shakti Precision Components (India) Private Limited (Transferee Company)
3. Part C – Dealing with General Terms and Conditions applicable to the entire Scheme.

PART A

1. DEFINITIONS

In this Scheme, unless inconsistent with the subject or context, the following shall have the meanings as provided herein:

1.1 “Act” means the Companies Act, 2013 and rules made thereunder (as modified from time to time) and shall include any statutory modifications, re-enactment or amendments thereof for the time being in force;

1.2 “Appointed Date” means the date from which this Scheme shall become operative viz. the commencement of business on 01.04.2021 or if the Board of Directors of the Transferee Company requires any other date prior or subsequent to 01.04.2021 and/or the Hon’ble National Company Law Tribunal (NCLT) modifies the Appointed date to such other date, then the same shall be the Appointed date;

1.3 “Board” or “Board of Directors” means the Boards of Directors of the Transferor Company and the Transferee Company concerned and includes any Committee thereof, as the case may be;



1.4 **"Effective Date"** means the date on which certified copies of the orders of the National Company Law Tribunal (NCLT) under Sections 230 to 232 of the Companies Act, 2013 are filed with the Registrar of Companies;

1.5 **"Transferor Company"** means "Shakti Auto Cam Private Limited, (CIN: U50300KA1991PTC012479), a Company incorporated under the provisions of the Companies Act, 1956 having its Registered Office at # No.18B,Doddanekkundi Industrial Area, 1st Stage Whitefield Road, Bangalore-560048, Karnataka;

1.6 **"Government" or "Semi Government" or "Local Authority"** means any applicable Central, State or Local Government, legislative body, regulatory or administrative authority, agency or commission or any Court, Tribunal, Board, Bureau, Judicial or Arbitral body having jurisdiction over the Territory of India;

1.7 **"NCLT"** means the National Company Law Tribunal Bench at Bengaluru;

1.8 **"Scheme of Amalgamation" or "Scheme" or "The Scheme" or "This Scheme"** means this Scheme of Amalgamation in its present form or with any modification(s) and amendment(s) as may be made from time to time, with appropriate approvals and sanctions of the Courts and other relevant regulatory/statutory/governmental authorities, as may be required under the Act, and/or under any other applicable laws;

1.9 **"Transferee Company"** means "Shakti Precision Components (India) Private Limited (CIN: U34300KA1999PTC024691), a Company incorporated under the provisions of the Companies Act, 1956, whose Registered Office is situated at No.20-B, Doddanekkundi Industrial Estate Whitefield Road, Mahadevapura, Bangalore – 560048, Karnataka .

1.10 **"Undertaking"** means whole businesses of the Transferor Company as the case may be on a going concern basis and shall also include all the Assets, Liabilities and employees of the Transferor Company.



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 ascribed to them under the Act and other applicable laws, rules, regulations and byelaws as the case may be, including any statutory modification or re-enactment thereof from time to time.

2. DATE OF TAKING EFFECT AND OPERATIVE DATE

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

3. SHARE CAPITAL

3.1. The Authorised, Issued, Subscribed and Paid-up Share Capital of the Transferor Company as on 31st March, 2021 is as under:

Particulars	Amount in Rs.
Authorised Share Capital	
10,00,000 Equity Shares of Rs.10/- each	1,00,00,000/-
Total	1,00,00,000/-
Issued, Subscribed and Paid up Share Capital	
5,40,000 Equity Shares of Rs.10/- each	54,00,000/-
Total	54,00,000/-

There is no change in the capital structure of the Transferor Company from March 31, 2021 till date.

3.2. The Authorised, Issued, Subscribed and Paid-up Share Capital of the Transferee Company as on 31st March, 2021 is as under:



Particulars	Amount in Rs.
Authorised Share Capital	
50,00,000 Equity Shares of Rs.10/- each	5,00,00,000/-
Total	5,00,00,000/-
Issued, Subscribed and Paid up Share Capital	
35,90,000 Equity Shares of Rs.10/- each	3,59,00,000/-
Total	3,59,00,000/-

3.3. The Scheme has been drawn up to comply with the conditions relating to "Amalgamation" as specified under Section 2 (1B) of the Income Tax Act, 1961 or any statutory modification or re-enactment thereof. 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 an amendment of law or for any other reason whatsoever upto the Effective Date, the provisions of the said Section of the Income Tax Act, 1961 or re-enactment thereof shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2 (1B) of the Income Tax Act, 1961 or re-enactment thereof. Such modification will, however, not affect the other parts of the Scheme.

PART B

AMALGAMATION OF TRANSFEROR COMPANY WITH THE TRANSFEREE COMPANY

4. TRANSFER OF ASSETS:

4.1. With effect from the Appointed Date, the entire businesses and all the movable & immovable properties, Sundry Debtors, loans and advances, Cash and Bank Balances and deposits with Government, Semi-Government or Local Authorities, real or personal, corporeal or incorporeal, including fixed assets,



capital assets, capital work-in-progress, current assets, investments of all kinds, lease and hire purchase contracts, lending contracts, benefits of any security arrangements, rights, title, interest, quotas, benefits and advantages of whatsoever nature and where so ever situated, belonging to or in the ownership, power or possession and /or in the control of or vested in or granted in favour of or enjoyed by the Transferor Company including all patents, trademarks, copyrights, trade names and other intellectual property rights of any nature whatsoever and licenses in respect thereof, privileges, liberties easements, advantages, exemptions, benefits, leases, leasehold rights, tenancy rights, ownership flats, quota rights, permits, approvals, authorizations, right to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity, power lines, communication lines and other services, reserves, deposits, provisions, funds, benefit of all agreements, subsidies, grants, tax credits, sales-tax, turnover tax, excise and all other interests arising of the Transferor Company and any accretions or additions thereto after the Appointed Date (hereinafter collectively referred to as "the said assets") shall be transferred to and vested in and / or deemed to be transferred to and vested in the Transferee Company, without any further act or deed or instrument, pursuant to the provisions of Section 232 of the Companies Act, 2013, so as to become as and from the Appointed Date, the estate, assets, rights, title and interests of the Transferee Company.

- 4.2. Any floating charges created by the Transferor Company in favour of their bankers for all the movable assets, documents of title to goods, receivables, claims and other current assets that are acquired by the Transferor Company from the Appointed Date till the Effective Date, shall be deemed to be the security and shall be available as security for the loans, cash credit and other working capital facilities, both fund based and non-fund based, which were sanctioned by the bankers of the Transferor Company either utilised fully or partly or unutilised by the Transferor Company subject to the limits sanctioned by their respective bankers so transferred and vested in the Transferee company pursuant to the Scheme.



- 4.3. The Scheme, as aforesaid, shall be, subject to existing charges / hypothecation / mortgage (if any as may be subsisting) over or in respect of the said assets or any part thereof in favour of Banks and Financial Institutions. Provided, however, that any reference in any security documents or arrangements to which the Transferor Company is a party, to such assets of the Transferor Company offered or agreed to be offered as security for any financial assistance both availed and to be availed up to any limit for which sanctions have already been obtained by the Transferor Company shall be construed as references only to the assets pertaining to the Transferor Company as are vested in the Transferee Company by virtue of the sub-Clause 4.1 hereof, to the end and intent that such security, mortgage and or charge shall not extend or be deemed to extend, to any of the assets or to any of the other units or divisions of the Transferee Company, unless specially agreed to by the Transferee Company with such secured creditors and subject to the consents and approvals of the existing secured creditors of the Transferee Company.
- 4.4. It is expressly provided that in respect of such of the said assets as are movable in nature or are otherwise capable of transfer by manual or constructive delivery and /or by endorsement and delivery, the same shall be so transferred by the Transferor Company and shall become the property of the Transferee Company in pursuance of the provisions of Sections 230 and 232 of the Companies Act, 2013, as an integral part of the undertaking, such transfer being deemed to have taken place at the location of the Registered Office of the Transferee Company, i.e., in the State of Karnataka.
- 4.5. In respect of the assets other than those referred to above shall without any further act, instrument, deed or matter or thing be transferred to and vested in and / or deemed to be transferred to and vested in the Transferee Company on the Appointed Date pursuant to the provisions of Sections 230 – 232 of the Companies Act, 2013. The vesting of all such assets shall be by virtue of the provisions of this Scheme and Sections 230 and 232 of the Companies Act, 2013 be deemed to have taken place at the location of the Registered Office of the Transferee Company i.e., in the State of Karnataka.



- 4.6. All benefits including under Income Tax, Sales Tax, Service Tax, etc., to which the Transferor Company is entitled to in terms of the various Statutes and / or Schemes of the Union and State Governments shall be available to and vest in the Transferee Company without any further act or deed.
- 4.7. The Transferee Company may, at any time, after coming into the effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of the secured creditors of the Transferor Company or in favour of any other party to any contract or arrangement to which the Transferor Company is a party or any writings, as may be necessary, to be executed in order to give formal effect to the above provisions. The Transferee Company shall under the provisions of the Scheme be deemed to be authorized to execute any such writings on behalf of the Transferor Company to implement or carry out all such formalities or compliances referred to above on the part of the Transferor Company to be carried out or performed.
- 4.8. Upon the coming into effect of the Scheme, the Transferee Company may, if it considers necessary or expedient, revise (with retroactive effect, if applicable), its Income-Tax returns, TDS returns, Goods and Service Tax returns, Sales-Tax returns and other tax returns and claim refunds and/or credits etc. pertaining to business activities of the Undertaking of the Transferor Company, pursuant to the provisions of the Scheme.

5. TRANSFER OF DEBTS AND LIABILITIES:

- 5.1. With effect from the Appointed Date, all debts, liabilities, loans, borrowings, bills payable, deposits, security deposits, interest accrued, duties and obligations of the Transferor Company including contingent liabilities not provided in their books and any accretions and additions or reductions thereto after the Appointed Date shall also stand transferred or be deemed to be transferred



without any further act or instrument or deed to the Transferee Company so as to become as and from that date, the debts, liabilities, loans, borrowings, bills payable, deposits, security deposits, interest accrued, duties and obligations of the Transferee Company and further 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, loans, borrowings, bills payable, deposits, security deposits, interest accrued, duties and obligations have arisen in order to give effect to the provisions of this Clause, PROVIDED ALWAYS that nothing in this Clause shall or is intended to enlarge the security for any loan, deposit or other indebtedness created by the Transferor Company prior to the Appointed Date which shall be transferred to and vested in the Transferee Company by virtue of the amalgamation and the Transferee Company shall not be required or obliged in any manner to create any further or additional security therefore after the Appointed Date or otherwise.

- 5.2. All the loans, advances and other facilities, if any, sanctioned to the Transferor Company by their bankers prior to the Appointed Date, which are partly drawn / utilised shall be deemed to be the loans and advances sanctioned to the Transferee Company and the said loans and advances shall be drawn / utilised either partly or fully by the Transferor Company from the Appointed Date till the Effective Date and all the advances / loans and or other facilities so drawn by the Transferor Company (within the over all limits sanctioned by their bankers) shall on the Effective Date be treated as advances and loans made available to the Transferee Company under any loan agreement and shall become the obligation of the Transferee Company without any further act, or deed on the part of the Transferee Company.
- 5.3. Upon the coming into effect of this Scheme, the borrowing limits of the Transferee Company shall, without further act or deed stand enhanced by an amount equivalent to the combined authorised borrowing limits of the Transferor Company, such limits being incremental to the existing limits of the Transferee Company.



- 5.4. The resolutions, if any, of the Board of Directors, Shareholders of the Transferor Company which are valid and subsisting on the Effective Date shall be continued to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have upper monetary or other limits being imposed under the provisions of the Act, or any other applicable legislations then said limits shall be added and shall constitute the aggregate of the said limits of the Transferee Company.
- 5.5. Upon this Scheme coming into effect, any loan or other obligations due between or amongst the Transferor Company and the Transferee Company shall stand discharged and there shall be no liability in that behalf.

6. LEGAL PROCEEDINGS

- 6.1 All legal proceedings of whatsoever nature by or against the Transferor Company pending and/or arising at the Appointed Date and relating to the Transferor Company or its properties, assets, debts, liabilities, duties and obligations referred to above, shall be continued and/or enforced until the Effective Date as desired by the Transferee Company and as and from the Effective Date shall be continued and enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company. On and from the Effective Date, the Transferee Company shall and may, if required, initiate any legal proceedings in its name in relation to the Transferor Company in the same manner and to the same extent as would, or might, have been initiated by the Transferor Company.

7. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

- 7.1 Subject to the other provisions contained in the Scheme, all contracts, deeds, bonds, agreements, insurance policies and other instruments of whatsoever nature to which any of the Transferor Company are a party, subsisting or having effect immediately before this arrangement under this Scheme, shall be, in full



force and effect, against or in favour of the Transferee Company, and may be enforced as fully and as effectively as if instead of the Transferor Company, the Transferee Company had been a party thereto. The Transferee Company shall enter into and / or issue and / or execute deeds, writings or confirmation or enter into any tripartite arrangement, confirmations or omissions to which the Transferor Company will, if necessary, also be party in order to give formal effect to the provisions of this clause, if so required or become necessary.

- 7.2 As a consequence of the amalgamation of the Transferor Company with the Transferee Company in accordance with this Scheme, the recording of change in name from the Transferor Company to the Transferee Company, whether for the purposes of any license, permit, approval or any other reason, or whether for the purposes of any transfer, registration, mutation or any other reason, shall be carried out by the concerned statutory or regulatory or any other authority without the requirement of payment of any transfer or registration fee or any other charge or imposition whatsoever.
- 7.3 The Transferee Company may, at any time, after the coming into the effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of any party to any contract or arrangement to which the Transferor Company is a party or any writings, as may be necessary, to be executed in order to give formal effect to the above provisions. The Transferee Company shall, under the provisions of the Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company, implement or carry out all such formalities or compliances referred to above on the part of the Transferor Company, as the case may be, to be carried out or performed.
- 7.4 For the removal of doubts, it is expressly made clear that the dissolution of the Transferor Company without the process of winding up as contemplated hereinafter, shall not, except to the extent set out in the Scheme, affect the previous operation of any contract, agreement, deed or any instrument or beneficial interest to which the Transferor Company is a party thereto and shall



not affect any right, privilege, obligations or liability, acquired, or deemed to be acquired prior to Appointed Date and all such references in such agreements, contracts and instruments to the Transferor Company shall be construed as reference only to the Transferee Company with effect from the Appointed Date.

8. EMPLOYEES

8.1 Upon the Scheme becoming effective, any the staff, workmen and other employees in the service of the Transferor Company immediately before the Effective Date shall become the staff, workmen and employees of the Transferee Company, on the basis that:

- a) Their services shall have been continuous and shall not have been interrupted by reason of such transfer as if such transfer is effected under Section 25FF of the Industrial Disputes Act, 1947;
- b) The terms and conditions of employment applicable to the said employees after such transfer shall not in any way be less favourable to them than those applicable to them immediately before the transfer;
- c) In the event of retrenchment of such employees, the Transferee Company shall be liable to pay compensation in accordance with law on the basis that the services of the staff, workmen, or other employees shall have been continuous and shall not have been interrupted by reason of such transfer; and
- d) In so far as the existing provident fund trusts, gratuity fund and pension and / or super-annuation fund trusts created by the Transferor Company for its employees, if any, are concerned, the part of the funds referable to the employees who are being transferred shall be continued for the benefit of the employees who are being transferred to the Transferee Company pursuant to the Scheme in the manner provided hereinafter. In the event that the Transferee Company has its own funds in respect of any of the funds referred to above, the amounts in such funds in respect of contributions pertaining to the



employees of the Transferor Company shall, subject to approvals and permissions, if required, be transferred to the relevant funds of the Transferee Company. In the event that the Transferee Company does not have its own fund, in respect of any of the aforesaid matters, the Transferee Company may, subject to approvals and permissions, if required, continue to contribute to the relevant funds of the Transferor Company until such time that the Transferee Company creates its own fund, at which time the contributions pertaining to the employees of the Transferor Company shall be transferred to the funds created by the Transferee Company. Provided however that, the Transferee Company shall be at liberty to form or restructure its provident fund trusts, gratuity fund and pension and/or superannuation fund trusts in such manner as may be decided by its Board of Directors, subject to compliance of relevant labour laws and any other allied laws for the purpose.

9. SAVING OF CONCLUDED TRANSACTIONS

9.1 The transfer of Assets and liabilities under Clause 4 and 5 above, the continuance of proceedings by or against the Transferee Company under Clause 6 above and the effectiveness of contracts and deeds under Clauses 7 above shall not affect any transaction or proceedings or contracts or deeds already concluded by the Transferor Company on or before the Appointed Date and after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto as done and executed on behalf of itself.

10. CONDUCT OF BUSINESS OF THE TRANSFEROR COMPANY TILL EFFECTIVE DATE

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



- a. The Transferor Company shall carry on, and be deemed to have been carrying on, all business activities and shall be deemed to have been held for and on account of, and in trust for, the Transferee Company.
- b. All profits or income or taxes, including but not limited to income tax, fringe benefit tax, advance taxes, minimum alternate tax, tax deducted at source by or on behalf of the Transferor Company, wealth tax, sales tax, value added tax, excise duty, goods and service tax, customs duty, etc. accruing or arising to the Transferor Company, or losses arising or expenditure incurred by them, on and from Appointed Date upto the Effective Date, shall for all purposes be treated as, and be deemed to be treated as, the profits or income or losses or expenditure or the said taxes of the Transferee Company.
- c. The Transferor Company shall carry on its business activity with proper prudence and diligence and shall not, without prior written consent of the Transferee Company, alienate, charge or otherwise deal with or dispose off any of the business undertaking or any part thereof (except in the ordinary course of business or pursuant to any pre-existing obligations undertaken by the Transferor Company prior to the Appointed Date).
- d. The Transferee Company shall also be entitled, pending sanction of the Scheme, to apply to the Central Government, State Government, and all other agencies, departments and statutory authorities concerned, wherever necessary, for such consents, approvals and sanctions which the Transferee Company may require in relation to the Undertaking of the Transferor Company including the registration, approvals, exemptions, reliefs, etc., as may be required / granted under any law for time being in force for carrying on business by the Transferee Company.
- e. The Transferor Company shall not declare any dividend, between the Appointed Date and the Effective Date, without the prior written consent of the Transferee Company.



- f. The Transferor Company shall not make any modification to its capital structure, either by an increase (by issue of rights shares, bonus shares or otherwise), decrease, reclassification, sub-division or re-organisation or in any other manner, whatsoever, except by mutual consent of the Boards of Directors of the Transferor Company and of the Transferee Company.
- g. The Transferor Company shall not vary, except in the ordinary course of business, the terms and conditions of the employment of their employees without the consent of the Board of Directors of the Transferee Company.

11. COMBINATION OF AUTHORISED SHARE CAPITAL

11.1 With effect from the Appointed Date and upon the Scheme becoming effective, subject to any corrections and adjustments as may in the opinion of the Board of Directors of the Transferee Company be required, the Authorised Share Capital of the Transferor Company as detailed in Clause 3.1 of this Scheme, shall stand combined with the Authorised Share Capital of the Transferee Company as detailed in Clause 3.2 of this Scheme, in the same form as they appear in the financial statements of the Transferor Company.

11.2 Clause 5th of the Memorandum of Association of the Transferee Company shall, with effect from the Appointed Date and upon the Scheme becoming effective and without any further act, deed, matter or thing be replaced by the following clause:

"5th. "The Authorised Share Capital of the Company is Rs. 6,00,00,000/- (Rupees Six Crore only) divided into 60,00,000 Equity Shares of Rs. 10/- each with power to increase or decrease such capital and to divide the shares in the capital for the time being into several classes and to attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions, subjects to the provision of the companies Act, 2013."




11.3 The Filing fees and stamp duty, if any, paid by the Transferor Company on its authorised share capital, shall be deemed to have been so paid by the Transferee Company on the combined authorised Share capital and accordingly, the Transferee Company shall not be required to pay any fee/ stamp duty for its increased authorised share capital to the extent of which was already paid by the Transferor Company. **The Transferee Company shall pay the differential amount of stamp duty for the increased amount of Authorized Share Capital after adjusting the stamp duty already paid by the Transferor Company.**

11.4 The Transferee Company is a subsidiary of the Transferor Company and upon implementation of the Scheme, the holding of 23,90,000 Equity Shares of Rs. 10 each in Transferee Company held by the Transferor Company shall get cancelled as an integral part of this Scheme and no allotment of any new shares in the Transferee Company shall be made to any person whatsoever in lieu thereof. There shall not be any further approvals required under Section 66 of the Companies Act, 2013 and the said Shares held by the Transferor Company in Transferee Company shall get reduced without following separate procedure of reduction of Share Capital.

11.5 As such reduction in share capital does not involve either diminution of any liability in respect of unpaid capital or payment to any shareholder of any paid-up capital, the proposed reduction would not in any way adversely affect the creditors of the Transferee Company. Accordingly, the reduction in the issued, subscribed and paid-up equity share capital of the Transferee Company shall be effected as an integral part of the Scheme itself and shall be deemed to be in accordance with the provisions of Section 66 and any other applicable provisions of the Act. The order of the Tribunal sanctioning the Scheme shall be deemed to be an order under Section 66 of the Act confirming the reduction without imposing a condition on the Transferee Company to add to its name the words, "and reduced".



11.6 It is hereby further clarified that the reduction of the paid up Equity Share capital shall not affect the authorized share capital of the Transferee Company and the same remain available to the Transferee Company for issue and allotment of fresh shares.

11.7 The approval of this Scheme under Sections 230 to 232 of the Companies Act, 2013 shall also be deemed to be approvals under Sections 13, 14, 61, 64 and 66 of the Companies Act, 2013 and other applicable provisions of the Act and any other consents and approvals required in this regard to give effect to the increase in Authorized Share Capital and reduction of Paid up Share Capital.

12. CONSIDERATION

12.1 Upon the Scheme becoming fully effective and in consideration of the transfer and vesting of the Undertaking of the Transferor Company in the Transferee Company in terms of the Scheme, upon the Scheme being sanctioned by the Hon'ble NCLT and the transfer having been effected as provided hereinabove, the Transferee Company shall without any further applications, act, instrument or deed, issue and allot to the other Equity Shareholders of the Transferor Company whose names are recorded in the register of members of the Transferor Company, (the "Members") on the Record Date, Equity Shares in the following manner:

The Transferee Company will issue Five (5) Equity Share of Rs. 10/- each credited as fully paid up for every One (1) Equity Share of Rs. 10/- each held in the Transferor Company;

(The above ratio as detailed in which the Equity Shares of the Transferee Company are to be allotted to the Shareholders of the Transferor Company by the Transferee Company is hereinafter referred to as the "Share Exchange Ratio.")



- 12.2 No Equity Shares shall be issued in respect of fractional entitlements, if any, by the Transferee Company, to the members of the Transferor Company at the time of issue and allotment of the Equity Shares.
- 12.3 The Board of the Transferee Company shall consolidate all such fractional entitlements and allot shares in lieu thereof to a Director or an authorized officer of the Transferee Company with express understanding that such Director or authorized officer shall sell the same at the best available price in one or more lots and by private sale/placement or by auction as deem fit (the decision of the Director or the authorized officer as the case may be as to the timing and method of the sale and the price at which such sale has been given effect to shall be final) and pay the sale proceeds to the Transferee Company. The net sale proceeds there upon, shall be distributed among members of the Transferor Company entitled to their fractional entitlements, in the proportion of their fractional entitlements by the Transferee Company.
- 12.4 Upon Equity Shares being issued and allotted by the Transferee Company to the shareholders of the Transferor Company, in accordance with Clauses 12.1, the Share Certificates in relation to the Shares held by the said Shareholders in the Transferor Company shall be deemed to have been cancelled and extinguished and be of no effect on and from such issue and allotment.
- 12.5 The Equity Shares in accordance with Clauses 12.1 shall be issued in physical form on or before such date as may be determined by the Transferee Company thereof.
- 12.6 The said Equity Shares to be issued and allotted by the Transferee Company shall be subject to Memorandum of Association and Articles of Association of the Transferee Company and shall rank *pari passu* in all respects from the date of allotment in terms of this scheme, with the existing Equity Shares of the Transferee Company, with all rights thereto, and shall be entitled to full dividend, if any, which may be declared by the Transferee Company after the effective date of the Scheme.



A handwritten signature in blue ink, appearing to be "Shashinalla".



12.7 In the event of the Transferee Company issuing any shares or any bonds or any debentures (non-convertible or partly or fully convertible) or any shares by way of bonus or rights to its shareholders on or after the date of acceptance of the Scheme by the Board of Directors of the Transferor Company and the Transferee Company, and before issue of shares under Clauses 12.1 hereof, the Transferee Company shall reserve for allotment to the members of the Transferor Company, the number of such shares, bonds or debentures to which the members of the Transferor Company would be entitled in terms of such issue, if this Scheme of Amalgamation had become effective prior to such issue. The shares, bonds or debentures so reserved as aforesaid shall be allotted (in the case of bonus shares) or offered (in case of rights issue) to the members of the Transferor Company only if this Scheme of Amalgamation becomes effective as specified herein and on the terms and conditions as those governing such allotment or issue to the members of the Transferee Company save and except that the dates of acceptance, splitting, renunciation, payment and allotment on the date from which such shares, bonds or debentures shall rank for dividend and interest shall be suitably fixed by the Board of Directors of the Transferee Company having due regard to similar dates fixed in respect of the issue of offer thereof to the shareholders of the Transferee Company.

12.8 Approval of this Scheme by the Shareholders of the Transferee Company shall be deemed to be in due compliance of Section 62(1)(c) of the Companies Act, 2013 and any other relevant provisions of the Act and such other regulations as are relevant and applicable for the issue and allotment of new Equity Shares by the Transferee Company.

13. ACCOUNTING TREATMENT

On the Scheme becoming effective, the Transferee Company shall account for the Amalgamation as under:



13.1 The Transferee Company shall account for the amalgamation of the Transferor Company as per the Accounting Standard 14 – Accounting for Amalgamations (AS - 14) prescribed by the Central Government under Companies (Accounting Standards) Rules, 2006 and any amendments thereto and shall abide by the Pooling of Interest Method of accounting stipulated in AS -14.

13.2 Upon the Scheme becoming effective, the Transferee Company shall account for the amalgamation in its books as under:

- (a) All the assets and liabilities, including Reserves, of the Transferor Company shall be recorded in the books of account of the Transferee Company at their existing carrying amounts and in the same form as at the Appointed Date.
- (b) The investments in the Share Capital of Transferor Company in the books of accounts of Transferee Company shall stand cancelled.
- (c) Inter-company balances and dues, if any, between the Transferor Company and the Transferee Company shall stand cancelled.
- (d) The difference between the net assets (assets less liabilities) and reserves of the Transferor Company transferred to the Transferee Company, after making the above adjustments shall be adjusted in the reserves of the Transferee Company.

13.3 In case of any differences in accounting policy between the Transferor Company and the Transferee Company, the accounting policies followed by the Transferee Company shall prevail and the difference till the Appointed Date will be quantified and adjusted in the Profit and Loss account, to ensure that the financial statements of Transferee Company reflects the financial position on the basis of consistent accounting policy.

14. DISSOLUTION OF TRANSFEROR COMPANY



Shamika



- 14.1 Subject to an order being made by the NCLT under Section 232 of the Companies Act, 2013, the Transferor Company shall be dissolved without the process of winding up on the Scheme becoming effective in accordance with the provisions of the Act and the Rules made there under.

PART C

GENERAL TERMS AND CONDITIONS APPLICABLE TO THE ENTIRE SCHEME

15. APPLICATION TO THE NCLT AT BENGALURU BENCH

- 15.1 The Transferor Company and the Transferee Company shall, with reasonable dispatch, apply to the NCLT for necessary orders or directions for holding or dispensing with the meetings of the members (and creditors, if necessary) of the Transferor Company and the Transferee Company respectively and for sanctioning this Scheme under Section 230 of the Companies Act, 2013, and orders under Section 232 of the Companies Act, 2013, for carrying this Scheme into effect, for dissolution of the Transferor Company without winding up, for the transfer of the Undertakings of the Transferor Company to the Transferee Company.

16. MODIFICATIONS/AMENDMENTS TO THE SCHEME

- 16.1 The Transferor Company and the Transferee Company through their respective Board of Directors or other persons, duly authorised by the respective Boards in this regard, may make or assent to any alteration or modification to this Scheme or to any conditions or limitations, which the NCLT, Bengaluru Bench or any other Competent Authority may deem fit to direct, approve or impose and may give such directions, as they may consider necessary, to settle any doubt, question or difficulty, arising under the Scheme or in regard to its implementation or in any manner connected therewith and to do all such acts, deeds, matters and things necessary for putting this Scheme into effect.

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16.2 After dissolution of the Transferor Company, the Transferee Company by its Board of Directors or other persons, duly authorised by its Board in this regard, shall be authorised, to take such steps, as may be necessary, desirable or proper to resolve any doubts, difficulties or questions, whether by reasons of any order of the NCLT or of any directive or order of any other authorities or otherwise, however, arising out of, under by virtue of this Scheme in relation to the amalgamation and / or matters concerning or connected therewith.

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

17. SCHEME CONDITIONAL ON APPROVALS / SANCTIONS

17.1 This Scheme is conditional upon and subject to –

- a) The sanction or approval under any law of the Central Government, State Government, or any other agency, department or authorities concerned, being obtained and granted in respect of any of the matters in respect of which such sanction or approval is required.
- b) The Scheme being agreed to by the respective requisite majorities of the members of the Transferor Company and the Transferee Company, if meetings of Equity Shareholders of the said companies are convened by the NCLT, or if dispensation from conducting the meeting of the members of the Transferor company is obtained from the NCLT, and the sanction of the NCLT being accorded to the Scheme.
- c) The sanction by the NCLT under Sections 230 and 232 of the Companies Act, 2013 and other applicable provisions of the Act being obtained by the Transferor Company and the Transferee Company.



- d) The filing with the Registrar of Companies, Karnataka, of certified copies of all necessary orders, sanctions and approvals mentioned above by the respective Companies.

18. EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS

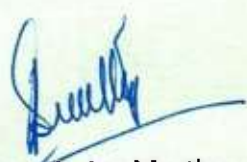
In the event of the Scheme not being sanctioned by the NCLT and/or the order or orders not being passed as aforesaid, the Scheme shall become fully null and void and in that event no rights and liabilities shall accrue to or be inter-se by the parties in terms of the Scheme, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law. In such event, each party shall bear and pay its respective costs, charges and expenses for and / or in connection with the Scheme.

19. EXPENSES CONNECTED WITH THE SCHEME

All costs, charges and expenses of the Transferor Company and the Transferee Company respectively in relation to or in connection with negotiations leading up to the Scheme and of carrying out and completing the terms and provisions of this Scheme and in relation to or in connection with the Scheme and incidental to the completion of the amalgamation of the Transferor Company with the Transferee Company in pursuance of this scheme shall be borne and paid by the Transferee Company.

Place: Bangalore

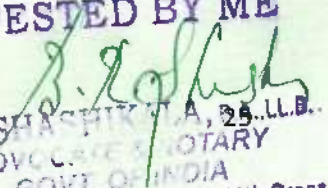
Date: 16.02.2022.


C R Narasimha Murthy

Authorized Signatory of Applicants



ATTESTED BY ME


B.R. SHASHIKALA, 25 LL.B.
ADVOCATE & NOTARY
GOVT. OF INDIA
No. 55, (Old No. 805/39), 11th Cross
Vyalikaval, Bangalore - 560 003.



16 FEB 2022


Govt. of Karnataka
has discontinued the
use of notarial stamps w.e.f. 1-4-2003