



NATIONAL COMPANY LAW TRIBUNAL
COURT ROOM NO. 1,
MUMBAI BENCH

Item No. 42

C.P.(CAA)/265(MB)2023 IN C.A.(CAA)/87(MB)2022

CORAM:

SH. PRABHAT KUMAR JUSTICE VIRENDRASINGH BISHT (Retd.)
HON'BLE MEMBER (TECHNICAL) HON'BLE MEMBER (JUDICIAL)

ORDER SHEET OF THE HEARING ON **26.10.2023**

NAME OF THE PARTIES: **ASSA ABLOY INDIA PRIVATE LIMITED**

Section 230-232 of the Companies Act, 2013

ORDER

C.P.(CAA)/265(MB)2023 IN C.A.(CAA)/87(MB)2022

- 1) Mr. Rajat Shah, Ld. Counsel for the Petitioner Company is present.
- 2) The present Company Petition has been filed in the matter of Scheme of Scheme of Arrangement between **ASSA ABLOY India Private Limited** (First Applicant Company or First Petitioner Company or Demerged Company) and **ASSA ABLOY Opening Solutions India Private Limited** (Second Applicant Company or Second Petitioner Company or Resultant Company) and their Respective Shareholders. **Petition Admitted.**



- 3) The Petitioner, at least 10 days before the date fixed for hearing, shall publish the notice of hearing of the Petition in two Local Newspapers viz. one in English language Newspaper (i.e. **Business Standard**) and another in Local Vernacular language Newspaper (i.e. **Navshakti**), having wide circulation in the area where the registered office of the Company and the Business of the Company is situated as per Rule 16 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.
- 4) The Petitioner Companies shall issue notices to Statutory and Regulatory authorities, as required under Rule 8 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, informing the date fixed for hearing.
- 5) The Petitioner shall host Notices along with the copy of the Scheme on their respective Websites, if any.
- 6) The Petitioners shall file proof of compliance electronically 3 days before the final hearing with this Tribunal. Petition is accordingly admitted and fixed for hearing and final disposal on **15.12.2023**.

Sd/-

PRABHAT KUMAR
MEMBER (TECHNICAL)

Vedant Kedare

Sd/-

JUSTICE VIRENDRASINGH BISHT
MEMBER (JUDICIAL)

**SCHEME OF ARRANGEMENT
BETWEEN
ASSA ABLOY INDIA PRIVATE LIMITED
(DEMERGED COMPANY)
AND
ASSA ABLOY OPENING SOLUTIONS INDIA PRIVATE LIMITED
(RESULTING COMPANY)
AND
THEIR RESPECTIVE SHAREHOLDERS (UNDER SECTIONS 230 TO 232 READ WITH
SECTION 52 AND SECTION 66 AND OTHER APPLICABLE PROVISIONS OF THE
COMPANIES ACT, 2013)**

A: PREAMBLE

This Scheme of Arrangement (the “**Scheme**”) is presented under Sections 230 to 232 read with Section 52 and Section 66 and other applicable provisions of the Companies Act, 2013 for Demerger of the Hardware Division (as defined hereinafter) of ASSA ABLOY India Private Limited (“ASSA ABLOY India” or “Demerged Company”) into ASSA ABLOY Opening Solutions India Private Limited (formerly known as ENOX Hardware India Private Limited) (“ASSA ABLOY Solutions or ‘Resulting Company’”).

(A) Description of Companies

ASSA ABLOY India Private Limited (hereinafter referred to as “**ASSA ABLOY India**” or “**Demerged Company**”), was incorporated as a private limited company under the Companies Act 1956 on the 5th August 2005 (CIN – U28993MH2005PTC155169). Its registered office is situated at Ecostar, 11th Floor, 1104 - 1105, Off Aarey Road, Vishweshwar Nagar, Goregaon East, Mumbai - 400063, Maharashtra, India.

ASSA ABLOY Opening Solutions India Private Limited (hereinafter referred to as “**ASSA ABLOY Solutions**” or “**Resulting Company**”), was incorporated as a private limited company under the Companies Act 2013, on 23rd June 2014 (CIN - U74900MH2014PTC255598), under the name and style of ENOX Hardware India Private Limited. Its name was changed to ASSA ABLOY Opening Solutions India Private Limited vide incorporation certificate dated 13th January 2021. Its registered office is situated at Ecostar, 11th Floor, 1101-1103, Off Aarey Road, Vishweshwar Nagar, Goregaon East, Mumbai - 400063, Maharashtra, India.

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For ASSA ABLOY India Pvt. Ltd.

Director / Authorised Signatory



(B) Rationale and purpose of the Scheme

1. ASSA ABLOY India is engaged in trading in products which inter alia include digital locks, mechanical locks, door closers, floor springs, glass fittings, electromagnetic locks, automatic door operators, etc. The business divisions within ASSA ABLOY India are broadly classified as under:
 - I. The hardware division (referred to as "**Hardware Division**") encompasses the activities of retail sales [i.e. sales through dealers and distributors], project sales [i.e. sales through distributors for residential and commercial projects] and sales through system integrator / professional end user [i.e. sales through carpenter, interior designer. etc.]; and
 - II. The hospitality division is a separate division in ASSA ABLOY India. The hospitality division is engaged in the business activities of providing glass door locking products and glass door solutions services to the institutional players such as hospitals, hotels, resorts etc. (referred to as "**Hospitality Division**"). The Hospitality Division envisages to carry out its business operations under entity ASSA ABLOY India.
2. ASSA ABLOY Solutions is engaged in hardware solutions and trades in products which inter alia include glass hardware, glass fittings, door hardware, glass hinges, shower hinges, etc.
3. Both ASSA ABLOY Solutions and ASSA ABLOY India are ultimately held (100%) by the ASSA ABLOY Group headquartered in Sweden.
4. It is intended that the Hospitality Division will continue to carry on its business operations separately in ASSA ABLOY India.
5. Accordingly, a scheme of arrangement has been sought to demerge the Hardware Division (as defined hereinafter) of ASSA ABLOY India on a going concern basis into ASSA ABLOY Solutions.
6. The proposed Demerger of Hardware Division of ASSA ABLOY India into ASSA ABLOY Solutions would enable the consolidation of all the hardware fittings, electromagnetic locks, glass fittings and door opening / automation solutions



business of the ASSA ABLOY Group under a single entity, i.e. ASSA ABLOY Solutions. This would also facilitate achieving business synergies and enable operational and administrative convenience for the ASSA ABLOY Group business in India.

7. The proposed demerger of Hardware Division would also facilitate the management to efficiently exploit opportunities for each of the said businesses.
8. Thus, the proposed demerger shall also benefit all the shareholders, creditors, employees and all other stakeholders and shall enable the group to achieve and fulfil its objectives more efficiently and economically.
9. This Scheme has been drawn up to comply with the conditions relating to "Demerger" as specified under Section 2(19AA) of the Income-tax Act, 1961. 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 Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the Income-tax Act, 1961. Such modification will however not affect other parts of the Scheme.
10. 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 with regard to demerger of the Hardware Division of the Demerged Company into the Resulting Company and is not an arrangement with the creditors of any of the entities involved.

(C) Parts of the Scheme

The Scheme is divided into the following parts:

- (i) **Part I** deals with the definitions and the capital structure of ASSA ABLOY India and ASSA ABLOY Solutions;
- (ii) **Part II** deals with the Demerger of the Hardware Division of ASSA ABLOY India into ASSA ABLOY Solutions on a going concern basis and utilization of security premium account of ASSA ABLOY India and ASSA ABLOY Solutions;



(iii) **Part III** deals with General Terms and Conditions.



PART I- DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

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

- (a) **"Act" or "the Act"** means the Companies Act, 2013 and rules made there under and shall include any statutory modification or re-enactment or amendment thereof for the time being in force.
- (b) **"Applicable Law"** 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.
- (c) **"Appointed Date"** means 1st April, 2021 or such other date as the NCLT (defined hereinbelow) may direct.
- (d) **"Appropriate Authority"** means any governmental body (central, state or local government), legislative body, departmental or public body, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau, instrumentality, judicial or arbitral body, statutory body, or any other organization to the extent that the rules, regulations and standards, requirements, procedures or orders of such authority, body or other organization have the force of law, including the central government, Registrar of Companies (defined hereinafter), income tax authorities or the National Company Law Tribunal as may be relevant in the context.
- (e) **"Board of Directors" or "Board"** in relation to the Demerged Company and the Resulting Company, as the case may be, shall unless it be repugnant to the context or otherwise, include a committee of directors or any person duly constituted and authorised by the respective Boards of Directors.



- (f) **"Demerged Company" or "ASSA ABLOY India"** means ASSA ABLOY India Private Limited, a company incorporated under the Companies Act, 1956 on 5th August, 2005 (CIN – U28993MH2005PTC155169). Its registered office is situated at Ecostar, 11th Floor, 1104 - 1105, Off Aarey Road, Vishweshwar Nagar, Goregaon East, Mumbai -400 063, Maharashtra, India.
- (g) **"Hardware Division" or "Demerged Undertaking"** means all the assets, properties, liabilities, rights and powers of whatsoever nature and kind and wherever so situated pertaining to the Hardware business of the Demerged Company on a going concern basis, representing an undertaking in compliance with Section 2(19AA) of the IT Act, as on the Appointed Date, which shall be transferred and vested with the Resulting Company upon Demerger by the Demerged Company in terms of this Scheme. Without prejudice and limitation to the generality of the above, the Demerged Undertaking means and includes:
- i) all properties and assets, movable and immoveable assets (including leasehold rights), real and personal, in possession or reversion, corporeal and incorporeal, present and future, contingent or of whatsoever nature, wheresoever situate along with buildings, offices, furniture, plant and machineries, office equipment, vehicles, investments (if any), capital work-in-progress, current assets, debtor, inventory, stock in transit, 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 or relatable to the Hardware business of the Demerged Company 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 or relatable to the Hardware business, all statutory licenses and / or permissions and / or approvals and / or filings to carry on the operations of the Hardware business, benefits of all agreements, import entitlements contracts and arrangements and all other interests in connection with or relating to the Hardware business;
 - ii) all debts, loan, liabilities including contingent liabilities and obligations of the Demerged Company pertaining to and / or arising out of and / or relatable to the Hardware business;



- iii) 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 Hardware business;
- iv) All agreements, rights, contracts, consents, engagements, arrangements, all the rights and obligations under the contracts / agreements including but not limited to service provider contracts, preferred financing contracts, connector agreements, revenue sharing agreements, leave and license agreements, direct selling agent agreements, non-disclosure agreements, memorandum of understandings, expression of interest letters, vendor agreements, master service agreements, mandate agreements, agreements executed with legal and technical vendors / valuers, framework agreements, collaboration agreements, lease agreements, master license agreements, annual maintenance contracts, agreements, license usage agreements, digital marketing agreements, project marketing agreements, total cost of service agreements, software licensing agreements, introduction agreements, mutual confidential disclosure agreements, sourcing agreements, master lease agreements, escrow agreements, trust retention account agreements, operating lease agreements / contracts, agreement to provide the facility attendants, collection agency agreements, stock yard contracts, online auction agreements, relationship referral agreements, repossession agreements, all the rights and obligations with respect to credit enhancement obligations together with corresponding collateral and interest and surplus received or receivable to meet credit enhancement obligations and all the rights and obligations with respect to collection and payout obligations, in connection with or relatable to the Hardware business;
- v) All privileges, exemptions, subsidies, concessions, deferred tax benefits and all approvals of whatsoever nature including but not limited to benefits of tax deduction, credit or relief under the IT Act such as all tax holidays and exemptions, credit for advance tax, self assessment tax, regular assessment tax, taxes deducted at source, tax collected at source, equalization levy, MAT credit entitlement (whether recorded or not in the financial statements), tax losses (including business tax losses and unabsorbed depreciation) under normal tax provision, book losses under MAT, benefits under the value added tax, benefits of any unutilized CENVAT / service tax credits / GST Input Credit or balance relating to the Hardware business;



- vi) all legal (whether civil or criminal), taxation or other proceedings or investigations of whatsoever nature (including those before any Appropriate Authority) initiated by or against Demerged Company or proceedings or investigations to which Demerged Company is party to, that pertains to Hardware business, whether pending/ongoing as on the Appointed Date or which may be instituted any time in the future;
- vii) all necessary books, records, files, papers, 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, customer contracts and other records whether in physical or electronic form in connection with or relating to the Hardware business of the Demerged Company;
- viii) All insurance policies or extension of insurance covers and / or benefits under the existing insurance policies providing insurance cover pertaining to the Hardware business;
- ix) all employees of the Demerged Company substantially engaged in the Hardware business and those employees that are determined by the Board of Directors of the Demerged Company to be substantially engaged in or relatable to the Hardware business.

For the purposes of this Scheme, it is clarified that liabilities pertaining or relating to the Hardware Division shall mean:

- (a) The liabilities which arise out of the activities or operations of the Hardware business;
- (b) The specific loans or borrowings raised, incurred and utilized solely for the activities or operations of the Hardware business; and
- (c) In cases, other than those referred to in sub-clauses (a) and (b) above, so much of the amounts of general or multipurpose borrowings of the Demerged Company, which is not allocable to any undertaking/business shall stand transfer to the Resulting Company in the same proportion in which the value of the assets transferred to the Resulting Company under this Scheme bears to the total value of the assets of Demerged Company immediately before the Demerger, as



prescribed under the Income-tax Act, 1961.

- x) Any question that may arise as to whether a specified asset or liability or employee(s) pertains or does not pertain to the Hardware Division or whether it arises out of the activities or operations of the Hardware Division of the Demerged Company shall be decided by mutual agreement between the Board of Directors of the Demerged Company and Resulting Company.
- (h) **“Demerger”** means the transfer by way of Demerger of the Hardware Division of the Demerged Company to Resulting Company on a going concern basis, in terms of Section 2(19AA) of the IT Act as set out in the Scheme.
- (i) **“Effective Date”** means the date or last of the dates on which NCLT order is filed with the respective ROC, Mumbai by ASSA ABLOY Solutions and ASSA ABLOY India (as the case may be).
- (j) **“Encumbrance”** means any options, pledge, mortgage, lien, security, interest, claim, charge, pre-emptive right, easement, limitation, attachment, restraint or any other encumbrance of any kind or nature whatsoever, and the term “Encumbered” shall be construed accordingly.
- (k) **“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 or instrumentality thereof or arbitration or arbitral body having jurisdiction over the territory of India.
- (l) **“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 reenactments 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.
- (m) **“Legal Proceedings”** means proceedings of whatsoever nature, civil or criminal, including any disputes, suits, actions, appeals, arbitrations, execution proceedings, revisions, writ petitions and taxation proceedings, pending before any statutory or quasi-judicial authority or tribunal.



- (n) **"National Company Law Tribunal"** or **"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 read with Sections 52 and 66 and other applicable sections of the Companies Act, 2013.
- (o) **"Registrar of Companies"** or **"ROC"** means the Registrar of Companies, Mumbai, Maharashtra in relation to the Demerged Company and the Resulting Company.
- (p) **"Remaining Business"** or **"Remaining Undertaking"** means the business, assets and Liabilities of the Demerged Company other than the Hardware Division and includes the Hospitality Division and its assets and liabilities including portion of general or multipurpose borrowings, contracts and employees not related to the Hardware Division of the Demerged Company.
- (q) **"Resulting Company"** or **"ASSA ABLOY Solutions"** means ASSA ABLOY Opening Solutions India Private Limited (formerly known as ENOX Hardware India Private Limited), a company incorporated under the Companies Act, 2013 on 23rd June, 2014 (CIN - U74900MH2014PTC255598) with its registered office situated at Ecostar, 11th Floor, 1101-1103, Off Aarey Road, Vishweshwar Nagar, Goregaon East, Mumbai - 400063, Maharashtra, India.
- (r) **"Scheme"** or **"the Scheme"** or **"this Scheme"** means this Scheme of Arrangement pursuant to Sections 230 to 232 read with Sections 52 and 66 and other applicable provisions of the Act in its present form with such modifications and amendments as may be made from time to time as per Clause 20, submitted to the NCLT or any other Appropriate Authority, as may be relevant, with any modification(s) thereto as the Board or NCLT or any other Appropriate Authority may require, direct or approve.

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the 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.



1.2. In this Scheme, unless the context otherwise requires:

- (a) words denoting singular shall include plural and vice versa;
- (b) headings and bold typeface are only for convenience and shall be ignored for the purposes of interpretation;
- (c) references to the word "include" or "including" shall be construed without limitation;
- (d) a reference to an article, clause, section or paragraph is, unless indicated to the contrary, a reference to an article, clause, section or paragraph of this Scheme;
- (e) references to dates and time shall be construed to be references to Indian dates and time;
- (f) references to a person include any individual, firm, body corporate (whether incorporated or not), government, state or agency of a state or any joint venture, association, partnership, works councillor employee representatives body (whether or not having separate legal personality);
- (g) references to any of the terms taxes, duty, levy, cess in the Scheme shall be construed as reference to all of them whether jointly or severally;
- (h) word(s) and expression(s) elsewhere defined in the Scheme will have the meaning(s) respectively ascribed to them; and
- (i) any reference to any statute or statutory provision shall include:
 - (i) all subordinate legislations made from time to time under that provision (whether or not amended, modified, re-enacted or consolidated from time to time) and any retrospective amendment; and
 - (ii) such provision as from time to time amended, modified, re-enacted or consolidated (whether before or after the filing of this Scheme) to the extent such amendment, modification, re-enactment or consolidation applies or is capable of applying to the matters contemplated under this Scheme and (to the extent liability there under may exist or can arise) shall include any past statutory provision (as amended, modified, re-enacted or consolidated from time to time) which the provision referred to has directly or indirectly replaced.

2. DATE OF COMING INTO EFFECT

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

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Therefore, for all regulatory and tax purposes, the demerger would have been deemed to be effective from the Appointed Date of this Scheme.

3. SHARE CAPITAL

3.1 The authorised, issued, subscribed and paid-up share capital of the Demerged Company as on December 31, 2021 is as under:

Particulars	Rupees
Authorised Capital	
40,00,000 Equity Shares of Rs. 10 each	4,00,00,000
TOTAL	4,00,00,000
Issued, Subscribed and Paid-up Capital	
36,98,061 Equity Shares of Rs. 10 each	3,69,80,610
TOTAL	3,69,80,610

Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid up share capital of the Demerged Company.

3.2 The authorised, issued, subscribed and paid-up share capital of the Resulting Company as on December 31, 2021 is as under:

Particulars	Rupees
Authorised Capital	
5,00,000 Equity Shares of Rs. 10 each	50,00,000
TOTAL	50,00,000
Issued, Subscribed and Paid-up Capital	
4,16,667 Equity Shares of Rs. 10 each fully paid-up	41,66,670
TOTAL	41,66,670

Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid up share capital of the Resulting Company.



PART II – DEMERGER OF HARDWARE DIVISION OF ASSA ABLOY INDIA

4. DEMERGER OF HARDWARE DIVISION

Upon coming into effect of the Scheme and with effect from the Appointed Date:

- 4.1 The Demerged Undertaking in its entirety shall, pursuant to Sections 230 to 232 read with Section 52 and Section 66 of the Act and all other applicable provisions of the Act, if any, without any further act or instrument, deed, matter or thing be transferred to, vested in with the Resulting Company on a “going concern” basis for the consideration as set out hereinafter.
- 4.2 In the event any asset, contract, liability or property or the benefit thereof, which is a part of the Demerged Undertaking does not get transferred to the Resulting Company upon effectiveness of the Scheme, the Demerged Company and the Resulting Company undertake to take all necessary steps and execute all necessary documents, to ensure the transfer of such asset, contract, liability and property or the benefit thereof to the Resulting Company forthwith without any further consideration. The Demerged Company and the Resulting Company agree that pending transfer of such assets, contracts, property and benefit to the Resulting Company, the Demerged Company shall hold such assets, contracts, property and benefit in trust for the Resulting Company, and shall put in place necessary arrangements to allow the Resulting Company to enjoy the benefit of the same.
- 4.3 For avoidance of doubt the Remaining Business shall continue to vest in the Demerged Company.

5. TRANSFER OF ASSETS

Without prejudice to the generality of Clause 4 above, upon the Scheme becoming effective and with effect from Appointed Date, the assets of the Demerged Undertaking shall stand transferred to and vested in the Resulting Company in the following manner:

- 5.1 Such of the assets of the Demerged Undertaking as are movable in nature, and / or otherwise capable of transfer by manual or constructive delivery and / or endorsement and delivery, the same may, upon coming into effect of this Scheme, be so transferred to the Resulting Company without requiring any deed or instrument of conveyance and shall upon such transfer become the property and an integral part of the Resulting Company.



- 5.2 In respect of assets other than those dealt with Clause 5.1 above, including but not limited to sundry debts, receivables, bills, credits, loans, advances and deposits, if any, whether recoverable in cash or in kind or for value to be received, bank balances, etc. the same shall stand transferred to and vested in the Resulting Company without any notice or other intimation to any Person and intent that the right of the Demerged Company to recover or realize the same stands transferred to the Resulting Company. The Resulting Company shall at its sole discretion but without being obliged, give notice in such form as it may deem fit and proper, to such Person, as the case may be, that the said debt, receivable, bill, credit, loan, advance or deposit stands transferred and vested in the Resulting Company and that appropriate modification should be made in their respective books/records to reflect the aforesaid changes.
- 5.3 In respect of movable assets, other than those specified in sub-clause 5.1 above, including actionable claims, transfer of sundry debtors, related investments and outstanding loans and advances, if any, recoverable in cash or in kind or value to be received, bank balances, deposits with the Electricity, Water, Central Excise, Customs, Sales Tax / VAT / GST and such other departments of the State and / or Central Government if any and Indemnity, Guarantee, undertaking furnished to any department or authority of the State and / or Central Government, the Demerged Company shall give notice in such form as it may deem fit and proper to each party, debtor, depositor or the investee of Demerged Company as the case may be, that pursuant to the Orders of the NCLT sanctioning the Scheme, the said debt, loan, advances, etc. to be paid or made good or held on account of the Resulting Company as the person entitled thereto, to the end and intent that the right of the Demerged Company to recover or realize the same stands extinguished, and that such rights to recover or realize the same shall vest in the Resulting Company. The Resulting Company may, if required, give notice in such form as it may deem fit and proper to each person, debtor or depositor or investee that pursuant to the Order of the NCLT sanctioning the Scheme, the said person, debtor or depositor should pay the debt, loan or advance or make good the same or hold the same to the account of the Resulting Company and that the right of the Resulting Company to recover or realise the same is in substitution of the right of the Demerged Company.
- 5.4 Without prejudice to aforesaid and Clause 7, the Resulting Company may, if so required under any Applicable Law or otherwise, in accordance with the provisions hereof, execute or enter into any arrangements, conveyance, confirmations, deeds, documents, letters or any other instruments relating to any asset of the Demerged Undertaking with



any party to any contract or agreements to which the Demerged Company is a party. For such purposes, if so requested by the Resulting Company, the Demerged Company shall provide all the necessary assistance.

- 5.5 In relation to the assets, properties and rights including rights arising from contracts, deeds, instruments and agreements, if any, belonging to the Demerged Undertaking of the Demerged Company, which require separate documents of transfer including documents for attainment or endorsement, as the case may be, the Resulting Company will execute the necessary documents of transfer including documents for attainment or endorsement, as the case may be, as and when required.
- 5.6 All immovable properties, if any, relating to the Demerged Undertaking of the Demerged Company, including land together with the buildings and structures standing thereon and rights and interests in immovable properties, whether freehold or leasehold or otherwise and all documents of title, rights and easements in relation thereto shall stand transferred to and be vested in and/or be deemed to have been transferred to and vested in the Resulting Company, without any further act or deed done or being required to be done by the Demerged Company and/or the Resulting Company. The Demerged Company shall take all steps as may be necessary to ensure that vacant, lawful, peaceful and unencumbered possession, right, title, interest of its immovable property is given to the Resulting Company. The Resulting Company shall be entitled to exercise all rights and privileges attached to the aforesaid immovable properties and shall be liable to pay the ground rent and taxes and fulfill all obligations in relation to or applicable to such immovable properties. The mutation or substitution of the title to the immovable properties shall, upon this Scheme becoming effective, be made and duly recorded in the name of the Resulting Company by the appropriate authorities pursuant to the sanction of this Scheme by the Court in accordance with the terms hereof.
- 5.7 In so far as the various incentives, subsidies, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person and availed of by the Demerged Undertaking of the Demerged Company are concerned, the same shall vest with, and be available to, the Resulting Company on the same terms and conditions.
- 5.8 Any statutory licenses including permissions, approvals and/or consents pertaining to or relating to the Demerged Undertaking of the Demerged Company required to carry on 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 favour 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 attributed to the Demerged Undertaking of the Demerged Company shall vest in, and become available to, the Resulting Company.

- 5.9 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 favour 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 oblige thereto.
- 5.10 The entitlement to various benefits under incentive schemes and policies in relation to the Demerged Undertaking of the Demerged Company shall stand transferred to, and be vested in, and/or be deemed to have been transferred to, and vested in, the Resulting Company together with all benefits, entitlements and incentives of any nature whatsoever. Such entitlements shall include (but shall not be limited to) Goods and Service Tax, sales tax, value added tax, service tax, CENVAT credit, credit for advance tax, self assessment tax, regular assessment tax, taxes deducted at source, tax collected at source, equivalization levy, MAT credit entitlement (whether recorded or not), tax losses (including tax business losses and unabsorbed depreciation), book losses (including business losses and unabsorbed depreciation) under MAT in relation to the Demerged Undertaking of the Demerged Company to be claimed by the Resulting Company with effect from the Appointed Date as if the Resulting Company was originally entitled to all such benefits under such incentive scheme and/or policies, subject to continued compliance by the Resulting Company of all the terms and conditions subject to which the benefits under such incentive schemes were made available to the Demerged Company.
- 5.11 Since each of the permissions, approvals, consents, sanctions, remissions, holidays, incentives, concessions and other authorizations relating to the Demerged Undertaking of the Demerged Company, shall stand transferred under this Scheme to the Resulting Company, the Resulting Company shall file the relevant intimations, if any, for the record of the statutory authorities who shall take them on file, pursuant to the Scheme coming into effect.



- 5.12 All cheques and other negotiable instruments, payment order, electronic fund transfers (like NEFT, RTGS, etc.) received or presented for encashment which are in the name of Demerged Company (in relation to Demerged Undertaking) after the Effective Date shall be accepted by the bankers of Resulting Company and credited to the account of Resulting Company, if presented by Resulting Company or received through electronic transfers. Similarly, the banker of Resulting Company shall honour all cheques/electronic fund transfer instructions issued by Demerged Company (in relation to Demerged Undertaking) for payment after the Effective Date. If required, the bankers of the Demerged Company and the Resulting Company shall allow maintaining and operating of the bank accounts (including banking transactions carried out electronically) in the name of the Demerged Company by Resulting Company in relation to the Demerged Undertaking for such time as may be determined to be necessary by Resulting Company for presentation and deposition of cheques, pay order and electronic transfers that have been issued/made in the name of Demerged Company.
- 5.13 All necessary records, files, papers, technical and process information, all product and service pricing, costing, commercial and business related information, computer program, drawings and designs, procedure and other manuals, training materials, prospect lists, data, catalogues, quotations, sales and advertising materials, financing and serving related forms, lists and all details 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 Demerged Undertaking shall be transferred to the Resulting Company.
- 5.14 With effect from the Appointed Date, all inter-party transactions between the Demerged Undertaking of Demerged Company and the Resulting Company shall be considered as intra-party transactions for all purposes from the Appointed Date. For the removal of doubt, it is clarified that upon the Scheme coming into effect and with effect from the Appointed Date, to the extent there are inter-corporate loans, deposits, investments, obligation, balances or other outstanding as between the Demerged Undertaking of the Demerged Company and/or Resulting Company, the obligations in respect thereof shall come to an end and there shall be no liability in that behalf and corresponding effect shall be given in the books of account and records of the Demerged Undertaking of Demerged Company and Resulting Company (as the case may be) for the reduction of such income, assets or liabilities as the case may be.



Further, in case the Demerged Undertaking of the Demerged Company or the Resulting Company have paid taxes on any of the above intra-party transactions executed between the Appointed Date and upon the Scheme becoming Effective, then the taxes paid, if any, shall be regarded as taxes paid by the Resulting Company and the same shall be allowed as credit in the hands of the Resulting Company.

6. TRANSFER OF LIABILITIES

Without prejudice to the generality of Clause 4 above, upon Scheme becoming effective and with effect from Appointed Date, the liabilities of the Demerged Undertaking shall stand transferred to and vested in the Resulting Company in the following manner:

- 6.1. all loans, borrowings, debts, liabilities, credit facilities, overdraft facilities, duties and obligations of the Demerged Company relating to the Demerged Undertaking, which may accrue or arise or relate to the period on or before the Appointed Date, shall, without any further act or deed become the loans, borrowings, debts, liabilities, credit facilities, overdraft facilities, duties and obligations in relation thereto shall stand transferred to, vested in, and shall be exercised by or against the Resulting Company, as if it has entered into such loans, credit facilities, overdraft facilities or incurred such borrowing, debts, liabilities, duties and obligations. The Resulting Company shall undertake to meet, discharge and satisfy the same to the exclusion of the Demerged Company.
- 6.2. all loans, borrowings, debts, liabilities, credit facilities, overdraft facilities, duties and obligations, of the Demerged Company relating to the Remaining Business, whether provided for or not in the books of account of the Demerged Company and other liabilities relating to the Remaining Business shall continue to remain as loans, borrowings, debts, liabilities, duties and obligations of the Demerged Company. The Demerged Company shall undertake to meet, discharge and satisfy the same to the exclusion of the Resulting Company.
- 6.3. Where any of the liabilities and obligations/assets attributed to the Demerged Undertaking of the Demerged Company as on the "Appointed Date" has been discharged/ sold by the Demerged Company after the "Appointed Date" and prior to the



"Effective Date", such discharge/sale shall be deemed to have been for and on behalf of the Resulting Company.

- 6.4. the Resulting Company alone shall be liable to perform all obligations in respect of all debts, liabilities, duties and obligations pertaining to the Demerged Undertaking and the Demerged Company shall not have any obligations in respect of the same.
- 6.5. the Demerged Company alone shall be liable to perform all obligations in respect of all debts, liabilities, duties and obligations to the Remaining Business and the Resulting Company shall not have any obligations in respect of the Remaining Business.
- 6.6. The securities or encumbrances created with respect to liabilities retained by the Demerged Company over the assets comprised of the Demerged Undertaking shall stand discharged and the assets of the Demerged Company shall be offered as security for liabilities retained by the Demerged Company.
- 6.7. The securities or encumbrances created with respect to liabilities retained pertaining to Remaining Businesses of the Demerged Company shall continue to subsist.
- 6.8. The securities or encumbrances created on the assets retained by the Demerged Company with respect to liabilities transferred to the Demerged Undertaking shall stand discharged and the assets of the Demerged Undertaking shall be offered as security for liabilities transferred to the Resulting Company
- 6.9. Without prejudice to the provisions of the foregoing clauses, upon the Scheme becoming effective, the Demerged Company and the Resulting Company shall execute all instruments or documents or do all the acts and deeds as may be required, including the filing of necessary particulars and/ or modifications of charge with the Registrar of Companies to give formal effect to the above provisions, if required.

It is expressly clarified that in case any question that may arise as to whether any particular asset or liability pertains or does not pertain to the Demerged Undertaking of the Demerged Company, or whether it arises out of the activities or operations of the Demerged Undertaking, the same shall be decided by mutual agreement between Board of Directors of the Demerged Company and that of Resulting Company. It is hereby clarified that the rest of the assets and liabilities (other than those forming part of the Demerged Undertaking or otherwise specified in this Scheme) of Demerged Company shall continue in the Demerged Company.



7. CONTRACTS, DEEDS, ETC.

7.1. Without prejudice to the generality of Clause 4 above, upon the Scheme becoming effective and with effect from Appointed Date, the contracts, deeds, etc. relating to the Demerged Undertaking shall stand transferred to and vested in the Resulting Company in the following manner:

- (a) Subject to the other provisions contained in this Scheme, all contracts, deeds, bonds, agreements and other instruments of whatever nature relating to the Demerged Undertaking to which the Demerged Company is a party entered into, subsisting or having effect immediately before the Effective Date shall remain in full force and effect against or in favour of the Resulting Company and may be enforced as fully and effectively as if the Resulting Company instead of the Demerged Company, had been a party thereto.
- (b) the Resulting Company shall, wherever necessary, enter into and/or execute deeds, writings, confirmations or novations to which the Demerged Company will, if necessary, also be a party in order to give formal effect to the provisions of this Clause. The Resulting Company shall be deemed to be authorized to execute any such writings on behalf of the Demerged Company to carry out or perform all such formalities or compliance in respect of such deeds, writings, confirmations or novations.

7.2. the Resulting Company shall be deemed to be authorized to execute any such writings on behalf of the Demerged Company to enable the Resulting Company to carry out or perform all such formalities or compliance as may be required in connection with change of name in any government approvals pertaining to the Demerged Undertaking to be vested with the Resulting Company.

8. EMPLOYEES

8.1. Upon the coming into effect of this Scheme, all employees pertaining to the Demerged Undertaking and those employees as the Board of the Demerged Company may determine, shall become employees of the Resulting Company ("Transferred Employees") with effect from the Effective Date, on same terms and conditions which, as a result, shall be no less favourable than those on which they are engaged as on the Effective Date, without any interruption of service as a result of this Demerger and without any further act, deed or instrument on the part of Demerged Company or the Resulting Company. With regard to provident fund, gratuity fund, superannuation fund,



leave encashment and any other special scheme or benefits created or existing for the benefit of the Transferred Employees, upon the Scheme becoming effective, shall be continued on the same terms and conditions by Resulting Company and Resulting Company shall stand substituted for all purposes and intents, whatsoever, relating to the administration or operations of such schemes or funds or in relation to the obligation to make contributions to the said funds, in accordance with the provisions of Applicable Law. It is hereby clarified that upon the Scheme becoming effective, the aforesaid benefits or schemes shall continue to be provided to the Transferred Employees and the services of all the Transferred Employees for such purpose shall be treated as having been continuous.

- 8.2. Resulting Company agrees that the services of the Transferred Employees prior to the transfer, shall be taken into account for the purposes of all benefits to which such employees may be eligible, including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident plans and other retirement benefits and accordingly, shall be reckoned from the date of their respective appointment in the Demerged Company. Resulting Company undertakes to pay the same, as and when payable under Applicable Law.
- 8.3. The existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, annuity, deposit linked insurance fund, pension, staff welfare scheme and any other special scheme or benefits of the Transferred Employees shall be continued on the same terms and conditions or be transferred to the existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, annuity, deposit linked insurance fund, pension, staff welfare scheme, etc., being maintained by the Resulting Company or as may be created by the Resulting Company for such purpose. Pending such transfer, the contributions required to be made in respect of the Transferred Employees shall continue to be made by the Resulting Company to the existing funds maintained by the Demerged Company. It is the intent that all the rights, duties, powers and obligations of the Demerged Company in relation to such fund or funds shall become those of the Resulting Company without need of any fresh approval from any Appropriate Authority.
- 8.4. Upon the Scheme becoming effective, the Demerged Company will transfer/handover to the Resulting Company, copies of employment information of all such Transferred Employees of Demerged Company, including but not limited to, personnel files (including hiring documents, existing employment contracts, and documents reflecting changes in an employee's position, compensation, or benefits), payroll records,



medical documents (including documents relating to past or ongoing leaves of absence, on the job injuries or illness, or fitness for work examinations), disciplinary records, supervisory files relating to its Transferred Employees and all forms, notifications, orders and contribution/identity cards issued by the concerned authorities relating to benefits transferred pursuant to this sub-clause.

- 8.5. The contributions made under Applicable Law in connection with the Transferred Employees, to the provident fund, gratuity fund, superannuation fund, leave encashment and any other special scheme or benefits created, for the period after the Appointed Date shall be deemed to be contributions made by the Resulting Company.
- 8.6. Resulting Company shall continue to abide by any agreement(s)/ settlement(s) entered into in respect to the Transferred Employees.

9. LEGAL PROCEEDINGS

- 9.1. All legal proceedings of whatsoever nature (legal, taxation and others, including any suits, appeals, arbitrations, execution proceedings, revisions, writ petitions, if any) whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against, pertaining to the Demerged Undertaking, shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer and vesting of the Demerged Undertaking or anything contained in this Scheme.
- 9.2. Upon the coming into effect of this Scheme, all Legal Proceedings whether by or against Demerged Company, pertaining to the Demerged Undertaking, whether pending and/or arising on or before the Appointed Date, or which may be instituted any time thereafter, shall be continued and/or enforced by or against Resulting Company after the Effective Date, to the extent legally permissible, as effectually and in the same manner and to the same extent as if the same had been instituted and/or pending and/or arising by or against the Resulting Company. To the extent the Legal Proceedings cannot be taken over by the Resulting Company, the Legal Proceedings shall be pursued by or against the Demerged Company as per the instructions of and entirely at the costs and expenses of the Resulting Company, to the extent legally permissible.
- 9.3. After the Appointed Date, if any Legal Proceedings are initiated against the Demerged Company in respect of the matters referred to in the Clause 9.2 above, the Demerged Company shall defend the same in accordance with advice and instructions of the



Resulting Company at the cost of the Resulting Company, and the Resulting Company shall reimburse and indemnify the Demerged Company against all Liabilities and obligations incurred by the Demerged Company in respect thereof.

- 9.4. Upon the coming into effect of this Scheme, any Legal Proceedings by or against the Demerged Company under any statute, whether or not pending on the Appointed Date, 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 duties of Demerged Company in respect of the Remaining Business of the Demerged Company) shall be continued and enforced by or against the Demerged Company. The Resulting Company shall in no event be responsible or liable for or in relation to any such Legal Proceeding by or against the Demerged Company.
- 9.5. Resulting Company undertakes to have accepted on behalf of itself, all suits, claims, actions and the Legal Proceedings initiated pertaining to the Demerged Undertaking, transferred to its name and to have the same continued, prosecuted and enforced by or against the Resulting Company.

10. BUSINESS AND PROPERTY IN TRUST FOR RESULTING COMPANY

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

- (a) The Demerged Company shall carry on and be deemed to have carried on its business and activities relating to the Demerged Undertaking and shall stand possessed of whole of its undertaking, in trust for the Resulting Company and shall account for the same to the Resulting Company.
- (b) Any income or profit accruing or arising to the Demerged Company from the Demerged Undertaking and all costs, charges, expenses and losses or taxes (including but not limited to advance tax, self assessment tax, regular assessment tax, tax deducted at source, tax collected at source, equivalisation levy, tax on book profits credit, taxes withheld/paid in a foreign country, etc), incurred by the Demerged Company relating to 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.



- (c) All assets acquired by the Demerged Company after the Appointed Date and prior to the Effective Date for operation of the Demerged Undertaking or pertaining to the Demerged Undertaking shall be deemed to have been acquired in trust for and on behalf of the Resulting Company, and shall also stand transferred to and vested in the Resulting Company upon the coming into effect of this Scheme.
- (d) Where any of the liabilities and obligations of the Demerged Company, pertaining to the Demerged Undertaking, as on the Appointed Date deemed to be transferred to the Resulting Company have been discharged by the Demerged Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company, and all loans raised and used and all liabilities and obligations incurred by the Demerged Company for the operations of the Demerged Undertaking after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used or incurred for and on behalf of the Resulting Company, and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to the Resulting Company and shall become the liabilities and obligations of the Resulting Company, which shall be liable to meet, discharge and satisfy the same.
- (e) all intra-party transactions of the Demerged Company, if any, pertaining to the Demerged Undertaking and the Remaining Business shall be considered as inter-party transactions. Tax, if any, on such inter-party transactions shall be payable without any interest and penalty subject to Applicable Law.
- (f) All taxes, where applicable, (including but not limited to tax deducted at source, advance tax, self assessment tax, regular assessment tax, tax collected at source, taxes withheld/paid in a foreign country, customs duty, goods and services tax, as applicable, cess, tax refunds) payable by or refundable to the Demerged Company pertaining to the Demerged Undertaking including all or any tax refunds or tax liabilities or tax claims arising from pending tax proceedings, under Applicable Law, on or before the Effective Date, shall be treated as or deemed to be treated as the tax liability or tax refunds/ tax claims (whether or not recorded in the books of the Demerged Company) as the case may be, of the Resulting Company, and any unabsorbed tax losses and depreciation as would have been available to the Demerged Company shall be available to the Resulting Company upon the Scheme becoming effective.



- (g) Any of the rights, powers, authorities and privileges attached or related or pertaining to the Demerged Undertaking and exercised by or available to the Demerged Company, shall be deemed to have been exercised for and on behalf of and as an agent for the Resulting Company. Further, any of the obligations, duties and commitments attached, relating or pertaining to the Demerged Undertaking that have been undertaken or discharged by the Demerged Company shall be deemed to have been undertaken or discharged for and on behalf of and as an agent for the Resulting Company.
- 10.2. With effect from the Appointed Date, all debts, liabilities, duties and obligations relating to the Demerged Undertaking of the Demerged Company as on the close of business on the date preceding the Appointed Date, whether or not provided in the books of the Demerged Company, and all liabilities, debts, duties, obligations related to the Demerged Undertaking of the Demerged Company which arise or accrue on or after the Appointed Date shall be deemed to be the debts, liabilities, duties and obligations of the Resulting Company.
- 10.3. The Resulting Company shall be entitled, pending the sanction of the Scheme, to apply to the Central Government and all other agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which the Resulting Company may require to own and carry on the business of the Demerged Undertaking of the Demerged Company.

11. TREATMENT OF TAXES

- 11.1. All taxes (including income tax, minimum alternate tax, sales tax, service tax, goods and services tax, customs duty etc.) paid or payable by the Demerged Company, in respect of the operations and / or the profits of the Demerged Undertaking before the Appointed Date, shall be on account of the Demerged Company, and insofar as it relates to the tax payment (including, without limitation, sales tax, income tax, equalisation levy, service tax, goods and services tax, customs duty etc.), whether by way of deduction or collection at source, advance tax or otherwise howsoever, by the Demerged Company in respect of the profits or activities or operation of the Demerged Undertaking 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.

- 11.2. Without prejudice to the generality of the foregoing, on and from the Appointed Date, if any certificate for tax deducted or collected at source or any other tax credit certificate relating to the Demerged Undertaking is received in the name of the Demerged Company, or tax credit relating to the Demerged Undertaking is appearing in Form 26AS of the Demerged Company, it shall be deemed to have been received by and in the name of the Resulting Company which alone shall be entitled to claim credit for such tax deducted or paid.
- 11.3. Upon the coming into effect of this Scheme, the Demerged Company and the Resulting Company are expressly permitted to file/revise their respective tax returns/computation of total income after giving effect to the Demerger electronically and if the electronic filing is not enabled in the official website of the income tax department, it can be filed manually before the income tax authorities holding jurisdiction over the Demerged Company and the Resulting Company even if the time limit prescribed for filing revised return of income under the IT Act has lapsed and/or assessment proceedings has been completed and no further approval for filing revised return / revised computation of total income after giving effect of Demerger shall be required from CBDT or any other Appropriate Authority and also revise related withholding tax certificates, including withholding tax certificates relating to transactions between the Demerged Company and the Resulting Company, to the extent required and to claim refunds, advance tax and withholding tax credits, and benefit of credit for minimum alternate tax, or tax related deductions, or any other tax related compliances or filings of forms.
- 11.4. The goods and services tax paid by the Demerged Company in respect of goods and services provided by the Demerged Undertaking for the period commencing from the Appointed Date shall be deemed to be goods and services tax paid by the Resulting Company, and credit for such goods and services tax shall be allowed to the Resulting Company notwithstanding that challans for goods and services tax payments are in the name of the Demerged Company and not in the name of the Resulting Company.
- 11.5. Any refund under the Income-tax law, Goods and Service Tax, Customs Act 1962, Service Tax laws, State Value Added Tax laws or other applicable laws/ regulations dealing with indirect taxes/ duties/ levies allocable or related to the Demerged Undertaking of the Demerged Company and due to the Demerged Company 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.

- 11.6. Without prejudice to the generality of the above, all benefits, incentives, tax losses, credits (including, without limitation service tax, GST, applicable state value added tax, tax deducted as source, tax collected at source etc.) relating to the Demerged Undertaking shall be available to and vest in the Resulting Company.

12. SAVINGS OF CONCLUDED TRANSACTIONS

- 12.1. Nothing in the Scheme shall affect any transaction or proceeding already concluded by the Demerged Company in respect of the Hardware Division to the end and intent that the Demerged Company shall accept and adopt all acts, deeds and things done executed by the Demerged Company in relation to the Demerged Undertaking as if it is done and executed by the Resulting Company itself.

13. REMAINING BUSINESS

- 13.1. All the assets, properties, rights, liabilities and obligations together with the business and operations, pertaining to the Remaining Business of the Demerged Company, shall continue to belong to and remain vested in and be managed by the Demerged Company and the Resulting Company shall have no right, claim or obligation in relation to the Remaining Business of the Demerged Company.
- 13.2. All legal and other proceedings by or against the Demerged Company under any statute, pending as on 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.
- 13.3. With effect from the Appointed Date and up to and including the Effective Date:
- (a) the Demerged Company shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Business for and on its own behalf;
 - (b) all profits accruing to the Demerged Company or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Remaining Business



shall, for all purposes, be treated as the profits or losses, as the case may be, of the Demerged Company; and

- (c) 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.

14. DISCHARGE OF CONSIDERATION

- 14.1. Upon coming into effect of the Scheme, and in consideration for the transfer and vesting of the properties, assets and liabilities of the Demerged Undertaking in the Resulting Company in terms of this Scheme, the Resulting Company, shall without any further application or deed for every 1,103 fully paid up equity shares of Rs 10/- each of the Demerged Company, issue and allot 10 fully paid up equity shares of Rs 10/- each ("New Equity Shares") of the Resulting Company to the shareholders of the Demerged Company holding fully paid-up equity shares and whose names appear in the Register of Members of the Demerged Company as on the Effective Date or to such of their respective heirs, executors, administrators, assignees, or other legal representatives or other successors in title as may be recognized by the Board of Directors of the Demerged Company in the proportion of their existing shareholding.
- 14.2. In case any shareholder's holding in the Demerged Company is such that the shareholder becomes entitled to a fraction of New Equity Shares on Demerger, the number of Equity shares to be issued to such shareholder shall be rounded up to nearest immediate whole number.
- 14.3. The New Equity Shares in the Resulting Company to be issued to the shareholders of the Demerged Company pursuant to Clause 14.1 above shall be subject to the Memorandum and Articles of Association of the Resulting Company and shall rank pari passu in all respects, including dividend, voting rights with the existing equity shares of the Resulting Company.
- 14.4. The New Equity Shares of the Resulting Company will be issued in physical/ demat form (as the case may be) to the shareholders holding equity shares of the Demerged Company.
- 14.5. The issue and allotment of the New Equity Shares to be issued by the Resulting Company on demerger shall be deemed to have been issued in terms of this Scheme



and shall be deemed to have been carried out as if the procedure laid down under Sections 42, 62 of the Act and any other applicable provisions of the Act have been complied with.

- 14.6. The Resulting Company shall, if and to the extent required, increase and / or reclassify its Authorized share capital to facilitate issue of New Equity Shares under this Scheme.

15. ACCOUNTING TREATMENT

Accounting treatment in the books of the Demerged Company

- 15.1. The assets and liabilities of the Demerged Company pertaining to the Demerged Undertaking being transferred to the Resulting Company shall be at values appearing in the books of account of the Demerged Company on the close of business on the day immediately preceding the Appointed Date.
- 15.2. The excess of the value of the assets over the value of liabilities which have been transferred pursuant to the Scheme shall be appropriated against in the following order: the securities premium account, the general reserves account and where there remains any outstanding balance, after appropriation from the aforesaid reserves in the stipulated order, will be further adjusted against the profit and loss account of the Demerged Company or the treatment will be given as per the applicable law in force on the Effective date of the Scheme.
- 15.3. The excess of the value of liabilities over the value of assets which have been transferred pursuant to the Scheme shall be credited to capital reserve or any other reserve as per the law in force on the Effective date of the Scheme.
- 15.4. Upon the Scheme becoming effective, the accumulated losses (i.e. debit balance of Profit and Loss Account) shall be set-off with corresponding adjustments by way of a debit to the Securities Premium Account (to the extent remaining) of the Demerged Company.



Accounting treatment in the books of the Resulting Company

Upon sanction of the Scheme and with effect from the Appointed Date, shall account for the demerger of the Demerged Undertaking, as follows:

- 15.5. The Resulting Company shall record the assets and liabilities of the Demerged Undertaking, transferred to and vested in it pursuant to this Scheme, at their respective book values as appearing in the books of the Demerged Company at the close of the business day immediately preceding the Appointed Date.
- 15.6. The Resulting Company shall credit the aggregate of the face value of the New Equity Shares of the Resulting Company issued by it to the shareholders of the Demerged Company pursuant to Clause 14.1 of the Scheme to the Share Capital Account in its books of account.
- 15.7. The difference, if any, between the book value of the assets and the liabilities as recorded under Clause 15.5 above and the aggregate of share capital issued as per Clause 15.6, shall be debited or credited, to the Capital Reserves of the Resulting Company.
- 15.8. Inter-company balances between the Demerged Company and the Resulting Company, if any to the extent it relates to the Demerged Undertaking, shall stand cancelled and there shall be no further obligation outstanding in this behalf.
- 15.9. In case, if there is a negative capital reserve, the negative balance of capital reserve shall be adjusted against credit balances of securities premium to the extent available.
- 15.10. The Company will pass appropriate adjustment entries in a prudent and commercially acceptable manner.

16. UTILISATION OF SECURITIES PREMIUM ACCOUNT

The Utilization of the securities premium account, if any, of the Demerged Company and the Resulting Company pursuant to Clause 15 above shall be effected as an integral part of this Scheme without having to follow the process under Section 52 read with Section 66 of the Act separately and the Order of the NCLT sanctioning the Scheme shall be deemed to be the Order under 66 of the Act for the purpose of confirming the reduction by way of utilisation of securities premium as aforesaid. The reduction would not involve either a diminution of liability in respect of unpaid share

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capital or payment of paid-up share capital and hence the provisions of Section 66 of the Act will not be applicable. The Demerged Company and Resulting Company shall not be required to add the words "and reduced" as a suffix to its name consequent upon such reduction.



PART III – GENERAL TERMS AND CONDITIONS

17. CHANGE IN CAPITAL STRUCTURE OF THE DEMERGED/ RESULTING COMPANY

17.1. Without prejudice to the generality of this Scheme, during the period between the date of approval of the Scheme by the respective Boards and up to and including the date of allotment of the New Equity Shares pursuant to this Scheme, neither the Demerged Company nor the Resulting Company shall make any change in its capital structure, whether by way of increase (including by issue of equity shares on a rights basis, issue of bonus shares) decrease, reduction, reclassification, sub-division or consolidation, re-organisation of share capital, or in any other manner which may, in any way, affect the issuance of the New Equity Shares as per Clause 14.1, except under any of the following circumstances:

- a) by mutual written consent of the respective Boards of the Demerged Company and the Resulting Company; or
- b) as may be expressly permitted under this Scheme.

17.2. In the event of any such change in share capital of the Demerged Company or the Resulting Company before the issuance of the New Equity Shares to the shareholders of the Demerged Company pursuant to Clause 14.1, the Share Entitlement Ratio shall be appropriately adjusted to take into account the effect of such issuance or corporate actions.

18. APPLICATION TO THE NATIONAL COMPANY LAW TRIBUNAL (“NCLT”)

18.1. The Demerged Company and Resulting Company shall make necessary applications / petitions under Sections 230 to 232 read with Section 52 and Section 66 and other applicable provisions of the Act to the NCLT for sanction of this Scheme.

18.2. On the Scheme being agreed to by the requisite majorities of the members of the Demerged Company and the Resulting Company, whether at a meeting or otherwise, as directed by the NCLT, the Demerged Company and the Resulting Company shall, with all reasonable dispatch, apply to the NCLT for sanctioning the Scheme under Sections 230 to 232 read with Section 52 and Section 66 and other applicable



provisions of the Act, and for such other order or orders, as the said NCLT may deem fit for bringing this Scheme into effect.

18.3. The Demerged Company and the Resulting Company shall be entitled, pending the sanction of the Scheme, to apply to any Appropriate Authority, if required, under any law for such consents and approvals which they may require for the transfer of the Demerged Undertaking.

18.4. Any dispute arising out of this Scheme shall be subject to the respective jurisdiction of the NCLT.

19. RATIFICATION

19.1. The Resulting Company shall accept all acts, deeds and things relating to the Demerged Undertaking and executed by and/or on behalf of Demerged Company on and after the Appointed Date as acts, deeds and things done and executed by and/or on behalf of the Resulting Company.

20. MODIFICATION OR AMENDMENTS TO THE SCHEME

20.1. The Demerged Company and the Resulting Company by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize, including any committee or sub-committee thereof, may consent, on behalf of all persons concerned, to any modifications or amendments to the Scheme or to any conditions or limitations that NCLT or any other Government Authority may deem fit to direct or stipulate or which may otherwise be considered necessary, desirable or appropriate by NCLT or such other Government Authority, whether in pursuance of a change in law or otherwise.

20.2. The Demerged Company and the Resulting Company agree that if, at any time, either of the NCLT or any Appropriate Authority directs or requires any modification or amendment of the Scheme, such modification or amendment shall not, to the extent it adversely affects the interests of the Demerged Company and /or the Resulting Company, be binding on the Demerged Company and the Resulting Company, as the case may be, except where the prior written consent of the affected party i.e. the Demerged Company and /or the Resulting Company, as the case may be, has been obtained for such modification or amendment, which consent shall not be



unreasonably withheld by the Demerged Company and the Resulting Company, as the case may be.

- 20.3. Either the Demerged Company or the Resulting Company (acting through its Board) may, in their full and absolute discretion, jointly and as mutually agreed in writing, modify, vary or withdraw this Scheme at any time prior to the Effective Date in any manner as per their sole discretion.
- 20.4. The Demerged Company and the Resulting Company (through their respective Boards) shall determine jointly whether any asset, liability, employee, legal or other proceedings forms part of the Demerged Undertaking or not, on the basis of any evidence that they may deem relevant for this purpose. The determination by the Boards of the Demerged Company and the Resulting Company in this regard shall be final.
- 20.5. For the purpose of giving effect to this Scheme or to any modification or amendments thereof or additions thereto, the delegate(s) and/ or the Board of Directors of the Demerged Company and/or the Resulting Company may give and are hereby authorised to determine and give all such directions as are necessary including directions for settling any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

21. CONDITIONALITY AND EFFECTIVENESS OF THE SCHEME

- 21.1. This Scheme is and shall be conditional upon and subject to following:
- a) The approval of the Scheme by the requisite majority of the shareholders and creditors of the Demerged Company and the Resulting Company (as applicable), unless the meetings of the shareholders and creditors of the Demerged Company or the Resulting Company is dispensed with by the order of NCLT; and
 - b) Sanctions under the provisions of Sections 230 and 232 read with Section 52 and Section 66 of the Act and the necessary orders of the NCLT being obtained and filed with the Registrar of Companies.



22. EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS

- 22.1. In the event of any of the approvals or conditions required to be obtained or fulfilled are not obtained or complied with within such period or periods as may be agreed upon by and between the Demerged Company and the Resulting Company (through their respective Board of Directors) the Scheme shall become null and void and in that event no rights or liabilities whatsoever shall accrue to or be incurred inter se between the Demerged Company and the Resulting Company.
- 22.2. Upon the termination, revocation of this Scheme as set out in Clause 22.1, no rights and liabilities shall accrue to or be incurred by the Demerged Company and the Resulting Company or their shareholders or creditors or employees or any other person. In such case, each of the Demerged Company and the Resulting Company shall bear its own costs and expenses or as may be otherwise mutually agreed.
- 22.3. The Board of Directors of the Demerged Company and the Resulting Company shall be entitled to withdraw this Scheme prior to the Effective Date as per their sole discretion.
- 22.4. The Board of Directors of the Demerged Company and the Resulting Company shall be entitled to revoke, cancel and declare the Scheme to be of no effect if they are of the view that the coming into effect of the Scheme could have adverse implications.
- 22.5. If any part of this Scheme hereof is held invalid or ruled illegal by NCLT, 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 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.

23. ADMINISTRATIVE CONVENIENCE

- 23.1. Notwithstanding anything contained in other clauses of this Scheme, the Demerged Company and the Resulting Company, shall enter into such documents, agreements, make applications to various authorities, regulatory bodies to facilitate the



uninterrupted transitions of the Demerged Undertaking from the Demerged Company to the Resulting Company.

- 23.2. Notwithstanding anything contained in other clauses of this Scheme but in accordance with the Act and other Applicable Law, the Demerged Company and the Resulting Company, may enter into such documents, agreements, arrangements and make applications to various authorities, regulatory bodies to facilitate the sharing of, inter alia any common services, employees, intellectual properties and other assets (whether moveable or immoveable).

24. COSTS, CHARGES & EXPENSES

- 24.1. All costs, charges, taxes (including stamp duty fees, statutory fees, duties, levies etc.) and all other 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 by the Resulting Company.

For ASSA ABLOY India Pvt. Ltd.

Director / Authorised Signatory

