SCHEME OF ARRANGEMENT

BETWEEEN

ADVIK HI-TECH PRIVATE LIMITED

(CIN: U29299PN1998PTC013028)

('AHPL' OR 'DEMERGED COMPANY')

AND

AAP TRADERS PRIVATE LIMITED

(CIN: U52100PN2010PTC135834)

('AAP ' OR 'RESULTING COMPANY')

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

(Under Section 230 to 232 And Other Applicable Provisions of the Companies Act, 2013 And The Rules Framed Thereunder)

A. PREAMBLE

This Scheme of Arrangement ('the Scheme') is presented under the provisions of Sections 230 and 232 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 (including any statutory modifications or re-enactments or amendments thereof), as may be applicable, for demerger of the undertaking owning plant P28 of Advik Hi-Tech Private Limited ('AHPL' Or 'Demerged Company') and transfer of the same to Aap Traders Private Limited ('AAP' Or 'Resulting Company'). The proposed demerger of the business undertaking owning plant P28 of AHPL into AAP, pursuant to this Scheme of Arrangement, is in accordance with the provisions of section 2(19AA) and other relevant provisions of the Income Tax Act, 1961.

B. DESCRIPTION OF COMPANIES

I. Advik Hi-Tech Private Limited **("AHPL", or "Demerged Company")**, a private limited company, was incorporated under the Companies Act, 1956, under the name and style of 'Advik Hi-Tech Private Limited' on 12th November, 1998, in the State of Maharashtra under the jurisdiction of Registrar of Companies, Maharashtra, Pune having

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its registered office at Gat No 357, Plot No. 99, Part A Chakan, Talegaon Road, Kharabwadi , Chakan, Pune – 410 501, Maharashtra, India with Corporate Identification Number (CIN: U29299PN1998PTC013028). AHPL is engaged in the business of manufacturing automotive components.

II. Aap Traders Private Limited **("AAP", or "Resulting Company")**, a private limited company, was incorporated under the Companies Act, 1956, under the name and style of 'Aap Traders Private Limited' on 18th March, 2010, in the State of Maharashtra under the jurisdiction of Registrar of Companies, Maharashtra, Pune with Corporate Identification Number (CIN: U52100PN2010PTC135834). The registered office of AAP was changed from Gat No. 357, Plot No. 99, Part A Chakan, Talegaon Road, Kharabwadi, Chakan, Pune – 410 501 Maharashtra India to Office 601, B Zone, Baner S No. 36/1/1/1(P), 35/1/1 Pune City, Pune – 411 045, Maharashtra, India on 16 June 2022. AAP is engaged in the business of trading of engineering, industrial, electrical, mechanical, electronic, general and computer hardware, spare parts, agricultural equipment and auto parts.

C. RATIONALE & PURPOSE OF THE DEMERGER

The proposed demerger would help to achieve the following -

1. The Demerged Company is engaged in the business of manufacturing auto components. For the manufacturing of some of the auto-components, it has an in-house die casting process that it carries out in plant P28. This plant provides die-casting processes, either through job-work model or through sale of finished-goods model to the other plants of Demerged Company and few other independent customers.
2. It has been strategically decided to demerge die casting business carried out in plant P28 of the Demerged Company into the Resulting Company which will foster streamlining of operations and greater focus on each entities' respective business competencies.
3. The proposed demerger will help the Demerged Company to concentrate on areas such as new product development, advanced designing, and engineering capabilities.

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4. The proposed demerger will lead to reduction in operational complexities, optimum resource allocation, thereby enhancing overall efficiency and profitability.

5. Demerger of die casting business will enable concentration and distinction of manufacturing and die casting business among respective entities, thereby paving way for independent growth of each entity separately.

In view of the aforesaid, the Board of Directors of the Companies have considered and proposed the present Scheme of Arrangement between the Demerged Company and the Resulting Company.

This Scheme also provides for various other matters consequential or otherwise integrally connected herewith.

This scheme of arrangement is divided into the following parts: -

Part I: Definitions of the terms used in this Scheme of Arrangement and the share capital of the Demerged Company and the Resulting Company.

Part II: Dealing with the transfer and vesting of business undertaking owning plant P28 of the Demerged Company into the Resulting Company.

Part III: Consideration to be issued on demerger.

Part IV: Dealing with the accounting treatment for the demerger in the books of the Demerged Company and the Resulting Company.

Part V: General Terms and Conditions that would be applicable to the Scheme of Arrangement.

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PART – I – DEFINITIONS AND INTERPRETATIONS

1. **Definitions**

In this Scheme (as defined hereinafter), unless repugnant to the meaning or context thereof, the following expressions shall have the meaning mentioned herein below:

1.1 **"Act" or "The Act"** means the Companies Act, 2013 read with the Companies (Compromises, Arrangement and Amalgamations) Rules 2014 and other applicable provisions for the time being in force. As on the date of approval of this Scheme by the respective Board of Directors of the Demerged Company and the Resulting

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Company, sections 230 to 232 continue to be in force. References in this Scheme to particular provisions of the Act are references to particular provisions of the Companies Act, 2013 unless stated otherwise;

1.2 **"Applicable laws"** means any statue, notification, bye-laws, rules, regulations, guidelines, common law, policy, code, directives, ordinance, schemes, notices, orders or instructions, laws enacted or issued or sanctioned by any appropriate authority in India including any modifications or re-enactment thereof for the time being in force.

1.3 **"Appointed Date"** means, for the purpose of this Scheme as opening of business hours on 1st April, 2024;

1.4 **"Board of Directors" or "Board"** means the board of directors of the Demerged Company and the Resulting Company, as the case may be and shall include a duly constituted committee or any person authorized by the Board of Directors or such committee thereof;

1.5 **"Demerged Company"** means Advik Hi-Tech Private Limited, company incorporated under the provisions of the Companies Act, 1956 and having its registered address at Gat No 357, Plot No. 99, Part A Chakan, Talegaon Road, Kharabwadi, Chakan, Pune – 410 501, Maharashtra, India;

1.6 **"Demerged Undertaking"** means business undertaking owning plant P28 of the Demerged Company along with all related assets, liabilities, employees and shall include the following, without limitation:

a. all assets wherever situated, tangible or intangible, including all current assets, deposits including accrued interest, investments and loans and advances together with all present and future liabilities (including contingent liabilities) appertaining or relatable thereto;

b. all movable assets and properties of the said business undertaking, tangible or intangible, in possession or reversion, corporeal or incorporeal, present, future or contingent or of whatsoever nature, including plant and machinery, security deposits, right to use intellectual property, stock, current assets (including inventories, sundry debtors, bills of exchange, loans and advances), cash and bank

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accounts (including bank balances), benefit of any deposits, financial assets, investments of all kinds (including shares, securities, scrips, stocks, bonds, debenture stocks, units or pass through certificates), benefit of any bank guarantees, performance guarantees and letters of credit, vehicles, furniture, fixtures, office equipment's, computers, appliances, accessories, power and telephone lines, water pipelines, other infrastructure services, common areas, rights of usage and enjoyment, share of any jointly held assets, and other facilities pertaining to the said business undertaking;

c. all licenses, no objections, consents, permits, approvals, entitlements, letters of intent, expressions of interest, patents, copyrights, records, designs, and all other intellectual property rights in the aforesaid, municipal permissions, approvals, consents, subsidies, privileges, all other rights including tax deferrals and exemptions and other benefits, lease rights, receivables, and liabilities related thereto, and facilities of every kind, nature and description whatsoever, provisions and benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the said business undertaking;

d. all earnest moneys and/or security deposits, payments against warrants or other entitlements paid by the said business undertaking;

e. all books, records, files, papers, engineering and process information, computer programmer, software licenses (whether proprietary or otherwise), drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form of the said business undertaking;

f. all rights, privileges, benefits and obligations of the holders of securities in the said business undertaking;

g. all debts, borrowings, guarantees, assurances, commitments, obligations and liabilities, whether fixed, contingent or absolute, asserted or unasserted, present or

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future, whether secured or unsecured, whether provided for or not in the books of account or disclosed in the balance sheet of the said business undertaking;

h. all investments of the said business undertaking whether listed / unlisted company shares, units of mutual funds and rights, privileges and obligations attaching to such investments;

i. all staff, workmen and employees of the said business undertaking engaged in or in relation to the business of the said business undertaking at respective offices and all provisions and benefits made in relation to such employees including but not limited to provident funds, registrations and reserves; and

j. All taxes including (but not limited to) Minimum Alternate Tax ("MAT") paid under Section 115JAA/ 115JB of the Income-tax Act, duties, cess of whatsoever nature refundable / receivable to the said business undertaking from any statutory / governmental authority. Also, including but not limited to the benefit(s) under Income-tax Act, 1961 (including tax relief under the Income-tax Act, 1961 such as credit for advance tax, TDS, etc.), Goods and Service Tax (GST), service tax (including benefit of any unutilized GST/ CENVAT / service tax credits etc.) permits, approvals, concessions, reliefs, rights to use and avail of assets in relation to the said business undertaking shall, without any further act, instrument or deed stand transferred to and vested in and/or deemed to be transferred to and vested in the Resulting Company, free from all encumbrances, but subject to subsisting charges and pledges, if any.

1.7 **"Effective Date"** means the date on which the authenticated copies or certified copies of the Orders of NCLT, Mumbai Bench sanctioning the Scheme are filed with respective Registrar of Companies by the Demerged Company and the Resulting Company;

1.8 **"Encumbrance"** means any mortgage, pledge, equitable interest, assignment by way of security, conditional sales contract, hypothecation, right of other persons, claim, security interest, encumbrance, title defect, title retention agreement, voting agreement, interest, option, lien, charge, commitment, restriction or limitation of any

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nature whatsoever, including restriction on use, voting rights, transfer, receipt of income or exercise of any other attribute of ownership, right of setoff, any arrangement (for the purpose of, or which has the effect of, granting security), or any other security interest of any kind whatsoever, or any agreement, whether conditional or otherwise, to create any of the same and the term "Encumbered" shall be construed accordingly;

1.9 **"Equity Shares"** means equity shares of face value INR 10 each of the Resulting Company;

1.10 "**Governmental Authority**" means any applicable Central, State or local Government, 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;

1.11 **"NCLT"** means the National Company Law Tribunal at Mumbai for the State of Maharashtra;

1.12 **"Remaining Business"** in relation to the Demerged Company means entire business undertaking of the Demerged Company except the Demerged Undertaking;

1.13 **"Resulting Company"** means Aap Traders Private Limited, company incorporated under the provisions of the Companies Act, 1956 and having its registered address at Office 601, B Zone, Baner S No. 36/1/1/1(P), 35/2/1 Pune City, Pune – 411 045, Maharashtra, India

1.14 **"RoC"** means the Registrar of Companies having jurisdiction over the Demerged Company and Resulting Company as the case may be;

1.15 **"Scheme" or "the Scheme" or "this Scheme"** means this Scheme of Arrangement in its present form or with any modification(s) made under Clause 15 of this Scheme or any modifications approved or directed by the National Company Law Tribunal or any other Government Authority;

1.16 **"Shareholders"** means the persons registered as holders of equity shares of Companies concerned;

The expressions which are used in this Scheme and not defined in this Scheme shall, unless repugnant or contrary to the context or meaning hereof, have the same

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meanings ascribed to them under the Act and other applicable laws, rules, regulations, bye-laws, as the case may be.

2. DATE OF TAKING EFFECT AND OPERATIVE DATE

This Scheme set out herein in its present form or with any modification(s) approved or 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 authorized, subscribed, issued and paid-up share capital of share capital of the Demerged Company as on 31 March 2024 is as follows –

Particulars	**Amount (INR)**
Authorized Capital	
2,68,00,000 Equity shares of Rs. 10/- each	26,80,00,000/-
Preference shares of Rs. 10/- each	1,00,000/-
TOTAL	**26,81,00,000/-**
Issued, Subscribed and Paid-up Capital	
23,60,000 Equity shares of Rs. 10/- each	2,36,00,000/-
TOTAL	**2,36,00,000/-**

Subsequent to 31st March 2024 and up to the date of approval of this Scheme by the Board of Directors of the Demerged Company, there has been no change in the authorized equity share capital and issued, subscribed and paid-up equity share capital of the Demerged Company. There are no existing commitments, obligations, or arrangements by the Demerged Company as on the date of sanction of this Scheme by the Board of Directors to issue any further shares or convertible securities.

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3.2 The authorized, subscribed, and paid-up share capital of share capital of the Resulting Company as on 31st March 2024 is as follows:

Particulars	**Amount (INR)**
Authorized Capital	
3,00,000 Equity Shares of Rs.10/- each	30,00,000/-
Total	30,00,000/-
Issued, Subscribed and Paid-up Capital	
10,000 Equity Shares of Rs. 10/- each	1,00,000/-
Total	100,000/-

Subsequent to 31st March 2024 and up to the date of approval of this Scheme by the Board of Directors of the Resulting Company, there has been no change in the authorized equity share capital and issued, subscribed and paid-up equity share capital of the Resulting Company. There are no existing commitments, obligations, or arrangements by the Resulting Company as on the date of approval of this Scheme by the Board of Directors to issue any further shares or convertible securities.

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PART – II – TRANSFER AND VESTING OF THE BUSINESS UNDERTAKING OWNING PLANT P28 OF THE DEMERGED COMPANY INTO THE RESULTING COMPANY

4. TRANSFER AND VESTING OF THE UNDERTAKING OF DEMERGED COMPANY

4.1 With effect from the Appointed Date and upon the Scheme becoming effective, the Demerged Undertaking including all assets and liabilities of such undertaking, shall, under the provisions of Section 230 to 232 of Companies Act, 2013 and rules made thereunder, without any further act, instrument deed, matter or thing stand transferred and vested in and/or deemed to be transferred and vested in the Resulting Company,

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so as to vest in the Resulting Company all the rights, title and interest pertaining to the Demerged Undertaking. The Demerged Undertaking shall stand transferred and vested in or deemed to be transferred or vested in the Resulting Company as a going concern, in compliance with Section 2(19AA) of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said section of the Income-tax Act, 1961, at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said section 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. The transfer and vesting of the Demerged Undertaking in the Resulting Company shall happen in following manner:

4.1.1 With effect from the Appointed Date, and subject to the provisions of the Scheme, all the liabilities of the Demerged Undertaking, pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 and the rules made thereunder and the applicable laws so as to become as and from the Appointed Date, the debts, liabilities, duties and obligations of the Resulting Company and further it shall not be necessary to obtain consent of any third party or other person who is a party to the contract or arrangements by virtue of which such debts, liabilities, duties and obligations have arisen, in order to give effect to the provisions of this Clause.

4.1.2 With effect from the Appointed Date, and subject to the provisions of this Scheme, all the assets (both tangible and intangible) including investments of the Demerged Undertaking shall stand transferred and vested in or deemed to have been transferred and vested in the Resulting Company, without any further act, instrument or deed of the Demerged Company, pursuant to the provisions of Section 230 to 232 of the Act and the rules made thereunder, and Applicable laws so as to become as and from the Appointed Date, the assets of the Resulting Company.

4.1.3 With effect from the Appointed Date, all taxes paid, taxes refund due or receivable, carried forward losses, depreciation, capital losses, pending balances of amortizations, any tax credit available (including MAT credit, GST Credit, other tax

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credits) etc., including application for rectification, appeals filed with tax authorities of the Demerged Undertaking shall also, pursuant to the provisions of Section 230 to 232 of the Act, and other applicable provisions of the Act, and Applicable Laws without any further act or deed, be transferred or be deemed to be transferred to the Resulting Company, so as to become as and from the Appointed Date the taxes paid, taxes refund due or receivable (whether as per books or as per income tax) of the Resulting Company, and it shall not be necessary to obtain consent of third party or other person, in order to give effect to the provision of this sub clause.

4.1.4 All the employees of the Demerged Undertaking, as identified by the Board of Directors of such Demerged Company on the effective date, shall without any further act or deed, be transferred and vested in or be deemed to be transferred and vested in the Resulting Company, pursuant to the provisions of Section 230 to 232 of the Act and the rules made thereunder, and Applicable laws, become as and from the Appointed date, the employees of the Resulting Company, and further it shall not be necessary to obtain consent of the third party or other person, in order to give effect to the provisions of this sub clause.

4.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Demerged Undertaking occurs by virtue of this Scheme itself, the Resulting Company, may, at any time after coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds (including deeds of adherence) confirmations, or other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings with respect to the Demerged Undertaking, as may be necessary in order to give formal effect to the provisions of this Scheme. The Resulting Company shall be deemed to be authorised to execute any such writing on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above on part of the Demerged Company to be carried or performed.

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4.3 For the avoidance of doubt and without prejudice to the foregoing, it is clarified that upon coming into effect of this Scheme, all consents, permissions, licenses, approvals, certificates, clearances, authorities, leases, tenancy, assignments, allotments, power of attorney given by, claims, powers, authorities, allotments, approvals, consents, contracts, enactments, arrangements, rights, titles, interests, benefits, advantages, leasehold rights and tenancies, and other intangible rights, copyrights, brands, intellectual property, hire purchase contracts and assets, lending contracts, employment contracts, distribution contracts, clearing and forwarding agency contracts, benefit of any security arrangements, reversions, permits, quotas, entitlements, registrations, licenses, registrations, under the Applicable Laws, municipal/local permissions, etc., issued to or executed in favour of the Demerged Company shall stand vested to the extent it relates to and pertains to the Demerged Undertaking, to the Resulting Company in which such Demerged Undertaking shall vest by way of a demerger hereunder, as if the same was originally given by, issued to or executed in favour of the Resulting Company, and the Resulting Company shall be bound by the terms thereof, the obligations and duties there under, and the rights and benefits under the same shall be available to the Resulting Company. The Resulting Company shall make applications to and obtain relevant approvals, etc. from the concerned authorities and / or parties as may be necessary in this behalf and the Demerged Company shall cooperate and provide the required support wherever required.

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4.4 Without prejudice to the generality of Clause 4.1, all the moveable assets pertaining to the Demerged Undertaking capable of being vested by manual delivery or by endorsement and/ or by delivery or by physical possession including, investments, debtors, etc shall be handed over to the Resulting Company along-with such other documents as may be necessary towards the end and intent that the property therein passes to the Resulting Company on such delivery without requiring any deed or instrument of conveyance for the same and shall become the property of the Resulting Company accordingly.

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4.5 The transfer and vesting of the Demerged Undertaking as aforesaid shall be subject to the existing securities, charges, mortgages and other Encumbrances if any, subsisting over or in respect of the property and assets or any part thereof relatable to such Demerged Undertaking to the extent such securities, charges, mortgages, Encumbrances are created to secure the liabilities.

4.6 Where any of the debts, liabilities, loans raised and used, liabilities and obligations incurred, duties and obligations of the Demerged Undertaking as on the Appointed Date whether provided for or not in the books of accounts of the Demerged Company, and all other liabilities which may accrue or arise after the Appointed Date but which relate to the period on or up to the day of the Appointed Date shall be deemed to be transferred and vested in the Resulting Company have been discharged by the Demerged Company after the Appointed Date and prior to Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company.

4.7 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, subject to the terms of this Scheme, be deemed to have been raised, used or incurred for and on behalf of the Resulting Company in which the Demerged Undertaking shall vest in terms of this Scheme and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred and vested in and be deemed to be transferred and vested in the Resulting Company and shall become the debts, liabilities duties and obligations of the Resulting Company which shall meet, discharge and satisfy the same.

4.8 Without prejudice to the provisions of the foregoing clauses and upon effectiveness of this Scheme, the Demerged Company and the Resulting Company shall execute such instruments or documents or do all the acts and deeds as may be required, including the filing of necessary particulars and / or modification(s) of charge, with the relevant regulatory authority and Governmental Authorities to give formal effect the above provisions, if required.

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4.9 Subject to the necessary consents being obtained in accordance with the terms of this Scheme, the provisions of clause 4 shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document, all of which instruments, deeds or writings shall stand modified and / or superseded by the foregoing provisions with effect from the Appointed Date or such other date as is specified herein above, as the case may be.

5. CONTRACTS, DEEDS, APPROVALS, EXEMPTIONS, ETC.

5.1 Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, insurance policies, indemnities, guarantees, arrangements and other instruments of whatsoever nature in relation to the Demerged Undertaking, to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, and which are subsisting or have effect immediately before the date of NCLT approval to the Scheme is received, shall continue in full force and effect on or against or in favour of, as the case may be, of the Resulting Company and may be enforced as fully and effectually as if, instead of the Demerged Company, Resulting Company had been a party or beneficiary or beneficial owner or obligee thereto or thereunder.

5.2 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licenses, certificates, clearances, authorities, power of attorney given by, issued to or executed in favour of the Demerged Company in relation to the Demerged Undertaking shall stand transferred to the Resulting Company, as if the same were originally given by, issued to or executed in favour of the Resulting Company and the Resulting Company shall be bound by the terms thereof, the obligations and duties there under, and the rights and benefits under the same shall be available to the Resulting Company. The Resulting Company shall make applications and do all such acts or things which may be necessary to obtain relevant approvals from the concerned Governmental Authorities as may be necessary in its behalf.

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5.3 The Resulting Company, at any time after the Scheme becoming effective in accordance with the provisions hereof, if so required under any law or otherwise, will execute deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to the Demerged Undertaking, to which the Demerged Company is a party in order to give formal effect to the above provisions. The Resulting Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings in relation to the Demerged Undertaking, on behalf of the Demerged Company and to carry out or perform all such formalities or compliances, referred to above, on behalf of the Demerged Company.

6. EMPLOYEES

6.1 On the Scheme becoming effective, all staff and employees as identified by the Board of Directors of the Demerged Company pertaining to the Demerged Undertaking in service on the Effective Date shall be deemed to have become staff and employees of the Resulting Company without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Resulting Company shall not be less favourable than those applicable to them with reference to their employment in Demerged Company.

6.2 In so far as the existing provident fund, gratuity fund and pension and/ or superannuation fund, trusts, retirement fund or benefits and any other funds or benefits created by the Demerged Company in relation to the employees of the Demerged Undertaking, if any (collectively referred to as the "Funds"), the Funds and such of the investments made by the Funds which pertains/ relates to the employees of the Demerged Undertaking shall be transferred to the Resulting Company and shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. The Funds shall, subject to the necessary approvals and permissions and at the discretion of the Resulting Company, either be continued as separate funds of the Resulting Company for the benefit of the employees of the Demerged Undertaking or be transferred to and merged with other similar funds, if

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any, of the Resulting Company. In the event that the Resulting Company does not have its own funds in respect of any of the above, the Resulting Company may, subject to necessary approvals and permissions, continue to contribute to the relevant Funds of the Demerged Company until such time that the Resulting Company creates its own fund, at which time the Funds and the investments and contributions pertaining to the employees of the Demerged Undertaking shall be transferred to the funds created by the Resulting Company. It is clarified that the services of the employees of the Demerged Undertaking will be treated as having been continuous for the purpose of the said fund or funds. The Resulting Company shall not vary the terms and conditions of employment of any of the employees of the Demerged Undertaking except in the ordinary course of business.

7. LEGAL PROCEEDINGS

7.1 If any suit, appeal or other proceeding of whatever nature by or against the Demerged Company in relation to the Demerged Undertaking is pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against the Resulting Company, as the case may be, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Demerged Company as if this Scheme had not been made.

7.2 On the Scheme becoming effective, in case of any litigation, suits, recovery proceedings which are to be initiated or may be initiated against the Demerged Company in relation to the Demerged Undertaking, the Resulting Company shall be made party thereto and any payment and expenses made thereto shall be the liability of the Resulting Company.

8. ENCUMBRANCES

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8.1 The transfer and vesting of the assets comprised in the Demerged Undertaking to the Resulting Company shall be subject to the Encumbrances, if any, affecting the same as hereinafter provided.

8.2 All Encumbrances, if any, existing prior to the Effective Date over the assets of the Demerged Undertaking shall, after the Effective Date, without any further act, instrument or deed, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date, provided that if any of the assets of the Demerged Undertaking have not been encumbered, such assets shall remain unencumbered and the existing encumbrance referred to above shall not be extended to and shall not operate over such assets. Further, such encumbrances shall not relate or attach to any of the other assets of the Resulting Company. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above. Furthermore, no duty (including stamp duty), levy, cess of any nature will be payable by the Resulting Company at the time of transfer of the encumbrance, charge and/or right covered above with respect to the immovable property.

8.3 The existing encumbrances over the other assets and properties of the Resulting Company or any part thereof which relate to the liabilities of the Resulting Company prior to the Effective Date shall continue to relate to such assets and properties and shall not extend or attach to any of the assets and properties of the demerged undertaking transferred to and vested in the Resulting Company by virtue of this Scheme.

8.4 Any reference in any security documents or arrangements pertaining to the Demerged Undertaking (to which the Demerged Company is a party) of the Demerged Company and their respective assets and properties, shall be construed as a reference to the Resulting Company and the assets and properties of the Demerged Undertaking transferred to the Resulting Company by virtue of this Scheme. Without prejudice to the foregoing provisions, the Resulting Company may execute any instruments or documents or do all the acts and deeds as may be considered appropriate, including

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the filing of necessary particulars and/or modification(s) of charge, with the Registrar of Companies to give formal effect to the above provisions, if required.

8.5 Upon coming into effect of this Scheme, the Resulting Company shall be liable to perform all obligations in respect of the Liabilities, which have been transferred to it in terms of this Scheme.

8.6 It is expressly provided that, save as herein provided, no other term or condition of the Liabilities transferred to the Resulting Company is amended by virtue of this Scheme except to the extent that such amendment is required statutorily.

8.7 The provisions of this clause shall operate notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document; all of which instruments, deeds or writings or the terms of sanction or issue or any security document shall stand modified and/or superseded by the foregoing provisions.

9. SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of the Demerged Undertaking into the Resulting Company under Clause 4 above and the continuance of proceedings by or against the Resulting Company under Clause 7 above shall not affect any transaction or proceedings already concluded by the Demerged Company in relation to the Demerged Undertaking on or after the Appointed Date till the Effective Date, to the end and intent that the Resulting Company accepts and adopts all acts, deeds and things done and executed by the Demerged Company in respect thereto as done and executed on behalf of the Resulting Company.

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10. CONDUCT OF BUSINESS UNTIL THE SCHEME IS APPROVED BY NCLT

With effect from the Appointed Date and up to the date on which this Scheme has been filed with the ROC:

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10.1 The Demerged Company undertakes to preserve and carry on their business, with reasonable diligence and business prudence and shall not undertake financial

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commitments or sell, transfer, alienate, charge, mortgage, or encumber or otherwise deal with or dispose of any assets or properties of Demerged Undertaking or any part thereof save and except in each case:

(a) if the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with the NCLT; or

(b) if the same is expressly permitted by this Scheme; or

(c) if the prior written consent of the Board of Directors of Resulting Company has been obtained.

10.2 The Demerged Company shall carry on and be deemed to have carried on all business and activities and shall stand possessed of all the assets, rights, title and interest of the Demerged Undertaking for and on account of, and in trust for the Resulting Company.

10.3 All profits and cash accruing to or losses arising or incurred (including the effect of taxes if any thereon) in relation to the Demerged Undertaking, by the Demerged Company, respectively, shall for all purposes, be treated as the profits and cash, taxes or losses of the Resulting Company.

10.4 The Resulting Company shall be entitled to apply to the Central Government and any other Government, or statutory or regulatory authorities/ agencies/ body concerned as are necessary under any law for such consents, approvals, licenses, registrations and sanctions which the Resulting Company may require to carry on the business of the Demerged Undertaking.

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PART – III – CONSIDERATION TO BE ISSUED ON DEMERGER

The provisions of this Part III of this Scheme shall operate notwithstanding anything to the contrary in this Scheme or in any other instrument, deed, or writing.

11. CONSIDERATION

11.1 Upon the Scheme becoming effective and in consideration of the transfer and vesting of the Demerged Undertaking in the Resulting Company, the Resulting Company shall, without any further act or deed, issue and allot to the shareholders or to such of their respective heirs, executors, administrators or other legal representatives or other

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successors in title as may be recognized by the Board of Directors of the Demerged Company, 17 Equity Shares of face value of INR 10 (Rupee Ten only) of the Resulting Company for every 146 equity shares of face value of INR 10 (Rupee Ten only) held by the shareholders of the Demerged Company (the "Share Exchange Ratio").

11.2 Any fraction arising out of allotment of Equity Shares as per above clause shall be rounded off to the nearest integer.

11.3 The new Equity Shares to be issued or allotted as provided in above clause shall be subject to the provisions of the Memorandum and Articles of Association of the Resulting Company.

11.4 The Equity Shares to be issued pursuant to Clause 11.1 of the Scheme shall rank pari passu with the existing equity shares of the Resulting Company for payment of dividends and capital repayment in case of liquidation.

11.5 The Resulting Company shall, if necessary and to the extent required, increase or reclassify its Authorized Share Capital to facilitate the issue of Equity Shares as stated hereinabove under this Scheme.

11.6 The Equity Shares to be issued and allotted by the Resulting Company, shall be issued in dematerialised form.

11.7 Approval of this Scheme by the shareholders of the Resulting Company shall be deemed to be the due compliance of the provisions of Section 42 of the Companies Act, 2013, and the other relevant and applicable provisions of the Act for the issue and allotment of Equity Shares by the Resulting Company to the shareholders of the Demerged Company, as provided in this Scheme.

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PART IV – ACCOUNTING TREATMENT

12. ACCOUNTING TREATMENT

12.1 IN THE BOOKS OF DEMERGED COMPANY

12.1.1 Notwithstanding anything contained in any other clause in the Scheme, the Demerged Company shall give effect to the Demerger in its books of account by applying the

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accounting principles prescribed under the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013, as may be amended from time to time.

12.1.2 On and from the Appointed date, the Demerged Company shall account for the transfer of demerged undertaking as follows:

a. The Demerged Company shall de-recognize from its books of accounts, the carrying amount of assets and liabilities pertaining to the Demerged Undertaking;

b. The excess of the carrying amount of assets transferred over the carrying amount of liabilities transferred shall be debited to retained earnings within equity.

12.2 IN THE BOOKS OF THE RESULTING COMPANY

Upon the Scheme becoming effective and with effect from the Appointed Date, the vesting of the Demerged Undertaking into the Resulting Company shall be accounted as given below:

12.2.1 The assets and liabilities comprised in the Demerged Undertaking transferred to and vested in the Resulting Company pursuant to this Scheme, shall be recorded by the Resulting Company at their respective book values as appearing in the books of account of the Demerged Company;

12.2.2 The Equity Shares issued by the Resulting Company to the shareholders of the Demerged Company shall be recorded at its market value and shall be credited to the Share Capital to the extent of face value of INR 10 and balance towards securities premium;

12.2.3 The difference, if any, between the value of assets and value of liabilities pertaining to the Demerged Undertaking, after adjusting the amount credited as share capital & securities premium as per Clause 12.2.2, shall be treated as goodwill, in case of a debit balance and capital reserve in case of a credit balance;

12.2.4 If different accounting practices are followed by Resulting Company and the Demerged Company, the same would be recorded as per the practices followed by the Resulting

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Company and resultant goodwill / capital reserve account will be adjusted accordingly;

12.2.5 Loans and advances, receivables, payables and any other dues outstanding between the Demerged Company and Resulting Company relating to the Demerged Undertaking will stand cancelled and there shall be no further obligation/ outstanding in that behalf;

12.2.6 All expenses and related cost incurred in implementation of this Scheme shall be charged against the reserve of the Demerged Company.

PART – V - GENERAL TERMS AND CONDITIONS

13. TREATMENT OF TAXES

13.1 Any tax liabilities under the Income-tax Act, 1961, Wealth-tax Act, 1957, Customs Act, 1962, Central Excise Act, 1944, Central Sales Tax Act, 1956 , any other state Sales Tax / Value Added Tax laws, Service Tax, Goods and Services Tax, stamp laws, registration fees or any other applicable laws/ regulations (hereinafter in this Clause referred to as "**Tax Laws**") dealing with taxes/ duties/ levies allocable or related to the Demerged Undertaking to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date shall be transferred to the Resulting Company.

13.2 All taxes (including income tax and tax deducted at source, wealth tax, sales tax, excise duty, customs duty, service tax, GST, VAT, etc.) paid or payable by the Demerged Company in respect of the operations and/or the profits of the Demerged Undertaking on and from the Appointed Date, shall be on account of the Resulting Company and, insofar as it relates to the tax payment (including without limitation income tax, wealth tax, sales tax, excise duty, customs duty, service tax, GST, VAT, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Demerged Company in respect of the profits or activities or operation of the Demerged Undertaking on and from the Appointed Date, the same shall be deemed

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to be the corresponding item paid by the Resulting Company, and, shall, in all proceedings, be dealt with accordingly.

13.3 Any refund under the Tax Laws due to the Demerged Company to the extent it pertains to the Demerged Undertaking consequent to the assessments made on the Demerged Company and 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.

13.4 On or after the Effective Date, the Demerged Company and the Resulting Company are expressly permitted to revise their financial statements and returns along with prescribed forms, filings and annexure under the Income-tax Act, 1961, Wealth-tax Act, 1957 (including for the purpose of re-computing tax on book profits, wealth tax purposes and claiming other tax benefits), service tax (Goods and Service Tax) law, Goods and Service Tax (Goods and Service Tax)and other tax laws, and to claim refunds and/or credits for taxes paid, and to claim tax benefits, etc., and for matters incidental thereto, if required to give effect to the provisions of the Scheme from the Appointed Date.

13.5 All tax assessment proceedings / appeals of whatsoever nature by or against the Demerged Company pertaining to the Demerged Undertaking pending and/or arising at the Appointed Date shall be continued and/or enforced until the Effective Date as desired by the Resulting Company. As and from the Effective Date, the tax proceedings shall be continued and enforced by or against the Resulting Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company. Further, the aforementioned proceedings shall not abate or be discontinued nor be in any way prejudicially affected by reason of the Demerger of the Demerged Undertaking into the Resulting Company or anything contained in the Scheme of Arrangement.

13.6 Without prejudice to the generality of the above, all benefits including claim of tax deduction at source, tax collection at source, advance tax and self-assessment tax and any similar credits or balances under the income tax, sales tax, excise duty, customs

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duty, service tax, GST, VAT, etc., pertaining to the Demerged Undertaking, to which the Demerged Company is entitled to in terms of the applicable Tax Laws of the Union and State Governments, shall be available to and vest in the Resulting Company.

13.7 Obligation for deduction of tax at source on any payment made by or to be made by the Demerged Company in relation to the transactions entered by the Demerged Undertaking under the Income-tax Act, 1961, Wealth-tax Act, 1957, service tax laws, customs law, state value added tax, goods and service tax or other applicable laws / regulations dealing with taxes/ duties / levies shall be made or deemed to have been made and duly complied with by the Resulting Company.

13.8 The Demerger as contemplated in this Scheme would be completed in a manner so as to comply with the conditions relating to 'demerger' as specified under section 2(19AA) of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said section at the later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said section 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 the other parts of the Scheme. Furthermore, all credits or balances eligible for roll-over, set-off or carry forward under the Income-tax Act, 1961 including under Chapter VI of the Income-tax Act, 1961 shall be given effect to in compliance with the applicable provisions of the Income-tax Act, 1961.

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14. APPLICATION TO THE NCLT

14.1 The Demerged Company and the Resulting Company shall with all reasonable means dispatch, make joint applications to the NCLT pursuant to Sections 230 to 232 of the Act, for convening and/or seeking exemption to convene meetings of the shareholders and/or creditors, for sanctioning and carrying out of this Scheme.

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14.2 The Resulting Company shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority, if required under any law for such Governmental approvals which the Resulting Company may require to own the demerged undertaking of the Demerged Company and to carry on the business of the demerged undertaking.

15. MODIFICATIONS/AMENDMENTS TO THE SCHEME

The Demerged Company and the Resulting Company, by their respective Board of Directors, may assent to any modifications/amendments to the Scheme or to any conditions or limitations that the NCLT and/or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them (i.e. the respective Board of Directors of the Demerged Company and the Resulting Company). The Demerged Company and the Resulting Company by their respective Board of Directors be and are hereby authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions of law or otherwise, whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith. The aforesaid powers of the Board shall be exercised with the approval of the NCLT.

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16. REMAINING BUSINESS OF THE DEMERGED COMPANY

16.1 The Remaining Business and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company subject to the provisions of the Scheme.

16.2 All legal or other proceedings by or against the Demerged Company pertaining to the Remaining Business under any statute, whether pending on the Appointed Date or which may be instituted in future whether or not in respect of any matter arising before the Effective Date and relating to the Remaining Business (including those

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relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Business) shall be continued and enforced by or against the Demerged Company. The Resulting Company shall in no event be responsible or liable in relation to any such legal or other proceedings by or against the Demerged Company.

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

16.3.1 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;

16.3.2 all profits and income accruing or arising to the Demerged Company, and any cost, charges, losses and expenditure arising or incurred by it (including taxes, if any, accruing or paid in relation to any profits or income) relating to the Remaining Business shall, for all purposes, be treated as and be deemed to be the profits income, losses or expenditure, as the case may be, of the Demerged Company; and

16.3.3 all the employees relatable to the Remaining Business shall continue to be employed by the Demerged Company and the Resulting Company shall not in any event be liable or responsible for any claims whatsoever regarding such employees.

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17. PROPERTY IN TRUST

Notwithstanding anything contained in this Scheme, until any property, asset, license, approval, permission, contract, agreement and rights and benefits arising therefrom and pertaining to the Demerged Company in connection with the Demerged Undertaking is transferred, vested, recorded, effected and/ or perfected, in the records of the Appropriate Authority(ies), regulatory bodies or otherwise, in favour of the Resulting Company, the Resulting Company shall be deemed to be authorized to enjoy the property, asset or the rights and benefits arising from the license, approval, permission, contract or agreement as if it were the owner of the property or asset or as if it were the original party to the license, approval, permission, contract or agreement. It is clarified that till entry is made in the records of the Appropriate

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Authority(ies) and till such time as may be mutually agreed by the Demerged Company and the Resulting Company, the Demerged Company shall continue to hold the property and / or the asset, license, permission, approval as the case may be in trust on behalf of the respective Resulting Company.

18. CONDUCT OF DEMERGED UNDERTAKING UPTO THE EFFECTIVE DATE

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

18.1 The Demerged Company shall be deemed to have been carrying on and shall carry on the activities of the Demerged Undertaking and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all the assets, investments and liabilities pertaining to the Demerged Undertaking of the Demerged Company for and on account of and in trust for the Resulting Company. The Demerged Company hereby undertakes to hold the said assets with utmost prudence until the Effective Date.

18.2 The Demerged Company shall carry on the activities of the Demerged Undertaking with reasonable diligence, business prudence and shall not, except in the ordinary course of business or without prior written consent of the Resulting Company, alienate, charge, mortgage, encumber or otherwise deal with or dispose of the Demerged Undertaking or part thereof and shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts or incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitment.

18.3 All the profits or income accruing or arising to the Demerged Company or expenditure, or losses arising or incurred or suffered by the Demerged Company pertaining to the demerged undertaking of the Demerged Company shall for all purposes be treated and be deemed to be and accrued as the income or profits or losses or expenditure as the case may be of the Resulting Company.

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18.4 The Resulting Company shall be entitled, pending the sanction of the Scheme, to apply to the Central / State Government, and all other agencies, departments and authorities concerned as are necessary under any law or rules, for such consents, approvals and sanctions, which the Resulting Company may require pursuant to this Scheme.

19. CONDITIONALITY OF THE SCHEME

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

19.1 The Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective shareholders and/or creditors of the Demerged Company and the Resulting Company as prescribed under the Act and as may be directed by the NCLT or any other appropriate authority, as may be applicable.

19.2 The sanction of this Scheme by the NCLT or any other appropriate authority under Sections 230 to 232 other applicable provisions, if any of the Act in favour of the Demerged Company and the Resulting Company.

19.3 Certified or authenticated copies of the order of the NCLT sanctioning the Scheme being filed with applicable Registrar of Companies.

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20. EFFECT OF NON-RECEIPT OF APPROVALS

In the event of any of the said sanctions and approvals referred to in Clause 19 not being obtained and/ or the Scheme not being sanctioned by the NCLT or such other appropriate authority, if any, this Scheme shall stand revoked, cancelled and be of no effect, 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 and agreed between the respective parties to this Scheme. Each Party shall bear and pay

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its respective costs, charges, and expenses for and / or in connection with the Scheme unless otherwise mutually agreed.

21. COSTS, CHARGES AND EXPENSES

All costs, shortages, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto, shall be borne by the Demerged Company.

22. CAUSE OF ACTION

No third party claiming to have acted or changed his position in anticipation of their Scheme taking effect, shall get any cause of action against the Demerged Company or the Resulting Company or their directors or officers, if this Scheme does not take effect or is withdrawn, amended, modified for any reason whatsoever.

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