

# ANNEXURE - D

## SCHEME OF ARRANGEMENT

365

AMONGST

**VRAHEJA TRADING PRIVATE LIMITED ("TRANSFEROR  
COMPANY")**

AND

**VISHNU VAIBHAV INDUSTRIES PRIVATE LIMITED  
("DEMERGED COMPANY")**

AND

**NAPINO AUTO AND ELECTRONICS LIMITED ("NAPINO  
AUTO")**

AND

**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

**(Under Section 230 to 232 read with Section 66 and the  
other applicable provisions of the Companies Act, 2013)**

### I. PREAMBLE

This Scheme of arrangement amongst Vraheja Trading Private Limited ("**Transferor Company**"), Vishnu Vaibhav Industries Private Limited ("**Demerged Company**") and Napino Auto and Electronics Limited ("**Napino Auto**") and their respective shareholders and creditors ("**Scheme**") is presented under Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 and the rules and regulations made thereunder, for the merger of Transferor Company into Napino Auto and demerger of Demerged Undertaking (as defined hereinafter) into Napino



24  
Vishnu



1



Auto and their respective shareholders and creditors.

366

## II. INTRODUCTION & RATIONALE OF THE SCHEME.

Napino Auto, a public company incorporated under the provisions of Companies Act, 1956 on 14<sup>th</sup> November 1991, is primarily engaged in the business of manufacturing and supplying of automotive electronic products.

Transferor Company, a private company incorporated under the provisions of Companies Act, 2013 on 19<sup>th</sup> February, 2023, is also engaged in the business of manufacturing and supplying of automotive electronic products.

Demerged Company, a private company incorporated under the provisions of Companies Act, 1956 on 6<sup>th</sup> September 2011, is engaged in the business of manufacturing of switches for the automotive sector and providing design and development services related to automotive sector mainly for automotive switches.

Pursuant to the proposed arrangement, the management of the respective companies foresee the following benefits:

- a) Greater integration and financial strength for the merged entity, which would result in maximizing overall shareholder value and will improve the financial position of the merged entity;
- b) The amalgamation and demerger would lead to greater and efficient use of the available resources;
- c) Reduction of number of entities and administrative cost;
- d) Simplification of group structure.



### III. PARTS OF THE SCHEME

367

Part A	Deals with definition of the terms used in this Scheme and share capital
Part B	Deals with the merger of Transferor Company into Napino Auto
Part C	Deals with demerger of Demerged Undertaking (as defined hereinafter) into Napino Auto
Part D	Deals with the general terms and conditions applicable to this Scheme and other matters consequential and integrally connected thereto.



Vaibhav Rya





## PART A- DEFINITIONS AND SHARE CAPITAL

368

### 1. DEFINITIONS

In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the meanings respectively assigned against them:

- 1.1 **“Act”** means the Companies Act, 2013 (including any statutory modifications(s) or re-enactment(s) thereof) and rules and regulations made thereunder, for the time being in force.
- 1.2 **“Board”** means the board of directors of Transferor Company, Demerged Company and Napino Auto, as the context may require, and shall include any committee constituted by such board of directors for the purposes of the Scheme.
- 1.3 **“Demerger Appointed Date”** means October 01, 2022 or such other date as may be fixed or approved by NCLT.
- 1.4 **“Demerged Company”** means Vishnu Vaibhav Industries Private Limited (CIN: U35990HR2011PTC043800) incorporated under the provisions of Companies Act, 1956 having its registered office at Plot no. 371, Phase-2, Udyog Vihar, Gurgaon, Haryana 122015.
- 1.5 **“Demerged Undertaking”** means business of manufacturing of switches for the automotive sector and providing design and development services related to automotive sector mainly for automotive switches, as a going concern and shall include (without limitation) the following as of the Demerger Appointed Date:





- a) All the assets and properties pertaining to the Demerged Undertaking;
- b) All the debts, liabilities, duties and obligations including contingent liabilities pertaining to the Demerged Undertaking;
- c) Without prejudice to the generality of above, the Demerged Undertaking shall include the moveable and immovable properties, plant and machinery, spares, furniture, fixtures, vehicles, leasehold assets and other properties, if any, real, corporeal and incorporeal, in possession or reversion, present and contingent assets (whether tangible or intangible) of whatsoever nature, assets including inventories of finished goods, cash in hand, bank balance, investments (including strategic investments), claims, powers, authorities, allotments, approvals, consents, letters of intent, registrations, licenses, customer contracts, agreements, engagements, arrangements, rights, credits, titles, interests, benefits, advantages, leasehold rights, sub-letting tenancy rights, with or without the consent of the landlord as may be required, goodwill, other intangibles, permits, authorizations, trademarks, trade names, brands, patents, patent rights, copyrights, designs, and other industrial and intellectual properties and rights of any nature whatsoever including labels, designs, know-how, domain names, or any applications for the above, assignments and grants in respect thereof, import quotas and other quota rights, right to use and avail of telephones, telex, facsimile and other



communication facilities, connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds, and benefits of all agreements, arrangements, deposits, advances, recoverable and receivables, whether from government, semi-government, local authorities or any other person including customers, contractors or other counter parties, etc., all earnest monies and/or deposits, privileges, liberties, easements, advantages, benefits, exemptions, permissions and approvals of whatsoever nature (including but not limited to benefits of tax relief including under the Income-tax Act, 1961 ("IT Act") such as credit for advance tax, taxes deducted at source, etc., unutilised deposits or credits, benefits under the VAT/ Sales Tax law, VAT/ sales tax set off, unutilised deposits or credits, benefits of any unutilised MODVAT/CENVAT/Service Tax/Goods and Service Tax credits, etc.), all records, files, papers, engineering and process information, computer programs, computer softwares, manuals, data catalogues, quotations, sales and advertising materials, list of present and former customers and suppliers, customers credit information, customers pricing information and other records, whether in physical form or electronic form in connection with or relating to, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by and where so ever situate.

- d) All employees engaged in or in relation to the Demerged Undertaking as on the Effective Date.





**Explanation:** For the purpose of this Scheme, it is clarified that the liabilities pertaining to the Demerged Undertaking will include:

- i. Liabilities which arise out of the activities or operations of the Demerged Undertaking;
- ii. Specific loans and borrowings raised, incurred and utilized solely for the activities or operation of the Demerged Undertaking;
- iii. Liabilities other than those referred to in sub-clauses (i) and (ii) above and not directly relatable to the Remaining Business of Demerged Company being the amounts of general or multipurpose borrowings of Demerged Company shall be allocated to the Demerged Undertaking in the same proportion in which the value of the assets transferred under this clause bears to the total value of the assets of Demerged Company immediately before effectiveness of this Scheme provided that all liabilities of Demerged Company which are directly relatable to the Remaining Business of Demerged Company shall be allocated solely to the Remaining Business of Demerged Company.

Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the Demerged Undertaking or whether it arises out of the activities or operations of the Demerged Undertaking shall be decided by mutual agreement between the Board





of Demerged Company and Napino Auto.

372

1.6 **“Effective Date”** means the last of the dates on which all the conditions, matters and filings referred to in clause 26 of this Scheme have been fulfilled and necessary orders, approvals and consents referred to therein have been obtained.

References in this Scheme to the date of "coming into effect of this Scheme" or "upon coming into effect of this Scheme" or "effectiveness of this Scheme" or "on the Scheme becoming effective" or "upon the Scheme becoming effective" shall mean the Effective Date.

1.7 **“Merger Appointed Date”** means June 30, 2023 or such other date as may be fixed or approved by NCLT.

1.8 **“Napino Auto”** means Napino Auto and Electronics Limited (CIN: U34300HR1991PLC031470) incorporated under the provisions of Companies Act, 1956 having its registered office at Plot No. 7, Sector 3 IMT Manesar Gurugram Gurgaon - 122 050, Haryana, India.

1.9 **“NCLT” or “Tribunal”** means the bench/benches of the National Company Law Tribunal having jurisdiction over the registered offices of Transferor Company, Demerged Company and Napino Auto i.e. Chandigarh bench of National Company Law Tribunal and shall include, if applicable, such other forum or authority as may be vested with the powers of the NCLT under the Act.

1.10 **“Record Date”** means the date to be mutually fixed by the Board of the Transferor Company, Demerged



Company and Napino Auto, for the purpose of determining the list of shareholders to whom shares will be issued and allotted pursuant to clause 5.1 and 16.1 of the Scheme.

**1.11“Remaining Business of Demerged Company”**

means all the undertakings, businesses, activities and operations of Demerged Company other than Demerged Undertaking.

**1.12“Scheme” or “the Scheme” or “this Scheme”**

means this Scheme of arrangement in its present form or with any modification(s) or amendment(s), if any made, as per clause 25 of the Scheme as approved or directed by the NCLT or any other appropriate authority.

**1.13“Transferor Company”** means Vraheja Trading Private Limited (CIN: U45300HR2023PTC109520) incorporated under the provisions of Companies Act, 2013 having its registered office at Plot no. 7 Sector 3, IMT Manesar, Haryana 122051.

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

Reference to clauses, recitals and schedules, unless otherwise provided, are to clauses, recitals and schedules of and to this Scheme. The singular shall include the plural and vice versa.





## 2. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the NCLT or made as per clause 25 of the Scheme, shall be effective from Merger Appointed Date and Demerger Appointed Date but shall be operative from the Effective Date.

## 3. SHARE CAPITAL

3.1 The authorized, issued, subscribed and paid-up share capital of Napino Auto as on the date of approval of Scheme by Board of Napino Auto is as under:

Share Capital	Amount (in Rs.)
<b>Authorized share capital</b>	
1,35,13,000 equity shares of Rs. 10/- each	13,51,30,000
4,87,000 equity shares of Rs.10 /- each	48,70,000
<b>Total</b>	<b>14,00,00,000</b>
<b>Issued, subscribed and paid-up share capital</b>	
97,46,960 equity shares of Rs.10 /- each, fully paid up	9,74,69,600
<b>Total</b>	<b>9,74,69,600</b>

3.2 Transferor Company has been incorporated on February 19, 2023. The authorized, issued, subscribed and paid-up share capital of the Transferor Company as on the March 31, 2023 is as under:





Share Capital	Amount (in Rs.)
<b>Authorized share capital</b>	
10,000 equity shares of Rs.10/- each	1,00,000
<b>Total</b>	<b>1,00,000</b>
<b>Issued, subscribed and paid-up share capital</b>	
10,000 equity shares of Rs.10/- each	1,00,000
<b>Total</b>	<b>1,00,000</b>

As on the date of this Scheme being approved by the Board of Transferor Company, there has been no change in the authorized, issued, subscribed and paid up share capital of the Transferor Company.

Further, as on the date of this Scheme approved by the Board of the Transferor Company, the Transferor Company beneficially owns 4,40,000 equity shares of Napino Auto.

- 3.3 The authorized, issued, subscribed and paid-up share capital of Demerged Company as per the audited financial statements as at March 31, 2023 is as under:

Share Capital	Amount (in Rs.)
<b>Authorized share capital</b>	
10,00,000 equity shares of Rs.10 /- each	1,00,00,000
<b>Total</b>	<b>1,00,00,000</b>
<b>Issued, subscribed and paid-up share capital</b>	
1,10,000 equity shares of Rs.10 /-	11,00,000



*Vaibhav Rosh*



376

each, fully paid up	
<b>Total</b>	<b>11,00,000</b>

As on the date of this Scheme being approved by the Board of Demerged Company, there has been no change in the authorized, issued, subscribed and paid-up share capital of Demerged Company.



*Vaibhav Reddy*

*Vaibhav Reddy*



*Indu*

**PART B - MERGER OF THE TRANSFEROR COMPANY**  
**INTO NAPINO AUTO**

**4. TRANSFER AND VESTING**

4.1 Upon coming into effect of this Scheme and with effect from the Merger Appointed Date and subject to the provisions of the Scheme, the entire business and whole of the undertaking of the Transferor Company including all their properties and assets (whether movable or immovable, tangible or intangible, real or corporeal, in possession or reversion, present or contingent, of whatsoever nature), land and building, leasehold assets, all the debts, liabilities, duties and obligations of the Transferor Company, of every description and also including, without limitation, all the movable and immovable properties and assets of the Transferor Company comprising amongst others all plant and machinery, investments, business licenses, permits, authorizations, rights and benefits of all agreements and all other interests, rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits, approvals, advance and other truces paid to the authorities, brand names, trademarks, copy rights, lease, tenancy rights, statutory permissions, consents and registrations, approvals or powers of every kind and description, agreements shall, pursuant to the order of the NCLT, without any further act, instrument or deed, but subject to the charges affecting the same be transferred and/or deemed to be transferred to and vested in Napino Auto



*Rd/*

*Vaibhav Rja*





on a going concern basis so as to become the assets and liabilities of Napino Auto.

4.2 Without prejudice to the provisions of clause 4.1 above, in respect of such of the assets and properties of the Transferor Company, including cash in hand, capable of passing by manual delivery or by endorsement and delivery shall be so delivered or endorsed and delivered, as the case may be, and shall upon such delivery or endorsement and delivery, become the assets and properties of Napino Auto, without requiring any deed or instrument or conveyance for the same.

4.3 In respect of movable assets other than those specified in clause 4.2 above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with government, semi-government, local and other authorities and bodies, customers and other persons, the following methodology shall to the extent possible be followed:

Napino Auto shall give notice in such form as it may deem fit and proper to each person, debtor or deposittee that pursuant to the NCLT having sanctioned this Scheme, the said debt, loan, advance or bank balance and deposit be paid to or made good to or held on account of Napino Auto and that the right of the Transferor Company to recover or realize the same stands extinguished.

4.4 Upon coming into effect of this Scheme and with effect from the Merger Appointed Date and subject to the



provisions of this Scheme, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of the Transferor Company pertaining or relating to its business shall, without any further act, instrument or deed, be and stand transferred from the Transferor Company and transferred to and vested in or be deemed to be transferred to and vested in and assumed by Napino Auto so as to become as and from the Merger Appointed Date, the debts, liabilities, contingent liabilities, duties and obligations of Napino Auto, pursuant to Sections 230-232 of the Act read with section 66 and any other relevant provisions of the Act and the order of the NCLT sanctioning the Scheme, and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause.

- 4.5 Upon coming into effect of this Scheme and with effect from the Merger Appointed Date and subject to the provisions of this Scheme, all permits, no objection certificates, contracts, permissions, approvals, consents, rights, entitlements, licenses including those relating to tenancies, leases, copyrights, intellectual property rights, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Transferor Company or to the benefit of which the Transferor Company may be eligible and which are subsisting or having effect on the Effective Date, shall stand transferred to and vested in Napino Auto without





any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of Napino Auto upon the vesting and transfer of business pursuant to this Scheme, and shall be and remain in full force, operative and effectual for the benefit of Napino Auto, and may be enforced by Napino Auto as fully and effectually as if, instead of the Transferor Company, Napino Auto had been the original party or beneficiary or obligee thereto.

- 4.6 The transfer and/or vesting of the properties as aforesaid shall be subject to the charges, hypothecation and mortgages as on Merger Appointed Date but modified upto Effective date in respect of all the assets and properties or any part thereof of the Transferor Company.

Provided that the Scheme shall not operate to enlarge the security of any loan, deposit or facility created by or available to the Transferor Company which shall vest in Napino Auto by virtue of the Scheme and Napino Auto shall not be obliged to create any further or additional security therefore after coming into effect of this Scheme or otherwise.

- 4.7 For the avoidance of doubt and without prejudice to the generality of the applicable provisions of the Scheme, it is clarified that with effect from the Effective Date and till such time that the name of the bank accounts of the Transferor Company have been replaced with that of Napino Auto, Napino Auto shall be entitled to maintain and operate the bank accounts of the Transferor Company in the name of the



Vishnu Rolf





Transferor Company in so far as may be necessary including for presentation and disposition of cheques and pay orders that have been issued in the name of the Transferor Company. Upon the Scheme becoming effective, Napino Auto shall be entitled to maintain and operate all bank accounts and demat accounts related to the Transferor Company and all cheques, letters of credit and other negotiable instruments, drafts, payment orders, instrument slips, direct and indirect tax balance and / or payment advice of any kind or description issued in favour of the Transferor Company, either before or on the Merger Appointed Date, or in future, may be deposited with the bank/depository participant of Napino Auto and credit of all receipts thereunder will be given in the accounts of Napino Auto and the same shall be accepted by bankers of and credited to the account of Napino Auto. The bankers of Napino Auto should honour the cheques issued by the Transferor Company for payments after the Effective Date. It is hereby expressly clarified that any legal proceedings by or against the Transferor Company in relation to the cheques and other negotiable instruments, pay orders, received or presentation for encashment which are in the name of the Transferor Company shall be instituted, or as the case may be, continued by or against Napino Auto after the coming into effect of this Scheme.

- 4.8 Any tax liabilities under the income-tax laws, service tax laws, excise duty laws, goods and services tax laws, central sales tax, applicable state value added tax laws or other applicable laws/regulations dealing with



taxes/duties/levies of the Transferor Company as on the date immediately preceding the Merger Appointed Date shall be transferred to Napino Auto.

4.9 Any refund, under the income-tax laws, service tax laws, excise duty laws, goods and services tax laws, central sales tax, applicable state value added tax laws or other applicable laws/regulations dealing with taxes/duties/levies due to the Transferor Company consequent to the assessment made on the Transferor Company and for which no credit is taken in the accounts as on the date immediately preceding the Merger Appointed Date shall also belong to and be received by Napino Auto upon the Scheme becoming effective.

4.10 Without prejudice to the generality of the above, all benefits, incentives, losses, credits (including, without limitation, income tax, minimum alternate tax, tax deducted at source, service tax, excise duty, goods and services tax, central sales tax, applicable state value added tax, etc.) to which the Transferor Company is entitled to in terms of applicable laws, shall be available to and vest in Napino Auto, upon coming into effect of this Scheme.

4.11 The Scheme has been drawn up to comply with the conditions relating to "amalgamation" as specified under section 2(1B) of the IT Act. If any terms or provisions of the Scheme is/are inconsistent with the provisions of section 2(1B) of the IT Act, the provisions of section 2(1B) of the IT Act shall prevail and the Scheme shall stand modified to the extent necessary to comply with section 2(1B) of the IT Act;





such modification to not affect other parts of the Scheme.

## 5. CONSIDERATION

5.1 Upon this Scheme becoming effective and upon amalgamation of the Transferor Company into Napino Auto in terms of this Scheme, Napino Auto shall, without any further application, act, instrument or deed, issue and allot equity shares, credited as fully paid up, to the extent and as indicated below, to the shareholders of the Transferor Company whose name appear in the register of members as on the Record Date, or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title, as the case may be:

*"93,245 (Ninety Three Thousand Two Hundred and Forty Five) fully paid up Equity Shares of Rs.10 each of Napino Auto and Electronics Limited shall be issued and allotted as fully paid up for 1,000 (One Thousand) fully paid up equity shares of Rs. 10 each of Vraheja Trading Private Limited."*

5.2 The issue of equity shares in terms of clause 5.1 above shall be subject to the provisions of Rule 9A of Companies (Prospectus and Allotment of Securities) Rules, 2014.

5.3 In respect of fractional entitlement to a shareholder of the Transferor Company, the number of shares to be issued shall be rounded off to the nearest integer. A fraction of less than half shall be rounded down to the nearest lower integer and a fraction of half or more shall be rounded up to the nearest higher integer.





5.4 For the purpose of issue and allotment of shares pursuant to this clause 5.1 above, the following terms shall apply:

5.4.1 Approval of this Scheme by the shareholders of Napino Auto shall be deemed to constitute due compliance with section 42, 62 and any other applicable provisions of the Act and the articles of association of Napino Auto and no other consent shall be required under the Act or the articles of association of Napino Auto, for the issue of the equity shares to the shareholders of the Transferor Company under the Scheme.

5.4.2 The shares proposed to be allotted pursuant to the Scheme shall be subject to the provisions of the memorandum of association and articles of association of Napino Auto and shall rank *pari passu* with the existing shares of Napino Auto, including the rights in respect of dividend and bonus shares, if declared, by Napino Auto on or after the Effective Date.

5.5 Napino Auto shall, if and to the extent required, apply for and obtain any approvals from concerned regulatory authorities for the issue and allotment by Napino Auto of equity shares to the shareholders of the Transferor Company under the Scheme.

## 6. CANCELLATION OF EQUITY SHARES OF NAPINO AUTO HELD BY THE TRANSFEROR COMPANY

6.1 Upon the Scheme becoming effective, the equity shares of Napino Auto held by the Transferor Company shall stand cancelled. Accordingly, the share capital of Napino Auto shall stand reduced to the extent of face value of



shares held by the Transferor Company in Napino Auto.

- 6.2 The aforesaid reduction of the share capital of Napino Auto shall be effected as an integral part of the Scheme in accordance with the provisions of Sections 230 to 232 read with Section 66 of the Act and any other applicable provisions of the Act and the order of the NCLT sanctioning the Scheme shall be deemed to be also the order under Section 66 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution in liability in respect of the unpaid share capital or payment of paid-up share capital and the provisions of Section 66 of the Act will not be applicable. Notwithstanding the reduction in the equity share capital, Napino Auto shall not be required to add "And Reduced" as suffix to its name.

## 7. ACCOUNTING TREATMENT IN THE BOOKS OF NAPINO AUTO

- 7.1 Upon this Scheme becoming effective and with effect from the Merger Appointed Date, Napino Auto shall account for the merger in accordance with the acquisition method for accounting business combination as per Indian Accounting Standard 103 - Business Combinations ('Ind AS 103') prescribed under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 (as amended):

- 7.1.1 All assets transferred and the liabilities vested in Napino Auto of the Transferor Company pursuant to this Scheme (whether recorded or not in the books of Transferor Company) shall be recorded in the books of account of the Napino Auto at their fair values as





on the Merger Appointed Date.

386

7.1.2 Napino Auto shall record issuance of the equity shares at fair value as per clause 5.1 of the Scheme and accordingly credit to its share capital account the aggregate face value of the equity shares. The excess, if any of the fair value of the equity shares over the face value of new equity shares issued shall be credited to securities premium reserve.

7.1.3 All inter-company balances and investments, if any, appearing in the books of accounts of Transferor Company and Napino Auto will stand cancelled.

7.1.4 The excess of fair value of purchase consideration over the value of net Assets acquired under Clause 7.1.1 above ("Net Assets" means excess of the fair value of assets over the fair value of liabilities) shall be recognised as goodwill. In case of excess of the value of net assets over the fair value of purchase consideration shall be recognised as capital reserve in the financial statements of Napino Auto.

## 8. CONDUCT OF BUSINESS TILL EFFECTIVE DATE

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

8.1 The Transferor Company shall, in respect of its business, be deemed to have been carrying on and shall carry on its business and activities and shall hold and stand possessed of and hold all its properties and assets for and on account of and in trust for Napino Auto. The Transferor Company





hereby undertakes to hold its said assets with utmost prudence until the Effective Date.

- 8.2 All the profits or income accruing or arising to the Transferor Company, in respect of its business or expenditure or losses arising to or incurred by the Transferor Company in respect of its business, shall for all purposes and intents be treated and be deemed to be and accrue as the profits or incomes or expenditure or losses (as the case may be) of Napino Auto.
- 8.3 The Transferor Company shall carry on the business and activities with reasonable diligence and prudence and shall not without the prior written consent of the Board of Napino Auto, avail any loans and borrowings, alienate, charge, mortgage, encumber or otherwise deal with or dispose-off the assets of the Transferor Company, except in the ordinary course of business. The Transferor Company shall not, without the prior written consent of Napino Auto undertake any new businesses except in the ordinary course of its business.
- 8.4 Neither the Transferor Company nor Napino Auto shall issue or allot any further shares, either by way of rights or bonus or otherwise, make any acquisition and/or investment in securities in other entities, without the prior written consent of the Board of the respective companies.
- 8.5 Where any of the liabilities and obligations attributed to the business, has been discharged by the Transferor Company, on or after the Merger Appointed Date but before the Effective Date, such discharge shall be deemed to have been for and on behalf of Napino Auto.



- 8.6 All loans raised and liabilities incurred by the Transferor Company after the Merger Appointed Date but before the Effective Date for operations of the business shall be discharged by Napino Auto on or after the Effective Date.
- 8.7 The Transferor Company shall not vary the terms and conditions of service of the employees or conclude settlements with unions or employees, except in the ordinary course of business or consistent with past practice or pursuant to any pre-existing obligation without the prior written consent of the Board of Napino Auto.
- 8.8 Napino Auto shall be entitled, pending the sanction of the Scheme by the NCLT, to apply to the central/state government and all other agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which Napino Auto may require to own and carry on the business of the Transferor Company.

## 9. STAFF, WORKMEN AND EMPLOYEES

- 9.1 Upon the Scheme becoming effective, all the employees engaged in or in relation to the business of the Transferor Company shall become the employees of Napino Auto, without any break or interruption in their services, on same terms and conditions or such terms and conditions which are not less favorable than the existing terms of employment on which they are engaged as on the Effective Date. Napino Auto further agrees that for the purpose of payment of any retirement benefit/compensation, such immediate uninterrupted





past services with the Transferor Company shall also be taken into account. Napino Auto undertakes to continue to abide by the terms of agreement/settlement entered into by the Transferor Company with employees union/employee associations of the Transferor Company.

9.2 The accounts/funds of the employees transferred, relating to superannuation, provident fund and gratuity fund or any other special fund or trusts created or existing for the benefit of the employees of the Transferor Company shall be deemed to have become members of similar trusts/funds of Napino Auto on the same terms and conditions as applicable to the trusts or funds of the Transferor Company in relation to the said employees. On and from the Effective Date, with effect from the Merger Appointed Date, Napino Auto shall make the necessary contributions for such employees in relation to the funds. It is clarified that the services of the employees of the Transferor Company shall be treated as having been continuous without any break, discontinuance or interruption for the purpose of the said funds.

9.3 In the event Napino Auto does not have its own funds in respect of any of the above, it may, subject to necessary approvals and permissions, continue to contribute to the relevant funds of the Transferor Company, until such time as Napino Auto creates its own funds, at which time the funds and the investment and contributions, pertaining to the employees of the Transferor Company shall be transferred to the funds created by Napino Auto. It is the aim and intent of this Scheme that all the rights, duties, powers and obligations of the business in relation to such funds shall become those of Napino Auto.





## 10. LEGAL PROCEEDINGS

390

10.1. All legal proceedings of whatsoever nature by or against the Transferor Company pending and/or arising before the Effective Date, shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against Napino Auto, as the case may be in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company.

10.2. All tax assessment proceedings/appeals of whatsoever nature by or against the Transferor Company pending and/or arising at the Merger Appointed Date and relating to the Transferor Company shall be continued and/or enforced until the Effective Date by the Transferor Company. In the event of the Transferor Company failing to continue or enforce any proceeding/appeal, the same may be continued or enforced by Napino Auto, at the cost of Napino Auto. As and from the Effective Date, the tax proceedings shall be continued and enforced by or against Napino Auto in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company.

10.3. On and from the Effective Date, Napino Auto shall and may, if required, initiate any legal proceedings in relation to the business of the Transferor Company.

## 11. CONTRACTS, DEEDS AND OTHER INSTRUMENTS

11.1 Upon coming into effect of this Scheme and subject to other provisions of this Scheme, all contracts, deeds, bonds, schemes, insurance, letters of intent, undertakings,



arrangements, policies, agreements (including all tenancies, leases, and other assurances in favour of the Transferor Company or powers or authorities granted by or to it), if any, of whatsoever nature pertaining to the business, to which the Transferor Company is a party and subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of Napino Auto and may be enforced by or against Napino Auto as fully and effectually as if, instead of the Transferor Company, Napino Auto had been a party or beneficiary or obligee thereto.

11.2 Napino Auto may enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which the Transferor Company will, if necessary, also be party in order to give formal effect to the provisions of this Scheme. Napino Auto shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of the Transferor Company and to implement or carry out all formalities required on the part of the Transferor Company to give effect to the provisions of this Scheme.

## 12. SAVING OF CONCLUDED TRANSACTIONS

The transfer of properties and liabilities under clause 4 above and the continuance of proceedings by or against Napino Auto under clause 10 above shall not affect any transaction or proceedings already concluded by the Transferor Company on or after the Merger Appointed Date till the Effective Date, to the end and intent that Napino Auto accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto as done and executed on behalf of





### 13. INCREASE IN AUTHORISED SHARE CAPITAL

13.1 With effect from the Effective Date and upon the Scheme becoming effective, without any further acts or deeds on the part of the Transferor Company or Napino Auto and notwithstanding anything contained in section 61 of the Act, the authorized share capital of the Transferor Company as appearing in its memorandum of association on the Effective Date shall get clubbed with the authorized share capital of Napino Auto as appearing in its memorandum of association on the Effective Date and pursuant to this clubbing the clause V of the memorandum of association of Napino Auto shall stand altered to give effect to the same with effect from the Effective Date.

13.2 Further, in terms of section 232 (3)(i) of the Act, upon coming into effect of this Scheme, the fee and duty paid on the authorized share capital of the Transferor Company shall be set-off against the fee payable on authorized share capital of Napino Auto, without any further act or deed.

13.3 On approval of the Scheme by the members of Napino Auto and NCLT under section 230 – 232 read with section 66 and other applicable provisions of the Act, it shall be deemed that the said members have also accorded all relevant consents under section 13, 14, 61 and other applicable provisions of the Act as may be applicable for the purpose of amendment of the memorandum of association of Napino Auto as above. It is clarified that there will be no need to pass a separate





shareholder's resolution as required under section 13, 14 and 61 of the Act for amendment of the memorandum of association of Napino Auto.

13.4 Accordingly, the capital clause of the memorandum of association of Napino Auto shall, without any further act or deed be replaced by the following clause:

*"The Authorised Share Capital of the Company is Rs. 14,01,00,000/- (Rupees Fourteen Crore One Lac) divided into 1,35,23,000 (One Crore Thirty Five Lacs Twenty Three Thousand) Equity Shares of Rs. 10/- (Rupees Ten) each and 4,87,000 (Four Lacs Eighty Seven Thousand) Equity Shares of Rs. 10/- (Rupees Ten) each."*

#### 14. DISSOLUTION OF THE TRANSFEROR COMPANY

Upon the Scheme becoming effective, the Transferor Company shall stand dissolved without winding up and the Board shall cease to function and shall be discharged from its obligations. Upon such dissolution of the Transferor Company without winding up, no person shall make and / or assert claims, demands or proceed against any director or officer or employee of the Transferor Company, for any acts, deeds and things done or decisions taken by or on behalf of the Transferor Company while carrying out the business activities of the Transferor Company in ordinary course and, on and after the Effective Date, Napino Auto shall accept all such acts, deeds and things done or decisions taken by the Transferor Company, as acts, deeds and things done or decisions taken by and on behalf of Napino Auto.



**PART C – DEMERGER OF DEMERGED UNDERTAKING  
INTO NAPINO AUTO**

**15. TRANSFER AND VESTING OF DEMERGED  
UNDERTAKING INTO NAPINO AUTO**

15.1 Upon coming into effect of this Scheme and with effect from Demerger Appointed Date and subject to the terms of the Scheme, Demerged Undertaking shall stand transferred to and vested in or deemed to be transferred to and vested in Napino Auto as a going concern and all the properties whether moveable or immovable, real or personal, corporeal or incorporeal, present or contingent including but without being limited to all fixed assets, spares, development rights, work in progress, pending customer contracts, current assets, deposits, investments, reserves, provisions, funds, licenses, registrations, patents, trade names, trademarks, leases, tenancy rights, warehouses, apartments, commercial space / office, lands (including leasehold land), buildings, premises, telephones, telexes, facsimile, connections, email connections, internet connections, installations and utilities, benefits of agreements and arrangements, powers, authorities, permits, allotments, approvals, permissions, sanctions, consents, privileges, liberties, easements and all the rights, titles, interests, other benefits (including tax benefits), tax holiday benefit, incentives, credits (including tax credits, if any), tax losses (including book losses, if any) and advantages of whatsoever nature and wheresoever situated belonging to or in possession of or granted in favor of or enjoyed by Demerged Undertaking shall be transferred to and vested in or deemed to be transferred to and vested in Napino Auto in the following manner:





15.1.1 With effect from Demerger Appointed Date, all the assets and properties of Demerged Undertaking, of whatsoever nature and wheresoever situated and incapable of passing by manual delivery and/or endorsement or otherwise, shall, under the provisions of Sections 230 to 232 and all other provisions, if any, of the Act, without any further act or deed be transferred to and vested in and/or deemed to be transferred to and vested in Napino Auto so as to vest in Napino Auto all the rights, title and interest of Demerged Undertaking therein.

15.1.2 With effect from Demerger Appointed Date, all the moveable assets including cash in hand, if any, of Demerged Undertaking capable of passing by manual delivery or by endorsement and delivery shall be so delivered or endorsed and delivered as the case may be to Napino Auto. On such delivery, the same shall become the property of Napino Auto to the end and intent that the ownership and property therein passes to Napino Auto on such handing over in pursuance of the provisions of Section 230 to 232 of the Act.

15.1.3 In respect of the moveable properties of Demerged Undertaking other than those specified in clause 15.1.2 above, including sundry debtors, loans receivable, advances, if any, recoverable in cash or kind or for value to be received, bank balances and deposits, if any, with the Government, semi-Government, local and other authorities and bodies,





companies, firm, individuals, trusts, etc., Napino Auto 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, give notices in such form as it may deem fit and proper, to each person, debtors or depositors, as the case may be, that pursuant to the NCLT having sanctioned the Scheme, the said debt, loan receivable, advance or deposit be paid or made good or held on account of Napino Auto as the person entitled thereto to the end and intent that the right of Demerged Company to recover or realize all such debts stands transferred and assigned to Napino Auto and that appropriate entries should be passed in their respective books to record the aforesaid change.

15.1.4 With effect from Demerger Appointed Date, all debts, liabilities, duties, obligations of every kind, nature and description including all excise duty, custom duty, sales tax, value added tax, service tax, goods and service tax and other Government and semi Government liabilities of Demerged Undertaking shall also, under the provisions of Sections 230 to 232 of the Act without any further act or deed be transferred or deemed to be transferred to Napino Auto so as to become, as and from Demerger Appointed Date, the debts, liabilities, duties, obligations of Napino Auto and further that all the debts, liabilities, duties, obligations, taxes, etc. as aforesaid of Demerged Undertaking incurred/contracted during the period commencing from Demerger Appointed Date till the



Effective Date shall be deemed to have been incurred/contracted by Napino Auto and shall be deemed to be the debts, liabilities and obligations of Napino Auto and further that it shall not be necessary to obtain consent of any person in order to give effect to the provisions of this clause.

15.1.5 Napino Auto shall, at any time after coming into effect of this Scheme, in accordance with the provisions hereof, if so required under otherwise, execute appropriate deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to which Demerged Company, in relation to the Demerged Undertaking, has been a party, including any filings with the regulatory authorities, in order to give formal effect to the above provisions. Napino Auto shall for this purpose, under the provisions hereof, be deemed to have been authorized to execute any such writings on behalf of Demerged Company in relation to the Demerged Undertaking and to carry out or perform all such formalities or compliances referred to above on the part of Demerged Company in relation to the Demerged Undertaking.

15.1.6 For the avoidance of doubt and without prejudice to the generality of any applicable provisions of this Scheme, it is clarified that in order to ensure (i) implementation of the provisions of the Scheme; (ii) uninterrupted transfer of the relevant consents, approvals, patents, permissions, licenses, registrations, certificates etc.; and (iii) continued





vesting of the benefits, exemptions available to Demerged Company in relation to Demerged Undertaking in favour of Napino Auto, the Board of Demerged Company and Napino Auto shall be deemed to be authorized to execute or enter into necessary documentations with any regulatory authorities or third parties, if applicable and the same shall be considered as giving effect to the order sanctioning this Scheme by the NCLT and shall be considered as an integral part of this Scheme.

15.2 The transfer and/or vesting of the properties as aforesaid shall be subject to the charges, hypothecation and mortgages as on Demerger Appointed Date but modified upto Effective Date in respect of all the assets and properties or any part thereof of the Demerged Undertaking.

Provided that the Scheme shall not operate to enlarge the security of any loan, deposit or facility created by or available to the Demerged Undertaking which shall vest in Napino Auto by virtue of the Scheme and Napino Auto shall not be obliged to create any further or additional security therefore after the coming into effect of this Scheme or otherwise.

15.3 Without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all permits, authorizations, licenses, consents, registrations, approvals, municipal permissions, industrial licenses, registrations, privileges, easements and advantages, facilities, rights, powers and interest (whether vested or contingent), pertaining to the Demerged Undertaking shall stand transferred to and vested in or shall be deemed to be



transferred to and vested in Napino Auto as if the same were originally given or issued to or executed in favour of Napino Auto and the rights and benefits under the same shall be available to Napino Auto.

15.4 Upon the Scheme becoming effective, Demerged Company and Napino Auto are expressly permitted to revise its financial statements and returns along with prescribed forms, filings and annexures under the central sales tax, applicable state value added tax, service tax laws, excise duty laws, goods and service tax laws and other tax laws and to claim refunds and/or credit for taxes paid (including, tax deducted at source, wealth tax, etc.) and for matters incidental thereto, if required to give effect to the provisions of the Scheme.

15.5 Any tax liabilities under the service tax laws, goods and service tax laws, excise duty laws, central sales tax laws, applicable state value added tax laws or other applicable laws/regulations dealing with taxes/duties/levies of the Demerged Undertaking as on the date immediately preceding Demerger Appointed Date shall be transferred to Napino Auto.

15.6 Any refund, under the service tax laws, excise duty laws, central sales tax laws, goods and service tax laws, applicable state value added tax laws or other applicable laws/regulations dealing with taxes/duties/levies due to Demerged Company in relation to the Demerged Undertaking consequent to the assessment made on Demerged Company and for which no credit is taken in the accounts as on the date immediately preceding Demerger Appointed Date shall also belong to and be received by





Napino Auto upon the Scheme becoming effective.

15.7 Without prejudice to the generality of the above, all benefits, incentives, losses, credits (including, without limitation to income tax, tax deducted at source, wealth tax, service tax, goods and service tax, excise duty, central sales tax, applicable state value added tax etc.) to which the Demerged Undertaking is entitled to in terms of applicable laws, shall be available to and vest in Napino Auto, upon the Scheme becoming effective.

15.8 If at any time after the Effective Date, any of the properties and assets relating to the Demerged Undertaking are continued to be held by Demerged Company on account of any procedural / regulatory reasons:

15.8.1 Demerged Company shall do all such acts and things, as may be necessary, to transfer and vest such properties and assets relating to the Demerged Undertaking in Napino Auto; and

15.8.2 Demerged Company shall hold such properties and assets relating to the Demerged Undertaking for and on account of and in trust for Napino Auto until such time as the transfer is validly effected and such properties and assets of the Demerged Undertaking are duly vested in Napino Auto.

15.9 The Scheme has been drawn up to comply with the conditions relating to "Demerger" as specified under Section 2(19AA) of the IT Act. If any terms or provisions of the Scheme is/are inconsistent with the provisions of Section 2(19AA), the provisions of Section 2(19AA) shall prevail and the Scheme shall stand modified to the extent



necessary to comply with Section 2(19AA); such modification to not affect other terms or provisions of the Scheme.

## 16 CONSIDERATION

16.1 Upon the Scheme becoming effective and upon vesting of the Demerged Undertaking into Napino Auto, Napino Auto shall, without any further application, act, instrument or deed, issue and allot following number of equity shares to the equity shareholders of Demerged Company whose name appears in the register of members as on the Record Date or to their respective heirs, executors, administrators, legal representatives or the successors in title, as the case may be as may be:

*"1,000 (One Thousand) fully paid up Equity Shares of Rs. 10 each of Napino Auto and Electronics Limited shall be issued and allotted as fully paid for every 793 (Seven Hundred and Ninety Three) fully paid up equity shares of Rs. 10 each of Vishnu Vaibhav Industries Private Limited."*

16.2 The issue of equity shares in terms of clause 16.1 above shall be subject to the provisions of Rule 9A of Companies (Prospectus and Allotment of Securities) Rules, 2014.

16.3 For the purpose of issue and allotment of shares pursuant to this clause 16.1 above, the following terms shall apply:

16.3.1 Approval of this Scheme by the shareholders of Napino Auto shall be deemed to constitute due compliance with section 42, 62 and any other





applicable provisions of the Act and the articles of association of Napino Auto and no other consent shall be required under the Act or the articles of association of Napino Auto, for the issue of the equity shares to the shareholders of Demerged Company under the Scheme.

16.3.2 The shares proposed to be allotted pursuant to the Scheme shall be subject to the provisions of the memorandum of association and articles of association of Napino Auto and shall rank pari passu with the existing shares of Napino Auto, including the rights in respect of dividend and bonus shares, if declared, by Napino Auto on or after the Effective Date.

16.3.3 In respect of fractional entitlement to a shareholder of Demerged Company, the number of shares to be issued shall be rounded off to the nearest integer. A fraction of less than half shall be rounded down to the nearest lower integer and a fraction of half or more shall be rounded up to the nearest higher integer.

16.4 Napino Auto shall, if and to the extent required, apply for and obtain any approvals from concerned regulatory authorities for the issue and allotment by Napino Auto of equity shares to the members of Demerged Company under the Scheme.



## 17 ACCOUNTING TREATMENT

403

### 17.1 In the books of Demerged Company

17.1.1 Upon the Scheme becoming effective and with effect from Demerger Appointed Date, Demerged Company shall reduce the book value of assets and liabilities including reserves and surplus pertaining to the Demerged Undertaking which are transferred to and vested in Napino Auto from the total book value of assets and liabilities including reserves and surplus appearing in its books;

17.1.2 The book value of assets and liabilities including reserves and surplus transferred to Napino Auto shall be adjusted against its general reserve or retained earnings account in accordance with the applicable accounting principles as may be applicable under the Act. If the net assets (including reserves and surplus) transferred is more than general reserves or retained earnings then the same should be reflected as capital reserve account.

### 17.2 In the books of Napino Auto

Upon this Scheme becoming effective and with effect from the Demerger Appointed Date, Napino Auto shall account for the demerger in accordance with the acquisition method for accounting business combination as per Indian Accounting Standard 103- Business Combinations ('Ind AS 103') prescribed under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 (as amended):



Vandana





17.2.1 All assets transferred and the liabilities vested in Napino Auto of the Demerged Company pursuant to this Scheme (whether recorded or not in the books of Demerged Company) shall be recorded in the books of account of the Napino Auto at their fair values as on the Demerger Appointed Date.

17.2.2 Napino Auto shall record issuance of the equity shares at fair value as per clause 16 of the Scheme and accordingly credit to its share capital account the aggregate face value of the equity shares. The excess, if any of the fair value of the equity shares over the face value of new equity shares issued shall be credited to securities premium reserve.

17.2.3 All inter-company balances and investments, if any, appearing in the books of accounts of Demerged Company and the Napino Auto will stand cancelled.

17.2.4 The excess of fair value of purchase consideration over the value of net Assets acquired under Clause 17.2.1 above ("Net Assets" means excess of the fair value of assets over the fair value of liabilities) shall be recognised as goodwill. In case of excess of the value of net assets over the fair value of purchase consideration shall be recognised as capital reserve in the financial statements of Napino Auto.

## 18 CONDUCT OF BUSINESS UNTIL EFFECTIVE DATE

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



18.1 Demerged Company shall be deemed to have been carrying on and shall carry on its business and activities in relation to Demerged Undertaking and shall be deemed to have possessed of and shall hold and stand possessed of all the properties and assets relating to the Demerged Undertaking for and on account of and in trust for Napino Auto. Demerged Company hereby undertakes to hold the said assets with utmost prudence until the Effective Date.

18.2 Demerged Company shall carry on its business activities relating to the Demerged Undertaking with reasonable diligence, business prudence and shall not, except in the ordinary course of business or without the prior written consent of Napino Auto, alienate, charge, mortgage, encumber or otherwise deal with or dispose of the assets or part thereof of the Demerged Undertaking.

18.3 Provided that where the business assets of the Demerged Undertaking comprise of liquid trade investments, such assets can be disposed off in the ordinary course of business by Demerged Company, on behalf of Napino Auto without any prior consent of Napino Auto.

18.4 All the profits or incomes accruing or arising to Demerged Company in relation to the Demerged Undertaking or expenditure or losses arising or incurred (including the effect of truces, if any, thereon) by Demerged Company in relation to the Demerged Undertaking shall, for all the purposes be treated and be deemed to be accrued as the profits or incomes or expenditure or losses or truces of Napino Auto.





18.5 Demerged Company shall not without the prior written consent of the Board of Napino Auto, or pursuant to any pre-existing obligation, sell, transfer or otherwise alienate, charge, mortgage or encumber or otherwise deal with or dispose of the undertaking or any part thereof relating to the Demerged Undertaking except in the ordinary course of its business.

18.6 Demerged Company shall ensure that its staff, workmen and employees or any agreements or contracts relating to the Demerged Undertaking shall not be subject to any terms and conditions which are less favourable than those on which they are engaged / entered into by Demerged Company immediately preceding the Effective Date except in the ordinary course of its business or without prior consent of Napino Auto, as the case may be, or pursuant to any pre-existing obligation undertaken by Demerged Company prior to Effective Date.

18.7 Napino Auto 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 Napino Auto may require pursuant to this Scheme.

## 19 EMPLOYEES

19.1 Upon the Scheme becoming effective, all the staff, workmen and employees of Demerged Company engaged in or in relation to the Demerged Undertaking, who are in service on the date immediately preceding the Effective Date shall, on and from the Effective Date become and be



engaged as the employee of Napino Auto, without any break or interruption in service as a result of the transfer and on terms and conditions not less favourable than those on which they are engaged by Demerged Company immediately preceding the Effective Date.

19.2 It is expressly provided that, upon the Scheme becoming effective, the provident fund, gratuity fund, superannuation fund or any other special fund or trusts created or existing for the benefit of the employees of the Demerged Undertaking shall be deemed to have been created by Napino Auto in place of Demerged Company for all purposes whatsoever in relation to the administration or operation of such fund or funds or in relation to the obligation to make contributions to the said fund or funds in accordance with the provisions thereof as per the terms provided in the respective trust deeds, if any, to the end and intent that all rights, duties, powers and obligations of Demerged Company in relation to such fund or funds shall become those of Napino Auto. It is clarified that the services of the employees of the Demerged Undertaking will be treated as having been continuous and not interrupted for the purpose of the said fund or funds.

## 20 LEGAL PROCEEDINGS

20.1 All legal proceedings (including but not limited to arbitration proceedings, proceedings in relation to cheques and other negotiable instruments, payment orders received or presented for encashment, etc.) of whatsoever nature by or against Demerged Company in relation to the Demerged Undertaking pending and/or arising at Demerger





Appointed Date, as and from the Effective Date shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against Napino Auto in the manner and to the same extent as would or might have been continued and enforced by or against Demerged Company as if the Scheme had not been made.

20.2 All tax assessment proceedings/appeals of whatsoever nature under the service tax laws, goods and service tax laws, excise duty laws, central sales tax laws, applicable state value added tax laws or other applicable laws/regulations dealing with taxes/duties/levies of the Demerged Undertaking by or against Demerged Company in relation to the Demerged Undertaking pending and/or arising at Demerger Appointed Date and relating to Demerged Undertaking of Demerged Company shall be continued and/or enforced until the Effective Date by Demerged Company. As and from the Effective Date, the tax proceedings shall be continued and enforced by or against Napino Auto in the same manner and to the same extent as would or might have been continued and enforced by or against Demerged Company.

20.3 Further, the aforementioned proceedings shall not abate or be discontinued nor be in any way prejudicially affected by reason of the demerger of Demerged Undertaking of Demerged Company into Napino Auto or anything contained in the Scheme.



20.4 On and from the Effective Date, Napino Auto shall and may, if required, initiate any legal proceedings in relation to the business of Demerged Undertaking of Demerged Company.

## 21 CONTRACTS, DEEDS AND OTHER INSTRUMENTS

21.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, insurance, letters of intent, undertakings, arrangements, policies, agreements and other instruments, if any, of whatsoever nature pertaining to the Demerged Undertaking to which Demerged Company is a party and subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of Napino Auto and may be enforced by or against Napino Auto as fully and effectually as if, instead of Demerged Company, Napino Auto had been a party thereto.

21.2 Napino Auto shall enter into and/ or issue and/ or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which Demerged Company will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required or becomes necessary. Napino Auto shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of Demerged Company and to implement or carry out all formalities required on the part of Demerged Company to give effect to the provisions of this Scheme.





21.3 The resolutions, if any, of Demerged Company pertaining to the Demerged Undertaking which are valid and subsisting on the Effective date, shall continue to be valid and subsisting and be considered as resolutions of Napino Auto and if any such resolution/s have upper monetary or other limits being imposed under the provisions of the Act, or any other applicable provisions, then said limits shall be added and shall constitute the aggregate of the said limits in Napino Auto.

## 22 SAVING OF CONCLUDED TRANSACTIONS

The transfer of properties and liabilities under clause 15 above and the continuance of proceedings by or against Napino Auto under clause 20 above shall not affect any transaction or proceedings already concluded by Demerged Company on or after Demerger Appointed Date till the Effective Date, to the end and intent that Napino Auto accepts and adopts all acts, deeds and things done and executed by Demerged Company in relation to the Demerged Undertaking in respect thereto as done and executed on behalf of Napino Auto.

## 23 REMAINING BUSINESS OF DEMERGED COMPANY

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

23.2 All legal, taxation and other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against Demerged Company



under any statute, whether pending on Demerger Appointed Date or which may be instituted in future, and relating to the Remaining Business of Demerged Company (including those relating to any property, right, power, liability, obligation or duty of Demerged Company in respect of the Remaining Business of Demerged Company) shall be continued and enforced by or against Demerged Company.

23.3 With effect from Demerger Appointed Date and up to and including the Effective Date –

23.3.1 Demerged Company shall be deemed to have been carrying on all the business and activities relating to the Remaining Business of Demerged Company for and on its behalf;

23.3.2 All profits (including taxes) accruing to Demerged Company thereon or losses arising or incurred by it relating to the Remaining Business of Demerged Company shall, for all purposes, be treated as the profit or losses, (including taxes) as the case may be, of Demerged Company;

23.3.3 All assets and properties acquired by Demerged Company in relation to the Remaining Business of Demerged Company on and after Demerger Appointed Date shall belong to and continue to remain vested in Demerged Company.





**PART D - GENERAL TERMS AND CONDITIONS****24 APPLICATION TO NCLT**

Napino Auto, Transferor Company and Demerged Company shall with all reasonable dispatch make all necessary applications under Sections 230 to 232 read with Section 66 of the Act and other applicable provisions of the Act to the NCLT for seeking approval of the Scheme.

**25 MODIFICATION OR AMENDMENTS TO THE SCHEME**

Napino Auto, Transferor Company and Demerged Company with the approval of their respective Board may consent, from time to time, on behalf of all persons concerned, to any modifications/amendments or additions/deletions to the Scheme which may otherwise be considered necessary, desirable or appropriate by the said Board to resolve all doubts or difficulties that may arise for carrying out this Scheme and to do and execute all acts, deeds matters, and things necessary for bringing this Scheme into effect or agree to any terms and / or conditions or limitations that NCLT or any other authorities under law may deem fit to approve of, to direct and or impose. The aforesaid powers of Napino Auto, Transferor Company and Demerged Company to give effect to the modification/amendments to the Scheme may be exercised by their respective Board or any person authorized in that behalf by the concerned Board subject to approval of the NCLT or any other authorities under applicable law.

**26 CONDITIONALITY OF THE SCHEME**

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



26.1.1 The Scheme being approved by the requisite consent of the members and/ or creditors of Napino Auto, Transferor Company and Demerged Company as may be directed by the NCLT;

26.1.2 The sanction of the NCLT under Section 230 to 232 read with Section 66 of the Act in favour of Napino Auto, Transferor Company and Demerged Company under the said provisions and to the necessary order being obtained; and

26.1.3 The requisite consent, approval or permission of the appropriate authority, which by law may be necessary for implementation of this Scheme.

This Scheme, although to come into effect from the Merger Appointed Date and Demerger Appointed Date, shall not become operational until the last of the following dates, namely: (a) that on which the last of the aforesaid consents, sanctions, approvals, resolutions and orders as mentioned in clause 26.1 shall be obtained or passed; or (b) that on which all necessary certified copies of orders of the NCLT sanctioning the Scheme pursuant to Sections 230 - 232 read with Section 66 of the Act shall be duly filed for registration by Napino Auto, Transferor Company and Demerged Company with their respective Registrar of Companies.

## 27 EFFECT OF NON- RECEIPT OF APPROVALS

In the event of any of the said sanctions and approvals referred to in the preceding clause not being obtained and/or the Scheme not being sanctioned by the NCLT, 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. Each party shall bear and pay its respective costs, charges and expenses for and or in connection with the Scheme.

## 28 COST, CHARGES & EXPENSES

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

## 29 SEVERABILITY

If any part of the Scheme is invalid, ruled illegal by any court of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the parties that such part shall be severable from the remainder of this Scheme and this Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case Napino Auto, Transferor Company and Demerged Company (acting through its Board) shall attempt to bring about appropriate modification to this Scheme, as will best preserve for the parties, the benefits and obligations of this Scheme, including but not limited to such part.

