

ANNEXURE - C

SCHEME OF ARRANGEMENT

215

BETWEEN

NAPINO AUTO AND ELECTRONICS LIMITED ("NAPINO AUTO")

AND

NAPINO TECH VENTURES PRIVATE LIMITED ("NAPINO TECH")

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 between Napino Auto and Electronics Limited ("Napino Auto") and Napino Tech Ventures Private Limited ("Napino Tech") and their respective shareholders and creditors (hereinafter referred to as "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 demerger of Demerged Undertaking (as defined hereinafter) into Napino Tech.

II. INTRODUCTION & RATIONALE OF THE SCHEME

Napino Auto, a public company incorporated under the provisions of Companies Act, 1956 on 14th November 1991, is primarily engaged in the business of manufacturing and supplying of automotive electronic products. Napino Auto is also engaged in manufacturing of Internet Of Things (IOT)

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products.

Napino Tech, a private company incorporated under the provisions of Companies Act, 2013 on 20th January, 2023, is also engaged in the business of developing and selling software relating to Internet Of Things (IOT) products.

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

- a) The segregation will enable greater / enhanced focus of the management and thereby facilitate the management to efficiently exploit opportunities for each businesses;
- b) Proposed restructuring will create enhanced value for shareholders and allow a focused strategy and specialization for sustained growth, which would be in the best interest of all the stakeholders;
- c) It will allow management to pursue independent growth strategies for each businesses; and
- d) It will allow in creating the ability to achieve valuation based on respective risk-return profile and cash flows, attracting the right investors and thus enhancing flexibility in accessing capital.

III. PARTS OF THE SCHEME

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

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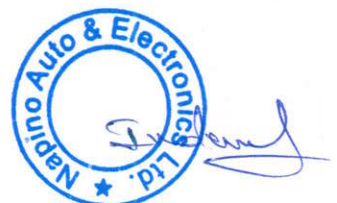
PART A - DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

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

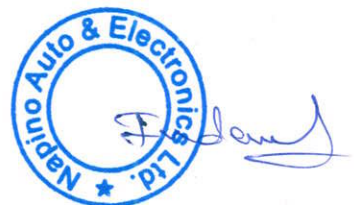
- 1.1 **“Act”** means the Companies Act, 2013 (including any statutory modifications(s) or re-enactment(s) thereof) and rules and regulations made thereunder, for the time being in force.
- 1.2 **“Appointed Date”** means 1st April, 2023 or such other date as may be fixed or approved by NCLT.
- 1.3 **“Board”** means the board of directors of Napino Auto and Napino Tech, as the context may require, and shall include any committee constituted by such board of directors for the purposes of the Scheme.
- 1.4 **“Demerged Undertaking”** means the business relating to IOT products and 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 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,

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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

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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 Napino Auto being the amounts of general or multipurpose borrowings of Napino Auto 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 Napino Auto immediately before effectiveness of this Scheme provided that all liabilities of Napino Auto which are directly relatable to the Remaining Business of Napino Auto shall be allocated solely to the Remaining Business of Napino Auto.

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 Napino Auto and Napino Tech.

1.5 **“Effective Date”** means the last of the dates on which all the conditions, matters and filings referred to in clause 16 of this Scheme have been fulfilled and necessary orders, approvals and consents referred to therein have been obtained.

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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.

- 1.6 **“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.
- 1.7 **“Napino Tech”** means Napino Tech Ventures Private Limited (CIN: U34300HR2023PTC109353) incorporated under the provisions of Companies Act, 2013 having its registered office at Plot no. 7, Sector 3, IMT Manesar, Gurgaon, Haryana – 122 051.
- 1.8 **“NCLT” or “Tribunal”** means the bench/benches of the National Company Law Tribunal having jurisdiction over the registered offices of Napino Auto and Napino Tech 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.
- 1.9 **“Record Date”** means the date to be mutually fixed by the Board of Napino Auto and Napino Tech, for the purpose of determining the list of shareholders to whom the shares will be issued and allotted pursuant to clause 6.1 of the Scheme.
- 1.10 **“Remaining Business of Napino Auto”** means all the undertakings, businesses, activities and operations of Napino Auto other than Demerged Undertaking.
- 1.11 **“Scheme” or “the Scheme” or “this Scheme”** means this Scheme of demerger in its present form or with any modification(s) or amendment(s), if any made, as per clause 15 of the Scheme as approved or directed by the NCLT or any other appropriate authority.

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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 15 of the Scheme, shall be effective from the 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.)
Authorized share capital	
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
Total	14,00,00,000
Issued, subscribed and paid-up share capital	
97,46,960 equity shares of Rs.10 /-	9,74,69,600

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each, fully paid up	
Total	9,74,69,600

3.2 Napino Tech has been incorporated on 20th January, 2023. The authorized, issued, subscribed and paid-up share capital of Napino Tech as on March 31, 2023 is as under:

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

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

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**PART B – DEMERGER OF DEMERGED UNDERTAKING
INTO NAPINO TECH**

**4. TRANSFER AND VESTING OF DEMERGED
UNDERTAKING INTO NAPINO TECH**

4.1. Upon coming into effect of this Scheme and with effect from the 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 Tech 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 Tech in the following manner:

4.1.1. With effect from the 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

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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 Tech so as to vest in Napino Tech all the rights, title and interest of Demerged Undertaking therein.

4.1.2. With effect from the 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 Tech. On such delivery, the same shall become the property of Napino Tech to the end and intent that the ownership and property therein passes to Napino Tech on such handing over in pursuance of the provisions of Section 230 to 232 of the Act.

4.1.3. In respect of the moveable properties of Demerged Undertaking other than those specified in clause 4.1.2 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 Tech 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 Tech as the person entitled thereto to the end and intent that the right of Napino Auto to recover or realize all such debts stands transferred and assigned to Napino Tech and that appropriate entries should be passed in their respective books to record the aforesaid change.

4.1.4. With effect from the Appointed Date, all debts,

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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 Tech so as to become, as and from the Appointed Date, the debts, liabilities, duties, obligations of Napino Tech and further that all the debts, liabilities, duties, obligations, taxes, etc. as aforesaid of Demerged Undertaking incurred/contracted during the period commencing from the Appointed Date till the Effective Date shall be deemed to have been incurred/contracted by Napino Tech and shall be deemed to be the debts, liabilities and obligations of Napino Tech 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.

4.1.5. Napino Tech 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 Napino Auto, 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 Tech shall for this purpose, under the provisions hereof, be deemed to have been authorized to execute any such writings on behalf of Napino Auto in relation to the Demerged Undertaking and to carry out or perform all such formalities or compliances referred to above on the part of Napino Auto in relation to the Demerged Undertaking.

4.1.6. 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)

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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 Napino Auto in relation to Demerged Undertaking in favour of Napino Tech, the Board of Napino Auto and Napino Tech 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.

- 4.2. The transfer and/or vesting of the properties as aforesaid shall be subject to the charges, hypothecation and mortgages as on 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 Tech by virtue of the Scheme and Napino Tech shall not be obliged to create any further or additional security therefore after the coming into effect of this Scheme or otherwise.

- 4.3. 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 Tech as if the same were originally given or issued to or executed in favour of Napino Tech and the rights and benefits under the same shall be available to Napino Tech.

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- 4.4. Upon the Scheme becoming effective, Napino Auto and Napino Tech 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.
- 4.5. 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 the Appointed Date shall be transferred to Napino Tech.
- 4.6. 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 Napino Auto in relation to the Demerged Undertaking consequent to the assessment made on Napino Auto 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 Napino Tech upon the Scheme becoming effective.
- 4.7. 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 Tech, upon the Scheme becoming effective.
- 4.8. 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 Napino Auto on account of any procedural / regulatory reasons:

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4.8.1. Napino Auto 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 Tech; and

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

4.9. 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.

5. CANCELLATION OF EXISTING PAID UP SHARE CAPITAL OF NAPINO TECH

5.1. Upon the Scheme becoming effective, the existing paid up share capital of Napino Tech amounting to Rs. 1,00,000 comprising of 10,000 equity shares of Rs. 10/- each fully paid up shall stand cancelled without any consideration and accordingly, the paid up share capital of Napino Tech shall stand reduced to the extent of the face value of such equity shares cancelled.

5.2. The cancellation and reduction of paid up share capital of Napino Tech shall be effected as an integral part of the Scheme in accordance with the provisions of section 230 – 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

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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 Tech shall not be required to add "And Reduced" as suffix to its name.

6. CONSIDERATION

6.1. Upon the Scheme becoming effective and upon vesting of the Demerged Undertaking into Napino Tech, Napino Tech shall, without any further application, act, instrument or deed, issue and allot following number of equity shares to the equity shareholders of Napino Auto 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 (one) fully paid up equity share of INR 10/- each of Napino Tech Ventures Private Limited shall be issued and allotted for every 100 (one hundred) equity shares of INR 10/- each held in Napino Auto and Electronics Limited."

6.2. For the purpose of issue and allotment of shares pursuant to this clause 6.1 above, the following terms shall apply:

6.2.1. Approval of this Scheme by the shareholders of Napino Tech 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 Tech and no other consent shall be required under the Act or the articles of association of Napino Tech, for the issue of the equity shares to the shareholders of Napino Auto under the Scheme.

6.2.2. The shares proposed to be allotted pursuant to the Scheme shall be subject to the provisions of the memorandum of association and articles of

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association of Napino Tech and shall rank pari passu with the existing shares of Napino Tech, including the rights in respect of dividend and bonus shares, if declared, by Napino Tech on or after the Effective Date.

6.2.3. In the event that the issue of equity shares in terms of clause 6.1 above results in fractional entitlements then the Board of Napino Tech shall appoint an individual as a Trustee to whom all the fractional entitlements will be issued.

It has been clarified that in the first instance all the fractional entitlements will be aggregated and then the sum of all such fractional entitlements will be rounded off to the next higher integer. The above Trustee shall hold the shares of Napino Tech on behalf of and for the benefit of the respective shareholders of Napino Auto.


6.2.4. Upon coming into effect of the Scheme and post allotment of shares of Napino Tech, the Trustee shall sale the shares of Napino Tech at a fair market value determined by an independent valuer to such person as it may deem fit and thereafter, the proceeds from such sale (net of expense, if any) will be distributed by the Trustee to the respective shareholders of Napino Auto in proportion to their entitlement.

6.2.5. It has been further clarified that the tax liability arising on account of the above sale of shares of Napino Tech shall be of the respective shareholders of Napino Auto and not of the Trustee.

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

7. ACCOUNTING TREATMENT

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In the books of Napino Auto

7.1. Upon the Scheme becoming effective and with effect from Appointed Date, demerger of the Demerged Undertaking of Napino Auto into Napino Tech; and other matters contained in this Scheme will be accounted for in accordance with the applicable provisions of the Companies Act, 2013, Accounting Standards prescribed under Section 133 of the Companies Act, 2013, and Generally Accepted Accounting Principles.

Without prejudice to the generality of the aforesaid, the accounting treatment in respect of certain specific matters in the books of accounts of Napino Auto shall be as set out below:

7.1.1 Napino Auto shall reduce the carrying value of all the assets and liabilities including reserves and surplus pertaining to the Demerged Undertaking which are transferred to and vested in Napino Tech from the total book value of assets and liabilities including reserves and surplus appearing in its books;

7.1.2 The inter-company deposits/ loans and advances/ payables & receivables/ balances outstanding pertaining to the Demerged Undertaking of the Napino Auto and the Napino Tech, if any, shall stand cancelled and there shall be no further obligation in that behalf.

7.1.3 The difference between the carrying value of assets over liabilities and reserves pertaining to Demerged Undertaking, transferred to the Napino Tech after adjustment as per Clause 7.1.2 above, shall be adjusted against profit and loss in the books of the Napino Auto (debit or credit, as the case may be).

In the books of Napino Tech

7.2. Upon the Scheme becoming effective and with effect from

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Appointed Date, Napino Tech shall account for Demerged Undertaking as follows:

- 7.2.1 Napino Tech shall record the assets and liabilities including the reserves pertaining to the Demerged Undertaking, transferred to and vested in it pursuant to this Scheme at their respective book values as on the Appointed Date as appearing in the books of Napino Auto.
- 7.2.2 The balance of the reserves and surplus appearing in the financial statements of Napino Auto and transferred to and vested on Napino Tech will be aggregated with the balance of the corresponding reserves and surplus appearing in the financial statements of Napino Tech.
- 7.2.3 Napino Tech shall credit its equity share capital account with the aggregate face value of the equity shares issued to the shareholders of Napino Auto pursuant to clause 6 of this Scheme.
- 7.2.4 The cancellation of the initial paid-up share capital of Napino Tech in terms of clause 5 of the Scheme shall be adjusted with capital reserve account.
- 7.2.5 The difference between the book value of net assets including reserves and surplus of the Demerged Undertaking transferred from Napino Auto and recorded by Napino Tech in accordance with clause 7.2.1 above and the amount credited to equity share capital account in accordance with clause 7.2.3 shall be adjusted with capital reserve account.
- 7.2.6 In case of any difference in accounting policy/ies between Napino Auto and Napino Tech, the accounting policies followed by Napino Tech shall prevail and the difference till the Effective Date will be quantified and adjusted in the profit and loss account, to ensure that the financial statements of Napino Tech reflects the financial position on the basis of consistent accounting policy.

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8. CONDUCT OF BUSINESS UNTIL EFFECTIVE DATE

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

- 8.1. Napino Auto 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 Tech. Napino Auto hereby undertakes to hold the said assets with utmost prudence until the Effective Date.
- 8.2. Napino Auto 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 Tech, alienate, charge, mortgage, encumber or otherwise deal with or dispose of the assets or part thereof of the Demerged Undertaking.
- 8.3. 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 Napino Auto, on behalf of Napino Tech without any prior consent of Napino Tech.
- 8.4. All the profits or incomes accruing or arising to Napino Auto in relation to the Demerged Undertaking or expenditure or losses arising or incurred (including the effect of truces, if any, thereon) by Napino Auto 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 Tech.
- 8.5. Napino Auto shall not without the prior written consent of the Board of Napino Tech, or pursuant to any pre-existing obligation, sell, transfer or otherwise alienate, charge, mortgage or encumber or otherwise deal with or dispose of

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the undertaking or any part thereof relating to the Demerged Undertaking except in the ordinary course of its business.

8.6. Napino Auto 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 Napino Auto immediately preceding the Effective Date except in the ordinary course of its business or without prior consent of Napino Tech, as the case may be, or pursuant to any pre-existing obligation undertaken by Napino Auto prior to Effective Date.

8.7. Napino Tech 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 Tech may require pursuant to this Scheme.

9. EMPLOYEES

9.1. Upon the Scheme becoming effective, all the staff, workmen and employees of Napino Auto 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 Tech, 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 Napino Auto immediately preceding the Effective Date.

9.2. 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 Tech in place of Napino Auto for all purposes whatsoever in relation to the administration or operation of

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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 Napino Auto in relation to such fund or funds shall become those of Napino Tech. 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.

10. LEGAL PROCEEDINGS

10.1. 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 Napino Auto in relation to the Demerged Undertaking pending and/or arising at the 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 Tech in the manner and to the same extent as would or might have been continued and enforced by or against Napino Auto as if the Scheme had not been made.

10.2. 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 Napino Auto in relation to the Demerged Undertaking pending and/or arising at the Appointed Date and relating to Demerged Undertaking of Napino Auto shall be continued and/or enforced until the Effective Date by Napino Auto. As and from the Effective Date, the tax proceedings shall be continued and enforced by or against Napino Tech in the same manner and to the same extent as would or might have been continued and enforced by or against Napino

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10.3. 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 Napino Auto into Napino Tech or anything contained in the Scheme.

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

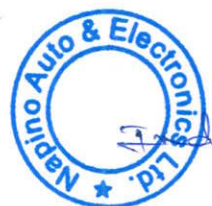
11. CONTRACTS, DEEDS AND OTHER INSTRUMENTS

11.1. 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 Napino Auto 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 Tech and may be enforced by or against Napino Tech as fully and effectually as if, instead of Napino Auto, Napino Tech had been a party thereto.

11.2. Napino Tech shall enter into and/ or issue and/ or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which Napino Auto 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 Tech shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of Napino Auto and to implement or carry out all formalities required on the part of Napino Auto to give effect to the provisions of this Scheme.

11.3. The resolutions, if any, of Napino Auto 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 Tech and if any such resolution/s have upper monetary or other limits being

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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 Tech.

12. SAVING OF CONCLUDED TRANSACTIONS

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

13. REMAINING BUSINESS OF NAPINO AUTO

13.1. The Remaining Business of Napino Auto and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by Napino Auto themselves.

13.2. All legal, taxation and other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against Napino Auto under any statute, whether pending on the Appointed Date or which may be instituted in future, and relating to the Remaining Business of Napino Auto (including those relating to any property, right, power, liability, obligation or duty of Napino Auto in respect of the Remaining Business of Napino Auto) shall be continued and enforced by or against Napino Auto.

13.3. With effect from the Appointed Date and up to and including the Effective Date –

13.3.1. Napino Auto shall be deemed to have been carrying on all the business and activities relating to

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the Remaining Business of Napino Auto for and on its behalf;

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

13.3.3. All assets and properties acquired by Napino Auto in relation to the Remaining Business of Napino Auto on and after the Appointed Date shall belong to and continue to remain vested in Napino Auto.

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PART C - GENERAL TERMS AND CONDITIONS

14. APPLICATION TO NCLT

Napino Auto and Napino Tech 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.

15. MODIFICATION OR AMENDMENTS TO THE SCHEME

Napino Auto and Napino Tech 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 and Napino Tech to give effect to the modification/amendments to the Scheme may be exercised by their respective Board or any person authorised in that behalf by the concerned Board subject to approval of the NCLT or any other authorities under applicable law.

16. CONDITIONALITY OF THE SCHEME

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

16.1.1. The Scheme being approved by the requisite consent of the members and/ or creditors of Napino Auto and Napino Tech as may be directed by the NCLT;

16.1.2. The sanction of the NCLT under Section 230 to 232 read with Section 66 of the Act in favour of Napino Auto and Napino Tech under the said

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provisions and to the necessary order being obtained;

16.1.3. On the receipt of the approval of NCLT to the Scheme of arrangement amongst Vraheja Trading Private Limited and Vishnu Vaibhav Industries Private Limited and Napino Auto and Electronics Limited and their respective shareholders and creditors under the provisions of section 230 – 232 read with section 66 and other applicable provisions of the Act and filing of the certified copy of the said NCLT order with the Registrar of Companies by the respective companies;

16.1.4. On the receipt of the approval of NCLT to the Scheme of amalgamation between Napino Digital Solutions Private Limited and Napino Auto and Electronics Limited and their respective shareholders and creditors under the provisions of section 230 – 232 and the other applicable provisions of the Act and filing of the certified copy of the said NCLT order with the Registrar of Companies by the respective companies; and

16.1.5. 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 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 16.1 above 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 and Napino Tech with their respective Registrar of Companies.

17. EFFECT OF NON- RECEIPT OF APPROVALS

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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.

18. 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 Napino Tech.

19. 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 and Napino Tech (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.

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