SCHEME OF ARRANGEMENT (DEMERGER)

BETWEEN

EFC LIMITED

("DEMERGED COMPANY" OR "EFC")

(CIN: U70200PN2014PLC150686)

AND

EFC (I) LIMITED

("RESULTING COMPANY" OR "EFCIL")

(CIN: L74110PN1984PLC216407)

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

Under Sections 230 to 232 of Companies Act 2013 and other applicable provisions of the Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016

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A. PREAMBLE:

1. This Scheme of Arrangement (Demerger) between **EFC Limited ("EFC" or "Demerged Company")** and **EFC (I) Limited ("EFCIL" or "Resulting Company")** and their respective shareholders and creditors *(**"Scheme"** as more particularly defined hereunder)* is presented under the provisions of Section 230 to 232 of the Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamation) Rules, 2016 and Section 2(19AA)/2(35) and other applicable provisions of IT Act, rules and regulations thereunder, for the demerger of the **Demerged Undertaking** *(as defined hereinafter)* along-with all its related assets and liabilities from Demerged Company into the Resulting Company on a going concern basis.

The Demerged Company and the Resulting Company are herein after collectively referred to as "Companies".

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

B. BACKGROUND AND DESCRIPTION OF THE COMPANIES:

1. **EFC LIMITED** (hereinafter referred to as "**Demerged Company**" or "**EFC**") is a public limited company incorporated on 19th February 2014 under the provisions of Companies Act, 1956, having Corporate Identification Number **(CIN) U70200PN2014PLC150686** and Income Tax Permanent Account Number **(PAN) AADCE6220C**. The registered office is situated at Unit No 1,2,3, and 4, 6th Floor, VB Capitol, S No 209(P), CTS Pune, Maharashtra, India, 411007.

The Demerged Company, a wholly owned subsidiary of the Resulting Company, operates in the managed workspace sector both directly and through its subsidiaries. It provides fully serviced office environments across **owned or leased commercial properties**, supported by a comprehensive suite of services including facility management, infrastructure support, and administrative services.

2. **EFC (I) Limited** ("**Resulting Company**" or **"EFCIL"**) is a public limited company incorporated on 7th February 1984 under the provisions of the Companies Act, 1956, having Corporate Identification Number **(CIN) L74110PN1984PLC216407** and Income tax Permanent Account Number **(PAN) AAACA9727B**. The registered office is situated at 6th Floor, VB Capitol Building, Range Hill Road, Bhoslenagar, Shivajinagar, Pune – 411007, Maharashtra, India. The shares of the Resulting Company are listed on the BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE").

On a standalone basis, the Resulting Company also operates in the managed workspace sector, providing fully serviced office environments through **leased** commercial properties. Additionally, the Resulting Company provides end-to-end turnkey commercial design and build solutions. Driven by advanced technology and efficient project management, its services span concept design, layout optimization, MEP engineering, procurement, and execution.

C. RATIONALE, PURPOSE AND OBJECT OF THE SCHEME:

The Demerged Company primarily provides managed office solutions through two distinct verticals:

- Vertical 1 (the "Demerged Undertaking"): Asset light model operating through leased commercial premises to provide fully serviced premium managed office solutions.
- Vertical 2 (the "Remaining Undertaking"): Asset-intensive model operating through owned real estate assets to provide fully service premium managed office solutions.

After due consideration, the Board of Directors of the Demerged Company has proposed to undertake the separation of its asset-light managed office solutions business operated through leased commercial premises i.e. Vertical 1 (the "Demerged Undertaking") by way of this Scheme, which contemplates the demerger of the Demerged Undertaking into the Resulting Company. The Scheme is considered to be in the best interests of the Demerged Company, the Resulting Company and their respective shareholders, creditors, employees and other stakeholders for, inter alia, the following reasons:

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(i) the Demerger will result in the segregation of the asset-light managed office solutions business operated through leased commercial premises from the asset-intensive managed office solutions business operated through owned real estate assets, thereby enabling the Demerged Company to focus on its asset-intensive managed office solutions business;

(ii) the Demerger will facilitate the creation of independent capital structures by retaining the borrowings and financing arrangements relating to asset acquisition with the Demerged Company while transferring the asset-light managed office solutions business together with its associated assets and liabilities to the Resulting Company;

(iii) the Demerger will consolidate the asset-light managed office solutions business under the Resulting Company, enabling it to leverage its existing expertise and operational footprint in the asset-light managed office business and pursue future growth opportunities;

(iv) the Demerger will optimise vendor and customer management processes, eliminate administrative redundancies and improve overall operational efficiencies;

(v) the Demerger will enable each company to pursue its respective business objectives more effectively, while empowering the management of the Resulting Company to focus on and expand the asset-light managed office solutions business; and

(vi) the Scheme is in the best interests of the Demerged Company, the Resulting Company and their shareholders, creditors, lenders, employees and other stakeholders, and is not expected to be prejudicial to the interests of any stakeholder or the public at large.

Accordingly, the respective Boards of Directors of the Demerged Company and the Resulting Company have approved and adopted this Scheme of Arrangement pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

D. **<u>OPERATIONS OF THE SCHEME:</u>**

1. This Scheme provides for:

With effect from Appointed Date, demerger of the Demerged Undertaking along with all its related assets and liabilities on a going concern basis, from the Demerged Company into the Resulting Company in the manner set out in this Scheme and other applicable provisions of Applicable Law.

2. This Scheme is divided into the following parts:

Part I: Definitions of the terms used in this Scheme and the Share Capital of the Demerged Company and the Resulting Company.

Part II: Dealing with the Demerger and vesting of the Demerged Undertaking into the Resulting Company.

Part III: Dealing with the Remaining Business of the Demerged Company.

Part IV: Dealing with other general terms and conditions applicable to the Scheme.

E. **<u>TREATMENT OF THE SCHEME FOR THE PURPOSE OF IT ACT:</u>**

1. The Demerger of the Demerged Undertaking (as defined hereinafter) from the Demerged Company to the Resulting Company pursuant to this Scheme shall take place with effect from Appointed Date (as defined hereinafter) and shall be in accordance with the provisions of Section 2(19AA)/2(35) of IT Act such that:

(i) All the assets and properties along with all other rights, title, interests, licenses, contracts of Demerged Company forming part of the Demerged Undertaking immediately before the Demerger shall become the assets and properties of the Resulting Company by virtue of the demerger;

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(ii) All the liabilities, loans raised and utilized, relatable to the Demerged Company forming part of the Demerged Undertaking immediately before the Demerger shall become the liabilities of the Resulting Company by virtue of the demerger;

(iii) The assets, properties and the liabilities related to the Demerged Company forming part of the Demerged Undertaking shall be transferred to the Resulting Company at values appearing in its books of account immediately before the Demerger and shall be recorded at their book values in the books of the Resulting Company.

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(iv) The Resulting Company shall issue, in consideration of the Demerger, equity shares to the shareholders of the Demerged Company on a proportionate basis, except where the Resulting Company itself is a shareholder of the Demerged Company.

(v) All the shareholders of the Demerged Company (other than in respect of shares already held therein immediately before the demerger by the Resulting Company or by its nominee or subsidiary of Resulting Company) shall become the shareholders of the Resulting Company by virtue of the Demerger; and

(vi) The transfer of the Demerged Undertaking shall be on a going concern basis.

2. If any of the terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of Section 2(19AA)/2(35) of IT Act at a later date including resulting from an amendment of law or enactment or statutory modification of any Applicable Law, new legislation or any judicial or executive interpretation or for any other reason whatsoever, the aforesaid provisions of Section 2(19AA)/2(35) of IT Act shall prevail and this Scheme shall stand modified to the extent necessary to comply with 2(19AA)/2(35) of IT Act or any other provisions of the IT Act or such newly enacted Applicable Law. Such modifications shall however, not affect the other parts of this Scheme. The Demerged Company and the resulting Company shall comply with the provisions of Section 72A (4) and 72A (5)/116 (6) and (7) of the IT Act for the transfer of unabsorbed depreciation and accumulated losses, if any, related to the Demerged Undertaking of the Demerged Company to the Resulting Company.

F. TREATMENT OF THE SCHEME FOR THE PURPOSE OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENT) REGULATIONS ,2015 AND THE RULES AND REGULATIONS MADE THEREUNDER AND THE SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI") ACT, 1992 AND THE RULES AND REGULATIONS MADE THEREUNDER:

1. The Demerged Company is a wholly owned subsidiary of the Resulting Company.

2. The SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 states that in case of a scheme providing solely for merger of a division of a wholly owned subsidiary with the parent company, the draft scheme is required to be filed with the Stock Exchanges for the purpose of disclosure, and the Stock Exchanges shall, thereafter disseminate the scheme documents on their website. Provision of master circular has been reproduced herein below:

   "The Provisions of this circular shall not apply to schemes which solely provide for merger of a wholly owned subsidiary or its division with the parent company. However, such draft schemes shall be filed with the Stock Exchanges for the purpose of disclosures, and the Stock Exchanges shall disseminate the scheme documents on their websites."

3. Accordingly, this Scheme shall be filed with BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") , being the stock exchanges on which the equity shares of the Resulting Company are listed. However, no specific approval of BSE or NSE or Securities And Exchange Board of India ("SEBI") is required in case of Demerger of the Demerged Undertaking of a wholly owned subsidiary into its holding company.

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PART I

DEFINITIONS OF THE TERMS USED IN THIS SCHEME AND THE SHARE CAPITAL OF THE DEMERGED COMPANY AND THE RESULTING COMPANY

1. DEFINITIONS AND INTERPRETATION:

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

1.1. **"Accounting Standards" or "Ind AS"** means the Indian Accounting Standards (Ind AS) as notified under Section 133 of the Act read with relevant rules issued thereunder and in accordance with prevailing guidelines, as amended from time to time, issued by the Ministry of Corporate Affairs and the other accounting principles generally accepted in India.

1.2. **"Act"** means the Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other rules, regulations, circular, notification, clarification, order or guidelines issued or made thereunder and shall include any statutory modification, re-enactment or amendment thereof for the time being in force.

1.3. **"Applicable Law" or "Law"** means (a) statute, law, regulation, ordinance, rule, judgment, notification, rule of common law, order, decree, bye-law, approval, directive, guideline, requirement or other governmental restriction, or any similar form of decision of, or determination by, or any interpretation, policy or administration, having the force of law of any of the foregoing, by any Governmental Authority having jurisdiction over the matter in question; (b) any applicable national, provincial, local or other law including applicable provisions of all constitutions, decrees, treaties, laws (including the common law), bye laws, codes, notifications, rules, regulations, policies, guidelines, circulars, press notes, clearances, approvals, directions, directives, ordinances or orders of any Appropriate Authority; (c) orders, decisions, writs, injunctions, judgements, awards and decrees or agreements with any Appropriate Authority having jurisdiction over the Companies, in each case, having the force of law and that is binding or applicable to a person, as may be in force from time to time.

1.4. **"Appointed Date"** shall mean opening business hours of business on 1st January 2026 or such other date as the NCLT, may direct.

1.5. **"Appropriate Authority" means:**

i. the government of any jurisdiction (including any central, state, provincial, municipal or local government or any political or administrative subdivision thereof) and any department, ministry, agency, instrumentality, court, central bank, commission or other authority thereof; or

ii. any governmental, quasi-governmental or private body or agency lawfully exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, licensing, competition, tax, importing or other governmental or quasi-governmental authority including (without limitation) NCLT (as defined below); or

iii. Such other sectoral regulators or other authorities as may be applicable in the relevant jurisdiction and exercising jurisdiction over the Companies;

1.6. **"Board" or "Board of Directors"** in relation to the Demerged Company or the Resulting Company, as the case may be, means the Board of Directors of such Companies, and shall include every committee or subcommittee of Directors, if any constituted or appointed and authorized to take any decision for the implementation of this Scheme on behalf of such Board of Directors.

1.7. **"BSE"** means the BSE Limited;

1.8. **"Demerged Company" or "EFC"** means EFC LIMITED, incorporated as a public limited company on 19th Day of February 2014 under the provision of Companies Act, 2013 having Corporate Identification Number U70200PN2014PLC150686 and having Income Tax Permanent Account Number (PAN) AADCE6220C. The registered office is situated at Unit No 1,2,3, and 4, 6th Floor, VB Capitol, S No 209(P), CTS Pune, Maharashtra, India, 411007.

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1.9. **"Demerged Undertaking"** means the business undertaking of the Demerged Company viz asset-light model **operating through leased commercial premises to provide fully serviced premium managed office solutions to its customers.** This undertaking is to be transferred to the Resulting Company on a going concern basis with effect from the Appointed Date, and comprises, *inter alia*, all assets, properties, liabilities, permits, licenses, registrations, approvals, contracts, and employees relating or pertaining to such sub-leasing business, and shall include, without limitation:

i. All assets and properties, wherever situated, whether movable including leased premises, tangible or intangible, including all rights, title, interest and not limited to capital work-in-progress, plant & machinery, leasehold improvements, advances, deposits, sundry debtors, inventories, cash and bank balances, bill of exchange, other fixed assets, trademarks, loans and tax related assets, including but not limited to service tax input credits, CENVAT credits, value added / sales tax, entry tax credits or set-offs, income tax holiday/ benefit/ losses / minimum alternate tax and other benefits or exemptions or privileges enjoyed, granted by any Appropriate Authority or by any other person, or availed by the Demerged Undertaking, tax credits including, but not limited to, credits in respect of income tax (including brought forward tax losses comprising of unabsorbed depreciation), minimum alternate tax, advance tax, tax deducted at source, goods and service tax credit, deductions and benefits under the relevant Law or any other taxation statute pertaining to the Demerged Undertaking

ii. All liabilities, present and future (including contingent liabilities) including loans, debts, borrowings, current liabilities and provisions, duties and obligations pertaining to or related to the Demerged Undertaking, as may be determined by the Board of Directors of the Demerged Company;

iii. All movable properties, including plant and machinery (if any), equipment, furniture, fixtures, vehicles, leasehold assets, and all other corporeal and incorporeal, tangible or intangible, properties and assets of whatsoever nature, whether in possession, reversion, present, or contingent; including cash in hand, bank balances, bills of exchange, loans, advances, customer advances, inventories, stock-in-trade, and investments (including investments in partnership firms, limited liability partnerships, and companies viz EFC Tech Space Private Limited, Big Box Ventures Private Limited, Sprint Office Spaces LLP, M/s EFC Prime, M/s Sprint Workspace and M/s Monarch Workspace , other than those explicitly forming part of the Remaining Undertaking); security deposits, claims, powers, authorities, allotments, consents, permissions, and approvals; registrations, licenses, permits, and authorizations; contracts, agreements, rent agreements, lease agreements, leave and license agreements, engagements, and arrangements; rights, credits, titles, interests, benefits, advantages, goodwill, and other intangibles; trademarks, trade names, labels, brands, patents, patent rights, copyrights, designs, know-how, domain names, and all applications, assignments, and grants in respect thereof, or any other industrial and intellectual property rights of any nature whatsoever; import quotas and other quota rights; rights to use and avail of telephones, digital and telecommunication facilities, connections, installations, equipment, utilities, electricity, and all other electronic or operational services; provisions, funds, and benefits of all agreements, deposits, advances, recoverables, and trade receivables, whether due from government, semi-government, local authorities, customers, contractors, or any other third parties; and all earnest monies, deposits, privileges, liberties, easements, exemptions, and benefits of whatsoever nature and wheresoever situated, belonging to, in the ownership, power, possession, or control of, or vested in, granted in favor of, or enjoyed by the Demerged Undertaking;

iv. All deposits and balances with Government and other authorities and bodies, including all tax balances (TDS and GST Credit)/ or any other balances with any tax authority or statutory body pertaining to the Demerged Undertaking, customers and other persons, earnest moneys and/ or security deposits paid or received by Demerged Company, directly or indirectly in connection with or in relation to the Demerged Undertaking;

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v. All books, records, licenses, permits, files, papers, directly or indirectly relating to the Demerged Undertaking;

vi. Any other asset/liabilities which is deemed/identified/allocated pertaining to the Demerged Undertaking by the Board of Demerged Company but excluding any of the foregoing's relating to the Remaining Undertaking;

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vii. All contracts, deeds, bonds, agreements, arrangements or other instruments of whatsoever nature pertaining to the Demerged Undertaking;

viii. All permanent employees employed by Demerged Company pertaining to Demerged Undertaking, as identified by the Board of Directors of Demerged Company, as on the Effective Date.

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

1.10. **"Effective Date"** means the date on which authenticated / certified copy(ies) of the Order of this Scheme of Arrangement by the NCLT, sanctioning this Scheme is filed by the Demerged Company and the Resulting Company with the respective Registrar of Companies, whichever is later.

1.11. **"Encumbrance"** means (i) any mortgage, charge (fixed or floating), pledge, lien, option, claim, hypothecation, security interest, power of sale in favour of a third party, right to acquire, right of pre-emption, assignment by way of security or trust arrangement for the purpose of providing security, any security interest or other third party right of any kind (including any retention arrangement), any right, interest or claim of a third party, or any agreement, arrangement or obligation to create any of the foregoing (ii) any voting agreement, interest, option, pre-emptive rights, right of first offer, refusal or transfer restriction in favour of any Person and (iii) any adverse claim as to title, possession or use and "Encumber" shall be construed accordingly.

1.12. **"Governmental Authority"** shall mean any national, state, provincial, local or similar governmental, statutory, regulatory or administrative authority, government department, agency, commission, board, branch, tribunal, arbitral body or court or other entity authorized to make Laws, rules, regulations, standards, requirements, procedures or to pass directions or orders having the force of Law, or any non-governmental regulatory or administrative authority, body or other organization to the extent that the rules, regulations and standards, requirements, procedures or orders of such authority, body or other organization have the force of Law, including any stock exchange in India, the Registrar of Companies, Regional Director, NCLT (*as defined hereafter*), and other sectoral regulations or authorities as may be applicable.

1.13. **"INR" or "Rs" or "Re" or "Rupee" or "Rupees"** means Indian Rupee(s), lawful currency of the Republic of India.

1.14. **"IT Act"** means the Income-tax Act, 2025 and ordinances, rules and regulations, bylaws, directions including circulars and notifications made thereunder and shall include any other statutory modification(s), amendment(s), re-statement(s) or re-enactment(s) thereof, from time to time and to the extent in force. For any matter prior to 1st April 2026, references to IT Act and where the context so requires, shall be deemed to include the provisions of the Income-tax Act, 1961 and the rules and regulations, bylaws, directions including circulars and notifications made thereunder and shall include any other statutory modification(s), amendment(s), re-statement(s) or re-enactment(s) thereof.

1.15. **"NCLT"** shall mean the Hon'ble National Company Law Tribunal at Mumbai, having applicable jurisdiction constituted by the Central Government under section 408 of the Companies Act, 2013.

1.16. **"NSE"** means National Stock Exchange of India Limited.

1.17. **"Order"** means the order issued by the NCLT, Mumbai, approving the Scheme.

1.18. **"Rules"** means the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

1.19. **"Regional Director" or "RD"** means the Regional Director (Western Region), Ministry of Corporate Affairs at Mumbai, Maharashtra, having jurisdiction over the Demerged Company and the Resulting Company.

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1.20. **"Registrar of Companies" or "RoC"** means Registrar of Companies, Pune having jurisdiction over the Demerged Company and the Resulting Company.

1.21. **"Remaining Undertaking"** means all the assets and liabilities of the Demerged Company, other than those comprised in the Demerged Undertaking as defined in Clause 1.9 above.

1.22. **"Resulting Company" or "EFCIL"** means EFC (I) Limited, a public limited company incorporated on 7th February 1984, under the provisions Companies Act, 1956 having Corporate Identification Number L74110PN1984PLC216407. The registered office is situated at 6th Floor, VB Capitol Building, Range Hill Road, Bhoslenagar, Shivajinagar, Pune – 411007, Maharashtra, India.

1.23. **"Scheme"** or **"the Scheme"** or **"this Scheme"** means this Scheme of Arrangement pursuant to Section 230-232 and other relevant provisions of the Companies Act, with such modifications and amendments as may be made from time to time, with the appropriate approvals and sanctions of the NCLT and other relevant regulatory authorities, as may be required under the Companies Act and under all other Applicable Laws.

1.24. **"Tax" or "Taxes"** means and include any tax, whether direct or indirect, including income tax (including advance tax, self-assessment tax, regular assessment tax, tax deducted at source, tax collected at source, equalization levy, dividend distribution tax, minimum alternate tax), GST, excise duty, value added tax (VAT), central sales tax (CST), service tax, octroi, local body tax and customs duty, duties, charges, fees, surcharges, cess, levies or other similar assessments by or payable to an Governmental Authority, including in relation to (a) income, services, gross receipts, premium, movable property, assets, profession, entry, capital gains, municipal, interest, expenditure, imports, wealth, gift, sales, use, transfer, licensing, withholding, employment, payroll and franchise taxes, and (b) any interest, fines, penalties, assessments, or additions to Tax resulting from, attributable to or incurred in connection with any proceedings or late payments in respect thereof.

1.25. **"Tax Laws"** shall include the Income-tax Act, 1961/Income-tax Act, 2025 (as the case may be), the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the respective State Goods and Services Tax Acts, the Central Sales Tax Act, 1956, the applicable State Value Added Tax enactments, the Customs Act, 1962, and any other central, state, or local taxation statute, as applicable to the Demerged Company or the Resulting Company, as the case may be, together with all rules, regulations, notifications, and circulars issued thereunder, as amended from time to time.

In this Scheme, unless the context otherwise requires:

a. Words denoting the singular shall include the plural and vice versa, and words denoting any gender shall include all genders. Words of either gender shall be deemed to include all the other genders;

b. Headings, sub-headings, titles, subtitles to clauses and sub-clauses are for convenience only and shall be ignored in construing the Scheme;

c. 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 or any statutory modification or re-enactment thereof from time to time.

d. References to any law, statute, legislation or regulation shall mean such provision as amended, modified, re-enacted or consolidated from time to time (whether before or after the date of this Scheme), to the extent applicable or capable of applying to the transactions contemplated herein, and shall include any circulars, notifications, clarifications or supplement(s) issued thereunder.

2. **DATE OF TAKING INTO EFFECT AND OPERATIVE DATE:**

2.1. The Scheme set out herein in its present form or with any modification(s), if any, made as per **Clause 06** of this Scheme shall be effective from the Appointed Date but shall come into force from the Effective Date.

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2.2. Reference in this Scheme to the "upon the Scheme becoming effective" shall mean the Scheme shall be effective from the Appointed Date but operative from the Effective Date.

3. **SHARE CAPITAL:**

3.1 The authorized, issued, subscribed and paid-up share capital of EFC or Demerged Company as per audited financial statements as on 31st March 2026 is as under:

Particulars	Amount in INR
Authorized Capital	
4,50,000 Equity Shares of Rs. 10 each	45,00,000
3,55,000 Preference Shares of Rs. 100 each	3,55,00,000
Total	**4,00,00,000**
Issued, Subscribed and Paid-up capital	
62,500 Equity Share of Rs. 10 each fully paid up	6,25,000
Total	**6,25,000**

There is no change in the share capital structure of the Demerged Company subsequent to 31st March 2026 till the date of approval of this Scheme by the Board of Directors of the Demerged Company.

3.2 The authorized, issued, subscribed and paid-up share capital of EFCIL or Resulting Company as per audited financial statements as on 31st March 2026 is as under:

Particulars	Amount in INR
Authorized Capital	
20,05,00,000 Equity Shares of Rs. 2 each	40,10,00,000
Total	**40,10,00,000**
Issued, Subscribed and Paid-up capital	
13,72,83,376 Equity Shares of Rs. 2 each fully paid up	27,45,66,752
Total	**27,45,66,752**

Further, the Resulting Company has allotted 1,06,62,786 (One Crore Six Lakh Sixty-Two Thousand Seven Hundred and Eighty-Six) equity shares on May 25, 2026 pursuant to the rights issue. Accordingly, the authorized, issued, subscribed and paid-up share capital of EFCIL or Resulting Company as on 31st May 2026 is as under:

Particulars	Amount in INR
Authorized Capital	
20,05,00,000 Equity Shares of Rs. 2 each	40,10,00,000
Total	**40,10,00,000**
Issued, Subscribed and Paid-up capital	
14,79,46,162 Equity Shares of Rs. 2 each fully paid up	29,58,92,324
Total	**29,58,92,324**

There is no change in the share capital structure of Resulting Company subsequent to 31st May 2026 till the date of approval of this Scheme by the Board of Directors of the Resulting Company.

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PART II

DEALING WITH THE DEMERGER AND VESTING OF DEMERGED UNDERTAKING INTO THE RESULTING COMPANY

4. **VESTING OF BUSINESS**

4.1. Upon the Scheme becoming effective, the business and the whole of the undertaking, assets, properties and liabilities of the Demerged Undertaking shall, in terms of Section 230 to 232 and other applicable provisions, if any, of the Act, and pursuant to the orders of the NCLT, if any, sanctioning the Scheme, without any further act, instrument, deed, matter or thing, stand transferred and vested in Resulting Company as a going concern, so as to become the undertaking, properties and liabilities of the Resulting Company, by operation of Law on the Effective Date as and from the Appointed Date. In addition, for the avoidance of doubt, the Remaining Business and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company.

4.2. **TRANSFER OF ASSETS:**

Upon the Scheme becoming effective, with effect from the Appointed date, and without prejudice to the generality of Clause 4 above, the entire business together with all the assets and properties along with all other rights, title, interest, contracts pertaining to the Demerged Undertaking shall stand transferred to and vested in the Resulting Company in the following manner:

4.2.1. Upon the Scheme becoming effective, all assets and properties pertaining to the Demerged Undertaking as are movable in nature including investments or incorporeal property or otherwise capable of transfer by physical or constructive delivery and/or by endorsement, the same shall stand so transferred by the Demerged Company upon the Scheme becoming effective to the end and intent that the rights, titles, interest and property therein passes to the Resulting Company and shall become the assets and property of the Resulting Company and rights, titles, interest to the assets and property will be deemed to have been vested accordingly without requiring any deed or instrument of conveyance with effect from the Appointed Date, pursuant to the provisions of Section 230 to 232 of the Act, and shall upon such transfer and vesting become the property and an integral part of the Resulting Company.

4.2.2. Upon the Scheme becoming effective, other assets pertaining to the Demerged Undertaking including actionable claims, sundry debtors, outstanding loans, advances, loans and advances for land inventories, recoverable in cash or kind or for value to be received and deposits/bonds with the government and other authorities and bodies, customers or any other person, the same shall, without any further act, instrument or deed, be transferred and vested in the Resulting Company pursuant to the provisions of Section 230 to 232 and all other applicable provisions, if any, of the Act and intent that the right of the Demerged Company to recover or realise the same stands transferred to the Resulting Company.

4.2.3. 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 in the bank accounts pertaining to the Demerged Undertaking have been replaced with that of the Resulting Company, the Resulting Company shall be entitled to operate the concerned bank accounts pertaining to the Demerged Undertaking in the name of Demerged Company in so far as may be necessary. It is hereby expressly clarified that any legal proceedings by or against the Demerged Company pertaining to the Demerged Undertaking's cheques and other negotiable instruments, payments order received or presented for encashment which are in the name of Demerged Company shall be instituted, or as the case may be, continued by or against the Resulting Company upon the Scheme becoming effective.

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4.2.4. In so far as various incentives, subsidies, exemptions, rehabilitation schemes, special status, service tax benefits, income tax holiday/ benefit/ losses and other benefits or exemptions or privileges enjoyed, granted by any Government body, regulatory authority, local authority or by any other person, or availed of by Demerged Company

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are concerned, the same shall, without any further act or deed, in so far as they relate to the Demerged Undertaking, vest with and be available to Resulting Company on the same terms and conditions as if the same had been allotted and/ or granted and/ or sanctioned and/ or allowed to Resulting Company.

4.2.5. Upon the Scheme becoming effective, those assets which belong to the Demerged Undertaking shall be transferred to and vested in and/or deemed to be transferred to and vested in Resulting Company, pursuant to the provisions of Section 230 to 232 of the Act.

4.2.6. If at any time after the Effective Date, the Demerged Company and/or the Resulting Company receives and/or holds any assets, business, economic interest and/or benefit that ought to have been, but has not been transferred to the Demerged Company and/or the Resulting Company (as the case may be) pursuant to this Scheme, as of the Effective Date, then same shall be transferred to the Demerged Company and / or the Resulting Company without any consideration.

4.3. **LIABILITIES**

Without prejudice to the generality of clauses above, the liabilities of the Demerged Undertaking shall stand transferred to and vested in the Resulting Company in the following manner:

4.3.1. Upon the Scheme becoming effective, and subject to the provisions of the Scheme, all debts, loans and liabilities, including customer advances and security deposits, duties and obligations allocated pertaining to the Demerged Undertaking, so as to become as and from the Appointed Date without any further act or deed become the loans, borrowings, debts, liabilities (including contingent liabilities), credit facilities, overdraft facilities, lease rental discounting facilities, duties and obligations of Resulting Company and all rights, powers, duties and obligations in relation thereto shall stand transferred to, vested in, and shall be exercised by or against Resulting Company, as if it has entered into such loans, credit facilities, overdraft facilities or incurred such borrowing, debts, liabilities, duties and obligations. Resulting Company shall undertake to meet, discharge and satisfy the same to the exclusion of the Demerged Company.

4.3.2. It is hereby clarified that, all loans, borrowings, debts, liabilities, credit facilities, overdraft facilities, duties and obligations of Demerged Company pertaining to the Remaining Undertaking, whether provided for or not in the books of account of Demerged Company, shall continue to remain as the loans, borrowings, debts, liabilities, credit facilities, overdraft facilities, duties and obligations of Demerged Company. Demerged Company shall undertake to meet, discharge and satisfy the same to the exclusion of Resulting Company.

4.3.3. Upon the Scheme becoming effective, Resulting Company alone shall be liable to perform all obligations in respect of liabilities of the Demerged Undertaking, vested in it and Demerged Company shall not have any obligations in respect of liabilities of the Demerged Undertaking transferred and vested to the Resulting Company. For the removal of doubts, it is provided that upon the Scheme becoming effective the liabilities which arise out of the activities or operations or actions of the Demerged Undertaking shall be borne by the Resulting Company.

4.3.4. Upon the Scheme becoming effective, the Demerged Company alone shall be liable to perform all obligations in respect of the liabilities pertaining to Remaining Undertaking and which have not been vested in the Resulting Company in terms of the Scheme, and the Demerged Company alone shall have all obligations in respect of such liabilities.

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4.3.5. Without any prejudice to the provisions of the foregoing clauses and with effect from the Effective Date, Demerged Company and Resulting Company shall enter into and execute such other deeds, instruments, documents and/or writings and/or do all acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the concerned ROC to give formal effect to the provisions of this clause, if required.

4.3.6. It is expressly provided that no other term or condition of the liabilities not transferred to the Resulting Company is modified by virtue of this Scheme except to the extent that

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such amendment is required by necessary implication.

4.3.7. Upon this Scheme coming into effect, the borrowing limits of the Resulting Company under Section 180(1)(c) of the Companies Act, 2013 shall, without any further act, instrument or deed, stand increased by an amount equivalent to the aggregate borrowings forming part of the Demerged Undertaking liabilities transferred by the Demerged Company to the Resulting Company pursuant to this Scheme. Such increase shall be incremental to, and over and above, the existing borrowing limits of the Resulting Company, and shall not require any separate resolution or approval under Section 180(1)(c) or any other provision of the Companies Act, 2013.

4.3.8. Upon the Scheme becoming effective, all inter-company balances and transactions pertaining to the Demerged Undertaking, including any receivables, accrued interest, payables, loans, advances, deposits, intercompany loans/securities including debentures (including convertible debentures issued by Resulting Company to Demerged Company pertaining to Demerged Undertaking) or other obligations between the Demerged Company and the Resulting Company, shall, to the extent attributable to the Demerged Undertaking, stand cancelled and extinguished without any further act, deed or instrument.

4.3.9. With effect from the Appointed Date, any funds infused by the Resulting Company into the Demerged Company towards meeting the working capital requirements of the Demerged Undertaking shall, notwithstanding the coming into effect of this Scheme, continue to be utilized solely for the working capital requirements of the business of the Demerged Undertaking. Upon this Scheme becoming effective, such funds, together with the Demerged Undertaking, shall stand vested in, and be carried on by, the Resulting Company in continuation of the purpose for which they were originally infused. For the avoidance of doubt, nothing in this Scheme shall be construed as altering, varying, or changing the underlying purpose or end-use for which such funds were infused, it being clarified that the Demerged Undertaking shall continue to be carried on as a part of the Resulting Company pursuant to and upon effectiveness of this Scheme.

4.4. **TRANSFER OF CONTRACTS, DEEDS ETC**

4.4.1. Upon the coming into effect of this Scheme, and subject to the provisions of this Scheme, all contracts, lease deeds, licenses, permissions, bonds, undertakings including bond cum legal undertaking, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Demerged Undertaking, to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall continue in full force and effect against or in favour, as the case may be, of Resulting Company and may be enforced as fully and effectually as if, instead of Demerged Company, Resulting Company had been a party or beneficiary or oblige thereto, and it is clarified that no such contract, agreement, license, permission, approval or consent shall be terminated, revoked or altered solely by reason of this Scheme or the transfer and vesting contemplated herein.

4.4.2. Without prejudice to the generality of above clauses upon the Scheme becoming effective and with effect from the Appointed Date, all patents, trademarks, trade names, copyrights and other intellectual properties (IP) and rights of any nature whatsoever and licenses, assignments, grants in respect thereof, privileges, liberties, easements, contract advantages, benefits, goodwill, permits, approvals, authorizations, right to use and avail of telephones, telexes, facsimile and other communication facilities, connections, equipment and installations, utilities, electricity and electronic and all other services of every kind, nature and descriptions whatsoever, reserves, provisions, funds, benefit of all agreements, arrangements including but not limited to indemnities/guarantees given by the Demerged Company relating to the Demerged Undertaking, deposits, advances, recoverable and receivables whether from any Governmental Authority, cash and bank balances, all earnest moneys and/or deposits including security deposits paid by them, the entire business and benefits and advantages of whatsoever nature and where-so-ever situated belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour

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of or enjoyed by the Demerged Company and relatable to the Demerged Undertaking, shall, without any further act, instrument or deed, stand transferred to and vested in or be deemed to stand transferred to and vested in the Resulting Company pursuant to the provisions of Sections 230 to 232 of the Act so as to become as and from the Appointed Date, the estate, assets, right, title and interests of the Resulting Company.

4.4.3. It is clarified that if any contracts including property management agreement, other agreements, licenses, permissions, approvals, consents, benefits, registrations, entitlements or any other facility of whatsoever nature owned or otherwise in the name of the Demerged Company but commonly shared with the Demerged Undertaking and the Remaining Undertaking, and which cannot be transferred and vested or separately entered with the Resulting Company for any reason whatsoever, such contracts, agreements, licenses, permissions, approvals, consents or other facility shall be deemed to be, and shall be, jointly vested and jointly held by the Demerged Company and the Resulting Company and the utilization, operation or availing thereof by the Resulting Company for the purposes of the Demerged Undertaking shall be without any consideration, charge, fee or compensation payable to the Demerged Company, or wherever required, the Resulting Company shall enter into a fresh contract / property management agreement with respective parties. The Resulting Company shall be entitled to utilize, operate, and avail such contracts, agreements, licenses, permissions, approvals, consents or other facility for the Demerged Undertaking's activities subject to such terms as may be mutually agreed between the Resulting Company and Demerged Company.

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

4.4.5. The transfer and vesting of the Demerged Undertaking as aforesaid shall be subject to the existing securities, charges, mortgages and other encumbrances if any, subsisting over or in respect of the property and assets or any part thereof related to the Demerged Undertaking to the extent such securities, charges, mortgages, encumbrances are created to secure the liabilities forming part of the Demerged Undertaking and/or Demerged Company on the same terms and conditions as applicable.

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5. **<u>LEGAL, TAX AND OTHER PROCEEDINGS</u>**

5.1. Upon the Scheme becoming effective, all legal, tax or other proceedings of whatsoever nature (including before any statutory or quasi-judicial authority or tribunal) by or against Demerged Company, under any statute, whether pending on the Appointed Date, or which may be instituted any time in the future directly and solely relating to the Demerged Undertaking shall not abate or be discontinued or in any way be prejudicially affected by reason of, or by anything contained in this Scheme but the proceedings shall continue and any prosecution shall be enforced by or against the Resulting Company after the Effective Date as effectually and in the same manner and to the same extent as if the same had been instituted by or against, as the case may be, the Resulting Company. In the event that the legal proceedings referred to herein require Demerged Company and Resulting Company to be jointly treated as parties thereto, Resulting Company shall be added as a party to such proceedings and shall prosecute and defend such proceedings in co-operation with Demerged Company at the cost of Resulting Company.

5.2. After the Appointed Date, if any proceedings are taken against the Demerged Company in respect of matters referred to in clause 5.1 above, the Demerged Company shall defend the same in concurrence with the Resulting Company.

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5.3. Notwithstanding anything contained herein above, if at any time, after the Effective Date, the Demerged Company is in receipt of any demand, claim, notice and/or is impleaded as a party in any proceedings before any Appropriate Authority (except proceedings under the Income-tax Act), in each case in relation to the Demerged Undertaking, the Demerged Company and the Resulting Company shall, in view of the transfer and vesting of the Demerged Undertaking pursuant to this Scheme take all such steps in the proceedings before the Government Authority to replace the Demerged Company with the Resulting Company. However, if for any reason the substitution of the Demerged Company by the Resulting Company for such proceedings does not take place, the Demerged Company shall defend the same or deal with such demand in accordance with the advice of the Resulting Company and at the cost of the Resulting Company and the later shall reimburse to the Demerged Company all liabilities and obligations incurred by the Demerged Company in respect thereof.

5.4. On and from the Effective Date, the Resulting Company shall and may, if required, initiate any legal proceedings in relation to the rights, title, interest, obligations or liabilities of any nature whatsoever, whether under contract or law or otherwise, of the Demerged Company relating to the Demerged Undertaking in the same manner and to the same extent as would or might have been initiated by the Demerged Company in relation to the Demerged Undertaking.

5.5. It is hereby clarified that where any of the debts, liabilities (including contingent liabilities), loans raised and used, liabilities and obligations incurred (including trade payables), duties and obligations of the Demerged Undertaking deemed to be transferred and vested in the Resulting Company have been discharged by the Demerged Company, such discharge shall be deemed to have been for and on account of the Resulting Company.

5.6. Upon the Scheme becoming effective, all proceedings exclusively and solely relating to Remaining Undertaking shall continue to be enforced with the Demerged Company.

6. <u>SAVING OF CONCLUDED TRANSACTIONS</u>

6.1. The transfer and vesting of the assets, contracts, deeds, liabilities, obligations, etc. of the Demerged Undertaking under clause 4 and the continuance of the proceedings by or against Demerged Company under clause 5 hereof shall not affect any transactions or proceedings already completed by Demerged Company on or after the Appointed Date to the end and intent that, the Resulting Company accepts all acts, deeds and things done and executed by and/or on behalf of Demerged Company as acts, deeds and things made, done and executed by and on behalf of Resulting Company.

6.2. Upon the coming into effect of the Scheme, the resolutions, if any, of the Demerged Company relating to the Demerged Undertaking including without limitation approvals under Sections 180, 185, 186, 188 etc., of the Companies Act and under Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation,2015 which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of the Resulting Company, and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, such limits shall be added to the limits, if any, under like resolutions passed by the Resulting Company, and shall constitute the aggregate of the said limits in the Resulting Company.

7. <u>STAFF, WORKMEN & EMPLOYEES</u>

7.1. Upon the Scheme becoming effective, the employees, of Demerged Undertaking, as identified by the Board of Directors of Demerged Company on the Effective Date, if any, pertaining exclusively to the Demerged Undertaking shall become employees of Resulting Company without any break or interruption of service and with the benefit of continuity of service on terms and conditions which are not less favourable than the terms and conditions as were applicable to such employees relating to the Demerged Undertaking of Demerged Company immediately prior to the transfer and vesting of the Demerged Undertaking and further it shall not be necessary to obtain consent of the employees, in order to give effect to the provisions of this clause.

7.2. The Resulting Company agrees that the service of employees, pertaining to the Demerged Undertaking with Demerged Company, if any, up to the Effective Date shall be taken into account for the purpose of all retirement benefits to which they may be eligible in the Resulting Company up to the Effective Date. Resulting Company further agree that for the purpose of payment of any

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retrenchment compensation, gratuity or other terminal or retirement benefits, such past service with Demerged Company, shall also be taken into account and agrees and undertakes to pay the same as and when payable.

7.3. Upon the Scheme becoming effective, Resulting Company shall make all the necessary contributions for such transferred employees relating to the Demerged Undertaking, and deposit the same in provident fund, gratuity fund or superannuation fund or any other special fund or staff welfare scheme or any other special scheme as applicable prior the Scheme. The Resulting Company will also file relevant intimations in respect of employees of the Demerged Undertaking to the concerned statutory authorities who shall take the same on record and substitute the name of Resulting Company instead of Demerged Company without any further act.

7.4. In so far as the existing provident fund, gratuity fund and pension and /or superannuation fund/trusts, retirement funds or employees state insurance schemes or pension scheme or employee deposit linked insurance scheme or any other benefits, if any, created by Demerged Company for employees of the Demerged Undertaking are concerned, such proportion of the liabilities, funds, contributions to the funds or the scheme or the investments made into the funds relating to the employees pertaining to the Demerged Undertaking as on the Effective Date, who are being transferred along with the Demerged Undertaking in terms of the Scheme, upon the coming into effect of this Scheme, shall be transferred to the necessary funds, schemes or trusts of Resulting Company and till the time such necessary funds, schemes or trusts are created by Resulting Company, all contribution shall continue to be made to the existing funds, schemes or trusts of Demerged Company. Until such time as the Resulting Company creates the necessary funds, schemes or trusts, all contributions shall continue to be made by the Resulting Company to the existing funds, schemes or trusts of the Demerged Company, which shall hold the same in trust for the benefit of such transferred employees.

7.5. The Resulting Company shall not vary the terms and conditions of employment of the employees, of the Demerged Company pertaining to the Demerged Undertaking, if any, except in the ordinary course of business. Nothing in this clause shall prevent the Resulting Company from implementing changes required by Applicable Law or standardization of policies applicable generally to its employees, provided such changes are not less favourable overall.

7.6. In relation to any other fund (including any funds set up by the government for employee benefits) created or existing for the benefit of the Demerged Undertaking employees, the Resulting Company shall stand substituted for the Demerged Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said funds in accordance with the provisions of such scheme, funds, bye-laws, etc. in respect of the Demerged Undertaking employees.

7.7. Further to the transfer of Demerged Company's funds as set out in the Clauses above, the Resulting Company shall stand substituted for the Demerged Company, for all purposes whatsoever in relation to the administration or operation or obligation to make contributions to the said Demerged Company funds, such that all the rights, duties, powers and obligations of Demerged Company in relation to the Demerged Undertaking as on the Effective Date in relation to such fund or funds shall become those of Resulting Company.

7.8. The Resulting Company undertakes to continue to abide by any agreement/settlement agreement/collective bargaining schemes/ polices, if any, entered into or deemed to have been entered into by the Demerged Company with, or applicable to, any Demerged Undertaking employee/ union thereof (if any).

7.9. In so far as the existing benefits or funds created by the Demerged Company for the employees of the Remaining Undertaking are concerned, the same shall continue and the Demerged Company shall continue to contribute to such benefits or funds in accordance with the provisions applicable thereto, and the Resulting Company shall have no liability in respect thereof.

8. <u>TAXES</u>

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8.1. Pursuant to the Scheme coming into effect and with effect from the Appointed Date:

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8.1.1. the obligations, if any, for payment of Taxes to Government Authorities under Applicable Laws relating to Tax ("Tax Laws") of the Demerged Company in relation to the Demerged Undertaking shall be deemed to be the obligations of the Resulting Company; and

8.1.2. all the benefits, deductions (including without limitation for expenses disallowed in the Demerged Entity), incentive, Tax refunds, losses, credits in relation to any Tax (including, without limitation income tax, MAT credit, service tax, applicable state value added tax, GST, advance tax, tax deducted at source, deferred tax etc.) in relation to the Demerged Undertaking to which the Demerged Company is entitled in terms of Applicable Law, whether or not received by the Demerged Company but shall be available to and vest in the Resulting Company and the Resulting Company shall be entitled to utilize and avail such benefits, deductions, Tax refunds, incentives, losses, rebates, tax holidays, exemptions, deferred tax, remissions, reductions and/or any other benefits and credits (including, without limitation income tax, MAT credit, service tax, applicable state value added tax, GST, advance tax, tax deducted at source, etc.).

8.2. Upon the Scheme becoming effective, the brought forward tax losses and unabsorbed tax depreciation of the Demerged Undertaking, if any, which accrue prior to the Appointed Date, would be transferred to Resulting Company in accordance with the provisions of Section 72A (4) and 72A(5)/116(6) and 116(7) of the IT Act.

8.3. The Demerged Company and the Resulting Company are expressly permitted to revise their financial statements and tax returns along with prescribed forms, filings and annexures and other statutory returns, including TDS certificates/returns and to claim refund, advance tax, credits, exercise and service tax credits, service tax returns, excise tax returns, sales tax / VAT/ GST returns, set off etc. on the basis of the accounts of the Demerged Company in relation to the Demerged Undertaking as transferred and vested with the Resulting Company pursuant to the Scheme coming into effect. Such returns may be revised and filed notwithstanding that the statutory period for such revision and filing may have expired but without incurring any liability on account of interest, penalty or any other sum to claim refunds, advance tax credits, GST, excise and service tax credits, set off, etc., pursuant to the Scheme coming into effect.

8.4. The payments towards any Tax (including, without limitation income tax, GST, service tax, excise duty, custom duty etc.) whether by way of TDS, advance tax, all earnest money, security deposit, provisional payments, payment under protest or otherwise, howsoever by the Demerged Company in relation to the Demerged Undertaking after the Appointed Date shall be deemed to have been paid by the Resulting Company and shall in all proceedings, be dealt with accordingly. Further, the Resulting Company shall be entitled to claim deduction under Section 40(a)/35, Section 40A/36 r.w.s. 29, Section 43B/37 and other applicable provisions of the IT Act in respect of unpaid liabilities transferred to it as part of the Demerged Undertaking to the extent not claimed by the Demerged Company, as and when the same are paid by the Resulting Company.

8.5. All the expenses incurred by the Resulting Company and the Demerged Company, if any, in relation to this Scheme, including stamp duty expenses, shall be allowed as a deduction to the Demerged Company and the Resulting Company in accordance with Section 35DD/52 of the IT Act or under the corresponding provisions of any re-enactment, amendment, substitution, or statutory modification thereof, as may be in force from time to time, over a period of five years with effect from the Appointed Date.

9. <u>VESTING AT BOOK VALUES</u>

9.1. All the assets, properties and liabilities of Demerged Undertaking shall be vested in the Resulting Company at the values appearing in the books of the Demerged Company as on the opening of the business hours of the Appointed Date.

10. <u>CONDUCT OF BUSINESS OF THE DEMERGED UNDERTAKING OF DEMERGED COMPANY TILL EFFECTIVE DATE</u>

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

10.1. The Demerged Company shall be deemed to have been carrying on and shall carry on its business and activities relating to the Demerged Undertaking and shall be deemed to have held and stood possessed of and also shall hold and stand possessed of all its properties and assets pertaining to the Demerged Undertaking for and on account and benefits of, and in trust for the Resulting Company. The Demerged Company hereby undertakes to hold the Demerged Undertaking with

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utmost prudence until the Effective Date.

10.2. The Demerged Company shall carry on its business and activities relating to Demerged Undertaking with reasonable diligence and business prudence in the ordinary course of business.

10.3. The Demerged Company shall not without prior written consent of the Resulting Company, alienate, charge, mortgage, encumber or otherwise deal with or dispose off the Demerged Undertaking or part thereof.

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

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

11. CONSIDERATION

11.1. The entire issued, subscribed and paid-up share capital of the Demerged Company is held by the Resulting Company and its nominee(s). Upon the Scheme becoming effective, no shares of the Resulting Company shall be allotted in lieu of exchange of the holding of equity in the Demerged Company.

12. ACCOUNTING TREATMENT

12.1. **ACCOUNTING TREATMENT IN THE BOOKS OF THE RESULTING COMPANY**

Upon the Scheme coming into effect from the Appointed Date, since the transaction involves entities which are ultimately controlled by the same party before and after the transaction, the Resulting Company shall account for the Demerged Undertaking in its books of accounts in accordance with Appendix C 'Business Combination of entities under common control' of Indian Accounting Standards-103 (Ind AS 103) "Business Combination", as notified under section 133 of the Act read together with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, issued by the Ministry of Corporate Affairs and the other accounting principles generally accepted in India. It would, *inter alia,* include the following:

(i) The Resulting Company shall record the assets, liabilities and other equity including retained earnings, if any, relating to the Demerged Undertaking of the Demerged Company transferred to and vested in it pursuant to this Scheme at book values.

(ii) The intercompany balances, loans and advances, pertaining to the Demerged Undertaking, outstanding between the Resulting Company and the Demerged Company will stand cancelled.

(iii) The difference, being the excess, of the assets over the liabilities and the other equity including retained earnings, if any, pertaining to the Demerged Undertaking of the Demerged Company recorded by the Resulting Company in accordance with Clause (i) above and after adjusting for diminution, if any, in the value of equity investment of the Resulting Company in the Demerged Company, shall be adjusted in capital reserve in the books of the Resulting Company in accordance with the accounting principles prescribed under IND AS-103.

(iv) If the accounting policies adopted by the Resulting Company are different from those adopted by the Demerged Company, the assets, liabilities and other equity including retained earnings of the Demerged Undertaking shall be accounted in the books of the Resulting Company adopting uniform accounting policies consistent with the Companies (Indian Accounting Standards) Rules, 2015.

(v) Any change effected in the book value of the assets, liabilities and other equity including

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retained earnings of the Demerged Undertaking pursuant to clause 12.1.(iv) above, shall be adjusted in the capital reserve account in the books of the Resulting Company with appropriate disclosures as required under Indian Accounting Standard – 8 "Accounting Policies, Changes in Accounting Estimates and Errors.

12.2. **ACCOUNTING TREATMENT IN THE BOOKS OF DEMERGED COMPANY**

Upon the Scheme coming into effect from the Appointed Date, the Demerged Company shall account the Demerger of the Demerged Undertaking in its books of accounts in the following manner

(i) The Demerged Company shall de-recognize the book value of assets, liabilities and other equity including retained earnings pertaining to the Demerged Undertaking as on Appointed Date.

(ii) The intercompany balances, loans and advances, pertaining to the Demerged Undertaking, outstanding between the Resulting Company and the Demerged Company will stand cancelled.

(iii) The difference, being the excess or shortfall, if any, of the net book value of the assets over the liabilities and other equity including retained earnings pertaining to or attributable to the Demerged Undertaking, and demerged from the Demerged Company pursuant to the Scheme, shall be recorded as the capital reserve in the books of the Demerged Company.

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PART-III

DEALING WITH THE REMAINING BUSINESS OF THE DEMERGED COMPANY

13. REMAINING UNDERTAKING

13.1. The Remaining Undertaking of the Demerged Company shall continue to belong to and be owned and managed by the Demerged Company. The Demerged Company shall continue to be liable to perform and discharge all its liabilities and obligations in relation to the Remaining Undertaking of the Demerged Company and the Resulting Company shall not have any liability or obligation in relation to the Remaining Undertaking of the Demerged Company.

13.2. Without prejudice to the provisions of this Scheme, upon the Scheme becoming effective, if any part of the Demerged Undertaking is not transferred to the Resulting Company, the Demerged Company, shall take such actions as may be reasonably required to ensure that such part of the Demerged Undertaking is transferred to the Resulting Company promptly without any further consideration.

13.3. Further, no part of the Remaining Undertaking shall be transferred to the Resulting Company pursuant to the Demerger. If any part of the Remaining Undertaking is inadvertently held by the Resulting Company after the Effective Date, the Resulting Company shall take such actions as may be reasonably required to ensure that such part of the Remaining Undertaking is transferred back to the Demerged Company, promptly and for no consideration.

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PART - IV

DEALING WITH OTHER GENERAL TERMS AND CONDITION APPLICABLE TO SCHEME

14. APPLICATION TO NCLT

14.1. The Demerged Company and the Resulting Company shall make necessary applications and/or petitions to the NCLT under Chapter XV of the Companies Act, 2013 and the rules formed thereunder seeking orders for dispensing with or convening, holding and conducting of the meetings of members and/or creditors and for sanction of this Scheme with such modification as may be approved by the NCLT and all matters ancillary or incidental thereto.

14.2. Upon this Scheme being approved by the requisite majority of the shareholders and creditors of the Demerged Company and the Resulting Company (wherever required), as applicable, the Demerged Company and the Resulting Company shall, with all reasonable dispatch, file the petition before the NCLT for sanction of this Scheme under Chapter XV of Companies Act, 2013 and for such other order or orders, as the NCLT may deem fit for putting this Scheme into effect.

14.3. Upon this Scheme becoming effective, the shareholders of the Resulting Company shall be deemed to have also accorded their approval under all relevant provisions of the Companies Act for giving effect to the provisions contained in this Scheme.

15. CONDITIONALITY OF SCHEME

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

15.1. The approval by the requisite majorities in number and value of the respective members and/ or creditors (where applicable) of the Demerged Company and the Resulting Company, as mandated under the Act or as may be directed by the NCLT, subject to any dispensation that may be granted by NCLT;

15.2. The observations/ objections, if any, of the Appropriate Authority in terms of Section 230 to 232 of the Act;

15.3. The Scheme having being approved and sanctioned by the NCLT under Section 230 to 232 and other applicable provisions of the Companies Act, 2013 and the certified copy of the order of the NCLT, sanctioning the Scheme being filed with the Registrar of Companies concerned, Pune by the Demerged Company and the Resulting Company in e-form INC 28 within 30 (thirty) days from receipt of copy of the Order;

16. MODIFICATION OR AMENDMENT OF THE SCHEME AND REVOCATION OF THE SCHEME

16.1. The Demerged Company and the Resulting Company may make and/or consent to any modifications or amendments to the Scheme or to any conditions or limitations that the Regional Director/ Registrar/ Official Liquidator and/or other authority may deem fit to direct or impose or which may otherwise be considered necessary or desirable, by passing a resolution of the Board of Directors of both the Demerged Company and the Resulting Company or by an agreement in writing executed by authorized representative of the Demerged Company (appointed by the Board of Directors of the Demerged Company by way of a board resolution) and authorized representative of the Resulting Company (appointed by the Board of Directors of the Resulting Company by way of a board resolution). The Demerged Company and the Resulting Company, by their respective Board of Directors, or such other person or persons, as the respective Board of Directors may authorize, including any committee or subcommittee thereof, shall be authorized to take such steps and do all acts, deeds and things as may be necessary, desirable or proper to give effect to this Scheme and to resolve any doubt, difficulties or questions whether by reason of any order(s) of the Regional Director or of any directive or order(s) of any other authority or otherwise howsoever arising out of, under or by virtue of this Scheme and/or any matters concerning or connected therewith.

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16.2. The Demerged Company and the Resulting Company shall be at liberty to withdraw from this Scheme in case any condition or alteration imposed by the Regional Director or any other authority is not on terms acceptable to them and such condition or alteration has not otherwise

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been mutually agreed in writing between the Demerged Company and the Resulting Company.

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

17. EFFECT OF NON-RECEIPT OF APPROVALS

17.1. In the event of any of the said sanctions and approvals referred to in clause 15 above not being obtained and/or complied with and/or satisfied and/or this Scheme not being sanctioned by the NCLT, this Scheme shall stand revoked, cancelled and be of no effect and in that event, no rights and liabilities whatsoever shall accrue to or be incurred inter se the Demerged Company and the Resulting Company or their shareholders or creditors or any other person save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with the Applicable Law and in such case, each Company shall bear its own costs unless otherwise mutually agreed. Further, the Board of Directors of the Demerged Company and the Resulting Company shall be entitled to revoke, cancel and declare the Scheme of no effect if such Boards are of the view that the coming into effect of the Scheme in terms of the provisions of this Scheme or filing of the drawn-up orders with any authority could have adverse implication on all/any of the Companies, provided that such revocation or cancellation shall be subject to mutual consent of the Boards of both the Demerged Company and the Resulting Company.

17.2. If any part of this Scheme is invalid, ruled illegal by the NCLT, or unenforceable under present or future laws or is unworkable, then it is the intention of the Demerged Company and the Resulting Company that such part shall be deemed severable and the remainder of the Scheme shall continue to be valid and enforceable. Further, if the deletion of such part of this Scheme may cause this Scheme to become materially adverse to the Demerged Company and/ or the Resulting Company, then in such case the Demerged Company and/ or the Resulting Company shall attempt to bring about a modification in the Scheme, as will best preserve for the Demerged Company and the Resulting Company the benefits and obligations of the Scheme, including but not limited to such part, it being clarified that no modification shall be adopted that imposes any obligation or liability on the Resulting Company in respect of the Remaining Undertaking or otherwise materially prejudices the Demerged Company or the Resulting Company without their prior written consent.

18. BINDING EFFECT

Upon the Scheme becoming effective, the same shall be binding on the Demerged Company and the Resulting Company and all concerned companies without any further act, deed, matter, or thing.

19. COSTS, CHARGES AND EXPENSES

All costs, charges, fees, taxes, duties (including the stamp duty, if any, applicable in relation to this Scheme), levies and all other expenses, if any (save as expressly otherwise agreed) shall be borne and paid by the Demerged Company and the Resulting Company in a manner mutually agreed between the Parties.

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20. NO CAUSE OF ACTION

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

21. RESIDUARY CLAUSE

The said Scheme shall comply with all the Applicable Laws and no statutory liabilities shall be absolved on sanction of this Scheme.

The Companies, shall, at any time after this Scheme becoming effective in accordance with the

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provisions hereof, if so required under Applicable Law or otherwise, do all such acts or things as may be necessary to transfer/ novate the approvals, consents, exemptions, registrations, no-objection certificates, permits, quotas, rights, entitlements, licenses and certificates which were held or enjoyed by the Transferor Company in relation to or in connection with the Transferor Company. It is hereby clarified that if the consent of any third party or Appropriate Authority, if any, is required to give effect to this Scheme, the said third party or Appropriate Authority shall make and duly record the necessary substitution/endorsement in the name of the Transferee Company, as the case may be, pursuant to the sanction of this Scheme, and upon this Scheme becoming effective in accordance with the provisions of the Act and with the terms hereof. For this purpose, the Companies shall file appropriate applications/documents with relevant authorities concerned for information and record purposes.

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