Annexure-B

# SCHEME OF ARRANGEMENT

**BETWEEN**

**SHARDA MOTOR INDUSTRIES LIMITED**

("DEMERGED COMPANY")

**AND**

**NDR AUTO COMPONENTS LIMITED**

("RESULTING COMPANY")

**AND**

**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

UNDER SECTIONS230TO232OF THE COMPANIES ACT, 2013 READ WITH SECTION 66 OF THE COMPANIES ACT, 2013

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## PREAMBLE

This Draft Scheme (hereinafter defined)is presented under Section 230 to 232 of the Act (hereinafter defined) read with section 66 of the Act, and other relevant provisions of the Act, as applicable from time to time, for the transfer and vesting of Automobile Seating Undertaking (hereinafter defined) of Sharda Motor Industries Limited (hereinafter defined as "SMIL" or "Demerged Company") to NDR Auto Components Limited (hereinafter defined as "NACL" or "Resulting Company") with effect from the Appointed Date (hereinafter defined), and upon the occurrence of the Effective Date (hereinafter defined). In addition, this Scheme of Arrangement also provides for various other matters consequential or otherwise integrally connected herewith.

**A. Background**

i. Sharda Motor Industries Limited is a public limited company incorporated under the provisions of Companies Act, 1956 on January 29, 1986bearingCorporate Identification Number L74899DL1986PLC023202. The registered office of SMIL is situated at D-188, Okhla Industrial Area, Phase-I, New Delhi - 110020. The correspondence email address of SMIL is smil@shardamotor.com. The equity shares of SMIL are listed on Bombay Stock Exchange Limited ("BSE") & National Stock Exchange of India Limited ("NSE").

SMIL has the following business undertakings:

a) Suspension, Exhaust, Silencer, Canopy and White Goods Undertaking engaged in manufacturing of suspension, exhaust, silencer, Canopy and white goods i.e. Air Conditioner & Components thereof; and

b) Automobile Seating Undertaking engaged in manufacturing of automobile seating.

ii. NDR Auto Components Limited is a public limited company incorporated under the provisions of Companies Act, 2013 on March 19, 2019 bearing Corporate Identification Number: U29304DL2019PLC347460. The registered office of NACL is situated at D-188, Okhla Industrial Area, Phase-I, Delhi-110020. The correspondence email address of NACL is ndr_auto_components@outlook.com. The equity shares of NACL are not currently listed on any stock exchange.

SMIL is the holding company of NACL. As on the date of filing of the Scheme, SMIL along with its nominees hold 100% equity share capital of NACL.

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## B. Rationale for the Scheme of Arrangement

The arrangement is aimed at demerger of "Automobile Seating Undertaking"(hereinafter defined) of SMIL into NACL to segregate the said business. The transfer and vesting by way of a demerger shall achieve the following benefits for SMIL and NACL:

a) The Automobile Seating Undertaking carried on by SMIL has significant potential for growth. The nature of risk, competition, challenges, opportunities and business methods for the Automobile Seating Undertaking is separate and distinct from the other business of the Company. The Automobile Seating Undertaking would become capable of attracting a different set of investors, strategic partners, lenders and other stakeholders and would further enhance the shareholders wealth.

b) The management teams and Board of Directors of SMIL and NACL would be able to chart out independent strategies of their respective businesses to maximize value creation for their respective stakeholders. Demerger shall enhance focus of management on the operations of the Automobile Seating Undertaking by NACL and Suspension, Exhaust, Silencer, Canopy and White goods Undertaking by SMIL.

c) As part of the Resulting Company, the Automobile Seating business shall be amenable to benchmarking, and be in a position to attract the right set of investors, strategic partners, employees and other relevant stakeholders.

d) The demerger will permit increased focus by SMIL and NACL on their respective businesses in order to better meet their respective customers' needs and priorities, develop their own network of alliances and talent models that are critical to success.

There is no adverse effect of Scheme on any of the directors, key management personnel, promoters, non-promoter members, creditors and employees of SMIL and NACL.

The transfer and vesting of the Automobile Seating Undertaking (hereinafter defined) into NACL would be in the best interests of the shareholders, creditors and employees of SMIL and NACL, respectively, as it would result in enhanced value for the shareholders and allow focused strategy in operation of the Automobile Seating Undertaking and the Remaining Business(hereinafter defined) of SMIL. Pursuant to this Scheme all the shareholders of SMIL will get shares in NACL and there would be no change in the economic interest for any of the shareholders of SMIL pre and post implementation of the Scheme.

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In view of the above rationale, the Board recommended a Scheme of Arrangement whereby the Automobile Seating Undertaking of SMIL will be demerged into NACL as a going concern with effect from the Appointed Date (hereinafter defined). Accordingly, the Board of Directors of SMIL and NACL have decided to make requisite applications and/or petitions before the Tribunal (hereinafter defined) as the case may be, as applicable under Sections 230 to 232 of the Act (hereinafter defined) read with section 66 of the Act, and other applicable provisions for the sanction of this Scheme.

**C. Treatment of Scheme for the purposes of Income-Tax Act, 1961**

The provisions of this Scheme have been drawn up to comply with the conditions relating to "Demerger" as defined under Section 2(19AA) of the Income-tax Act, 1961 ("IT Act"). If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the IT Act shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the IT Act. Such modifications will however not affect the other provisions of the Scheme.

**D. The Scheme is divided into the following parts:**

**PART A** deals with Definition and share capital of the companies.

**PART B (Read with Schedule I and Schedule II)** deals with the transfer and vesting of the Automobile Seating Undertaking (hereinafter defined) of SMIL to and with NACL in accordance with section 230 to 232 of the Act (hereinafter defined) read with section 66 of the Act, other applicable provisions of the Act (hereinafter defined), and in accordance with section 2(19AA) of the IT Act.

**PART C** deals with General terms and conditions that would be applicable to the Scheme.

## PART A - DEFINITION AND SHARE CAPITAL

**1. DEFINITIONS**

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

1.1 "The Act" means the Companies Act, 2013, as notified, and ordinances, rules and regulations made thereunder and shall include any statutory modification, re-enactment or amendments thereof.

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1.2 **"Appointed Date"** means December 31, 2018 (end of day)or such other date as may be decided by the Board of the Demerged Company and the Resulting Company with the consent or as per the direction by the Tribunal.

1.3 **"Board of Directors"** or **"Board"** means and includes the respective Boards of Directors of the Demerged Company and the Resulting Company or any committee constituted by such Board of Directors for the purposes of the Scheme.

1.4 **"Automobile Seating business" or "Automobile Seating Undertaking"** of SMIL means all the businesses, undertakings, activities, properties and liabilities, whatsoever nature and kind and wheresoever situated, of SMIL pertaining to the Automobile Seating business, including specifically the following:

1.4.1 all immovable properties (As listed in Schedule I of this Scheme) i.e. land together with the buildings and structures standing thereon (whether freehold, leasehold, leave and licensed, right of way, tenancies or otherwise) including but not limited to offices, structures, warehouses, workshop, sheds, stores, DG Room, roads, boundary walls, soil filling works, benefits of any rental agreement for use of premises, marketing offices, share of any joint assets, etc., which immovable properties are currently being used for the purpose of and in relation to the Automobile Seating business and all documents (including panchnamas, declarations, receipts) of title, rights and easements in relation thereto and all rights, covenants, continuing rights, title and interest in connection with the said immovable properties;

1.4.2 all assets, as are movable in nature pertaining to and in relation to the Automobile Seating Business, whether present or future or contingent, tangible or intangible, in possession or reversion, corporeal or incorporeal (including plant and machinery, capital work in progress, stores under progress, electrical fittings, furniture, fixtures, appliances, accessories, power lines, office equipments, computers, communication facilities, installations, vehicles, inventory and tools and plants), stock-in-trade, stock-in-transit, raw materials, finished good packaging items, actionable claims, current assets, earnest monies and sundry debtors, financial assets, outstanding loans and advances, recoverable in cash or in kind or for value to be received, provisions, receivables, funds, cash and bank balances and deposits including accrued interest thereto with Government, semi-Government, local and other authorities and bodies, banks, customers and other, persons, insurances, the benefits of any bank guarantees, performance guarantees and letters of credit, and tax related assets, including but not

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limited to goods and services tax credit, service tax input credits, CENVAT credits, value added tax/sales tax/entry tax credits or set-offs, advance tax, minimum alternate tax credit, deferred tax assets/liabilities, tax deducted at source and tax refunds;

1.4.3 all permits, licenses, permissions including municipal permissions, right of way, approvals, clearances, consents, benefits, registrations, rights, entitlements, credits, certificates, awards, sanctions, allotments, quotas, no objection certificates, exemptions, concessions, subsidies, liberties and advantages (including consent/authorisation granted by relevant Pollution Control Boards and other licenses/permits granted/issued/ given by any governmental, statutory or regulatory or local or administrative bodies for the purpose of carrying on the Automobile Seating business or in connection therewith) including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereto that pertain exclusively to the Automobile Seating Business;

1.4.4 all contracts, agreements, purchase orders/service orders, operation and maintenance contracts, memoranda of understanding, memoranda of undertakings, memoranda of agreements, memoranda of agreed points, minutes of meetings, bids, tenders, expression of interest, letter of intent, hire and purchase arrangements, lease/licence agreements, tenancy rights, agreements/panchnamas for right of way, equipment purchase agreements, agreement with customers, purchase and other agreements with the supplier/manufacturer of goods/service providers, other arrangements, undertakings, deeds, bonds, schemes, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise and all rights, title, interests, claims and benefits thereunder pertaining to the Automobile Seating Business;

1.4.5 all applications(including hardware, software, licenses, source codes, parameterization and scripts), registrations, licenses, trade names, service marks, trademarks, copyrights, patents, domain names, designs, intellectual property rights (whether owned, licensed or otherwise, and whether registered or unregistered), trade secrets, research and studies, technical knowhow, confidential information and all such rights of whatsoever description and nature that pertain exclusively to the Automobile Seating Business;

1.4.6 all rights to use and avail telephones, telexes, facsimile, email, Internet, leased line connections and installations, utilities, electricity and other services, reserves

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provisions, funds, benefits of assets or properties or other interests held in trusts, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, easements, liberties and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in control of or vested in or granted in favour of or enjoyed by SMIL pertaining to or in connection with or relating to the Automobile Seating Business and all other interests of whatsoever nature belonging to or in the ownership, power, possession or control of or vested in or granted in favour of or held for the benefit of or enjoyed by SMIL and pertaining to the Automobile Seating Business;

1.4.7 all books, records, files, papers, engineering- and process information, software licenses (whether proprietary or otherwise), test reports, computer programmes, drawings, manuals, data, databases including databases for procurement, commercial and management, catalogues, quotations, sales and advertising materials, product' registrations, dossiers, product master cards, lists of present and former customers and suppliers including service providers, other customer information, customer credit information, customer/supplier pricing information, and all other books and records, whether in physical or electronic form that pertain to the Automobile Seating Business;

1.4.8 all debts, liabilities including contingent liabilities, duties, taxes and obligations of SMIL pertaining to the Automobile Seating Undertaking and/or arising out of and/or relatable to the Automobile Seating Business and including:

a) the debts, liabilities, duties and obligations of SMIL which arises out of the activities or operations of the Automobile Seating business; and

b) specific loans and borrowings raised, incurred and utilized solely for the activities or operations of or pertaining to the Automobile Seating Business.

1.4.9 all employees of SMIL employed/engaged in the Automobile Seating Business as on the Effective Date; and

1.4.10 all legal or other proceedings of whatsoever nature that pertain to the Automobile Seating Business.

1.5 **"Demerged Company"** means Sharda Motor Industries Limited (or "SMIL").

1.6 **"Effective Date"** means the date on which the last of the conditions mentioned in Clause 18 of Part C of the Scheme is fulfilled. Any references in this Scheme to the "date of coming into

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effect of this Scheme" or "effectiveness of the Scheme" or "Scheme taking effect" shall mean the Effective Date.

1.7 **"National Company Law Tribunal" or "NCLT" or "Tribunal"** means the National Company Law Tribunal, Delhi Bench.

1.8 **"Record Date"**means the date fixed by the Board of Directors of the Resulting Company or any committee thereof in consultation with the Demerged Company, for the purpose of determining names of the equity shareholders of the Demerged Company, who shall be entitled to receive the equity shares in the Resulting Company pursuant to Clause 12 of the Scheme, upon coming into effect of this Scheme.

1.9 **"Remaining Business" or "Suspension, Exhaust, Silencer, Canopy and White goods Undertaking"** means all assets, liabilities, businesses, activities and operations of Suspension, Exhaust, Silencer, Canopy and White goods i.e. Air conditioner & Components thereof business of the Demerged Company.

1.10 **"Resulting Company"** means NDR Auto Components Limited (or **"NACL"**).

1.11 **"RoC"** means Registrar of Companies, Delhi and Haryana.

1.12 **"Scheme"** or **"the Scheme"** or **"this Scheme"** or **"Scheme of Arrangement"** means this Scheme of Arrangement among the Demerged Company, the Resulting Company and their respective shareholders and creditors pursuant to the provisions of Sections 230 to 232 of the Act read with section 66 of the Act, and other applicable provisions of the Act, as the case may be, in its present form or with any modification(s) made under Clause 17of the Scheme by the Board of Directors of the Demerged Company and the Resulting Company, and/ or as approved or directed by the Tribunal, as the case may be.

1.13 **"SEBI"** means Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992.

1.14 **"SEBI Circulars"** means Circular No. CFD/DIL3/CIR/CMD/2017/21 dated March 10, 2017, issued by SEBI and as amended from time to time or any other circulars issued by SEBI applicable to a Scheme of Arrangement.

1.15 All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contract (Regulation) Act, 1956, the Depositories Act, 1996, SEBI Circulars and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or reenactment thereof from time to time.

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## 2. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) and amendments(s) made under Clause 17of the Scheme, approved or imposed or directed by the Tribunal as the case may be, as applicable, shall be effective from the Appointed Date, as the case may be, but shall be made operative from the Effective Date.

## 3. CAPITAL STRUCTUREOF THE COMPANIES

3.1. The share capital of SMIL as at March 31, 2018 is as under:

| Particulars | Amount (INR) |
|---|---|
| **Authorized Share Capital** | |
| 5,00,00,000 Equity Shares of INR 10 each | 50,00,00,000 |
| **Total** | **50,00,00,000** |
| **Issued, Subscribed and Paid Up Share Capital** | |
| 59,46,326 Equity Shares of INR 10 each fully paid up | 5,94,63,260 |
| **Total** | **5,94,63,260** |

Since March 31, 2018 and as on the date of filing of this Scheme, there has been no change in the capital structure of SMIL.

3.2. The share capital of NACL shall be as under:

| Particulars | Amount (INR) |
|---|---|
| **Authorized Share Capital** | |
| 10,000 Equity Shares of INR 10 each | 100,000 |
| **Total** | |
| **Issued, Subscribed and Paid Up Share Capital** | |
| 10,000 Equity Shares of INR 10 each fully paid up | 100,000 |
| **Total** | **100,000** |

The entire shareholding of NACL shall be held by SMIL and its nominees.

## 4. MAIN OBJECTS

4.1. The main objects of SMIL are as follows:

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a) To manufacture and/or deal in automobile, automobile parts including seat covers spare parts and components of machineries and to act agents for manufacturers of various parts and components, etc.

b) To acquire and hold by way of investment, shares, stocks, debentures, debenture stock, bonds, obligations or securities, by original subscription, participation in syndicates, tender, purchase, exchange or otherwise and to subscribe for the same or to guarantee the subscription thereof and to exercise and enforce all rights and powers conferred by or incidental to the ownership thereof and to carry on business of money lending and to carry on the business of dealers in shares, stocks, debentures, debenture stock, bonds, obligations, units securities and other investments.'

4.2. The main objects of NACL are as follows:

i. To carry on the business of assembling, blending, manufacturing, design, development, dealing and supplying components, engineering goods, equipment and interior components for the automotive and non-automotive industry for domestic and export purposes.

ii. To carry on the business of manufacturing fabricating and assembling, buying, selling, Import, export, distribution and dealing in or all and every kind of automotive components including seats, spare parts and component for the seats and to deal in each and every kind of activity associated with the manufacture and trading of any kind of components, whether directly or indirectly or whether in India or abroad.

iii. To carry on the business of manufacturing, trading, import, export in any and of or every kind of parts, interiors and components made from rubber, foam, rubberized foam, coir, yarn, (whether synthetic or woolen) whether used singly or by blending of or with various chemicals for various automotive or non-automotive application.

iv. To carry on the business of design, development, testing, validation of all and every type of componems, advisory of setting up of manufacturing line, process(es), suppliers of technical know-how, equipments and man power suppliers, site planners etc.

**PART B - TRANSFER AND VESTING OF AUTOMOBILE SEATING UNDERTAKING (READ WITH SCHEDULE I AND SCHEDULE II) FROM SMILTO NACL**

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## 5. TRANSFER AND VESTING OF AUTOMOBILE SEATING UNDERTAKINGFROM DEMERGED COMPANY TO RESULTING COMPANY

5.1. Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Automobile Seating Undertaking (including all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances of the Automobile Seating Undertaking) shall, without any further act, instrument, deed, matter or thing, be demerged from SMIL and transferred to and vested in NACL or be deemed to have been demerged from SMIL, and transferred to and vested in NACL as a going concern, so as to become as and from the Appointed Date, the estate, assets, rights, claims, title, interests and authorities of NACL, pursuant to Section 232 of the Act.

5.2. In respect of such of the assets of the Automobile Seating Undertaking as are movable in nature and/or otherwise capable of transfer by manual or constructive delivery of possession and/or by endorsement and delivery, the same shall be so transferred by SMIL to NACL upon the coming into effect of this Scheme pursuant to the provisions of Section 232 of the Act without requiring any deed or instrument of conveyance for transfer of the same, and shall become the property of NACL as an integral part of the Automobile Seating Undertaking.

5.3. In respect of the movable assets other than those dealt with in clause 5.2 above, including but not limited to sundry debts, actionable claims, earnest monies, receivables, bills, credits, loans, advances and deposits with the Government, semi-Government, local and any other authorities and bodies and/or customers, if any, whether recoverable in cash or in kind or for value to be received, bank balances, etc. the same shall stand transferred to and vested in NACL without any notice or other intimation to any person in pursuance of the provisions of Sections 230 to 232 read with other relevant provisions of the Act to the end and intent that the right of SMIL to recover or realize the same stands transferred to NACL. NACL shall, at its sole discretion but without being obliged, give notice in such form as it may deem fit and proper, to such person, as the case may be, that the said debt, receivable, bill, credit, loan, advance or deposit stands transferred to and vested in NACL and that appropriate modification should be made in their respective books/records to reflect the aforesaid changes.

5.4. In respect of such of the assets belonging to the Automobile Seating Undertaking other than those referred to in clause 5.2 and 5.3 above, the same shall, as more particularly provided in clause 5.1 above, without an further act, instrument or deed, be demerged from SMIL and transferred to and vested in and/or be deemed to be demerged from SMIL and transferred to

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and vested in NACL upon the coming into effect of this Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 230-232 of the Act.

5.5. All assets, rights, title, interests and investments of SMIL in relation to the Automobile Seating Undertaking (including investments by SMIL in Bharat Seats Limited, Toyota Boshoku Relan India Private Limited and Toyo Sharda India Private Limited)shall also without any further act, instrument or deed stand transferred to and vested in and be deemed to have been transferred to and vested in NACL upon the coming into effect of this Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 230-232 of the Act.

5.6. Without prejudice to the generality of the foregoing, upon the coming into effect of this Scheme, all the rights, title, interest and claims of SMIL in any leasehold/leave and licence/right of way properties of SMIL in relation to the Automobile Seating Undertaking, shall, pursuant to Section 232 of the Act, without any further act or deed, be transferred to and vested in or be-deemed to have been transferred to or vested in NACL automatically and on the same terms and conditions.

5.7. For the avoidance of doubt and without prejudice to the generality of the foregoing, it is expressly clarified that upon the coming into effect of this Scheme, all permits, licenses, permissions, right of way, approvals, clearances, consents, benefits, registrations, entitlements, credits, certificates, awards, sanctions, allotments, quotas, no objection certificates, exemptions, concessions, issued to or granted to or executed in favour of SMIL, and the rights and benefits under the same, in so far as they relate to the Automobile Seating Undertaking and all quality certifications and approvals, trademarks, trade names, service marks, copy rights, domain names, designs, trade secrets, research and studies, technical knowhow and other intellectual properties (whether owned, licensed or otherwise, and whether registered or unregistered) and all other interests relating to the goods or services being dealt with by the Automobile Seating Undertaking and the benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses, and consents acquired by SMIL, in relation to the Automobile Seating Undertaking shall be transferred to and vested in NACL and the concerned licensors and granters of such approvals, clearances, permissions,etc., shall endorse, where necessary, and record, in accordance with law, the name of NACL on such approvals, clearances, permissions and facilitate the approval and vesting of the same as part of the Automobile Seating Undertaking and continuation of operations pertaining to the Automobile Seating Undertaking in NACL

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without hindrance and that such approvals, clearances and permissions shall remain in full force and effect in favour of or against NACL, as the case may be, and may be enforced as fully and effectually as if, instead of SMIL, NACL had been a party or beneficiary or obligee thereto.

5.8. In so far as various incentives, subsidies, exemptions, 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 SMIL are concerned, the same shall, without any further act or deed, in so far as they relate to the Automobile Seating Undertaking, vest with and be available to NACL on the same terms and conditions, as if the same had been allotted and/or granted and/or sanctioned and/or allowed to NACL.

5.9. Any claims due to SMIL from its customers or otherwise and which have not been received by SMIL as on the date immediately preceding the Effective Date as the case may be, in relation to or in connection with the Automobile Seating Undertaking, shall also belong to and be received by NACL.

5.10. All assets, estate, rights, title, interest and authorities acquired by SMIL after the Appointed Date and prior to the Effective Date for operation of the Automobile Seating Undertaking shall also stand transferred to and vested in NACL upon the coming into effect of this Scheme.

5.11. Upon the coming into effect of this Scheme, all debts, duties, obligations and liabilities (including contingent liabilities) of SMIL relating to the Automobile Seating Undertaking shall without any further act, instrument or deed be and stand transferred to NACL and shall thereupon become the debts, duties, obligations and liabilities of NACL, which it undertakes to meet, discharge and satisfy to the exclusion of SMIL and to keep SMIL indemnified at all times from and against all such debts, duties, obligations and liabilities and from and against all actions, demands and proceedings in respect thereto. It shall not be necessary to obtain the consent of any third party or other person, who is a party to an act or arrangement by virtue of which such debts, obligations, duties and liabilities have arisen in order to give effect to the provisions of this clause.

5.12. Upon the Scheme coming into effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations, secured or unsecured, relating to the Automobile Seating Undertaking, whether provided for or not in the books of accounts of SMIL,

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including general and multipurpose borrowings, if any, dealt with in accordance with Section 2(19AA) of the IT Act, shall become and be deemed to be, the debts, liabilities, contingent liabilities, duties and obligations of NACL, without any further act, instrument or deed required by either SMIL or NACL. NACL undertakes to meet, discharge and satisfy the same to the exclusion of SMIL. It is hereby clarified that it shall not be necessary to obtain the consent of any third party or other person, who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause. However, SMIL and NACL shall, if required, file appropriate forms with the ROC accompanied by the sanction order of the Court or a certified copy thereof and execute necessary deeds or documents in relation to creation/satisfaction/modification of charges to the satisfaction of the lenders, in relation to the assets being transferred to NACL as part of the Automobile Seating Undertaking and/or in relation to the assets remaining in SMIL after the demerger and vesting of Automobile Seating Undertaking in NACL pursuant to this Scheme becoming effective in accordance with the terms hereof. Where any of the loans, liabilities and obligations attributed to Automobile Seating Undertaking have been discharged by SMIL on behalf of NACL after the Appointed Date, such discharge shall be deemed to have been done by SMIL for and on behalf of NACL.

5.13. Subject to clause 5.12 above, from the Effective Date, NACL alone shall be liable to perform all obligations in respect of the liabilities of the Automobile Seating Undertaking as the borrower/issuer thereof, and SMIL shall not have any obligations in respect of the said liabilities.

5.14. Where any of the liabilities and obligations of SMIL as on the Appointed Date deemed to be transferred to NACL, have been discharged by SMIL after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of NACL and all liabilities and obligations incurred by SMIL for the operations of the Automobile Seating Undertaking after the Appointed Date and prior to the Effective Date shall be deemed to have been incurred for and on behalf of NACL and to the extent of their outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to NACL and shall become the liabilities and obligations of NACL, which shall meet, discharge and satisfy the same.

5.15. Any claims, liabilities or demands arising on account of the Automobile Seating Undertaking of SMIL which relates to the period prior to the Appointed Date but arises at any time after

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the Effective Date shall be entirely borne by NACL. In the event that such liability is incurred by or such claim or demand is made upon SMIL, then NACL shall indemnify SMIL for any payments made in relation to the same.

5.16. Subject to the other provisions of this Scheme, in so far as the assets of the Automobile Seating Undertaking are concerned, the security, pledge, existing charges and mortgages, over such assets, to the extent they relate to any loans or borrowings of the Remaining Business of SMIL shall, without any further act, instrument or deed be released and discharged from the same and shall no longer be available as security, pledge, charges and mortgages in relation to those liabilities of SMIL which are not transferred to NACL.

5.17. In so far as the assets of the Remaining Business of SMIL are concerned, the security, pledge, existing charges and mortgages over such assets, to the extent they relate to any loans or borrowings of the Automobile Seating Undertaking shall, without any further act, instrument or deed be released and discharged from such security, pledge, charges and mortgages. The absence of any formal amendment which may be required by a bank and/or financial institution in order to affect such release shall not affect the operation of this clause.

5.18. In so far as the existing security in respect of the loans and other liabilities relating to the Remaining Business of SMIL are concerned, such security shall, without any further act, instrument or deed be continued with SMIL only on the assets which are remaining with SMIL.

5.19. Without any prejudice to the provisions of the foregoing clauses and upon the Scheme being effective, SMIL and NACL shall execute any instrument(s) and/or document(s) and/or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the Registrar of Companies, Delhi and Haryana to give formal effect to the provisions of this clause and foregoing clauses, if required.

5.20. Upon the coming into effect of this Scheme, SMIL alone shall be liable to perform all obligations in respect of all debts, liabilities, duties and obligations pertaining to the Remaining Business of SMIL and NACL shall not have any obligations in respect of the Remaining Business of SMIL.

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

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5.22. On and from the Effective Date, and thereafter, NACL shall be entitled to operate all bank accounts of SMIL, in relation to or in connection with the Automobile Seating Undertaking, and realize all monies and complete and enforce all pending contracts and transactions and to accept stock returns and issue credit notes in respect of SMIL, in relation to or in connection with the Automobile Seating Undertaking, in the name of NACL in so far as may be necessary until the transfer of rights and obligations of the Automobile Seating Undertaking to NACL under this Scheme have been formally given effect to under such contracts and transactions.

5.23. For avoidance of doubt and without prejudice to the generality of the applicable provisions of the Scheme, it is clarified that with effect from the Effective Date and till such time that the name of bank accounts of SMIL, in relation to or in connection with the Automobile Seating Undertaking, have been replaced with that of NACL, NACL shall be entitled to operate the bank accounts of SMIL, in relation to or in connection with the Automobile Seating Undertaking, in the name of SMIL in so far as may be necessary. All cheques and other negotiable instruments, payment orders received or presented for encashment, which are in the name of SMIL in relation to or in connection with the Automobile Seating Undertaking, after the Effective Date shall be accepted by the bankers of NACL and credited to the account of NACL, if presented by NACL. NACL shall be allowed to maintain bank accounts in the name of SMIL for such time as may be determined to be necessary by NACL for presentation and deposition of cheques and pay orders that have been issued in the name of SMIL, in relation to or in connection with the Automobile Seating Undertaking. It is hereby expressly clarified that any legal proceedings by or against SMIL, in relation to or in connection with the Automobile Seating Undertaking, in relation to the cheques and other negotiable instruments, payment orders received or presented for encashment, which are in the name of SMIL shall be instituted, or as the case may be, continued by or against NACL after the coming into effect of this Scheme.

5.24. It is clarified that in order to ensure the smooth transition and sales of products and inventory of SMIL, in relation to or in connection with the Automobile Seating Undertaking, manufactured and/or branded and/or labelled and/or packed in the name of SMIL prior to the Effective Date, NACL shall have the right to own, use, market, sell, exhaust or to in any manner deal with any such products and inventory (including packing material) pertaining to the Automobile Seating Undertaking at manufacturing locations or warehouses or retail stores or elsewhere, without making any modifications whatsoever to such products and/or their

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branding, packing or labelling. All invoices/payment related documents pertaining to such products and inventory (including packing material) shall be raised in the name of NACL after the Effective Date.

5.25. A list of assets and liabilities of the Automobile Seating Undertaking known as on the Appointed Date is annexed as Schedule II.

## 6. LEGAL PROCEEDINGS

6.1. Upon the coming into effect of this Scheme, all legal or other proceedings (including before any statutory or quasi-judicial authority or tribunal) by or against SMIL, under any statute, whether pending on the Appointed Date, or which may be instituted any time in the future and in each relating to the Automobile Seating Undertaking shall be continued and enforced by or against NACL after the Effective Date. In the event that the legal proceedings referred to herein require SMIL and NACL to be jointly treated as parties thereto, NACL shall be added as a party to such proceedings and shall prosecute and defend such proceedings in co-operation with SMIL. In the event of any difference or difficulty in determining as to whether any specific legal or other proceedings relate to the Automobile Seating Undertaking or not, a decision jointly taken by the Board of Directors of SMIL and NACL in this regard, shall be conclusive evidence of the matter.

6.2. If proceedings are taken against SMIL in respect of the matters referred to in clause 6.1 above, it shall defend the same in accordance with the advice of NACL and at the cost of NACL, and the latter shall reimburse and indemnify SMIL against all the liabilities and obligations incurred by SMIL in respect thereof.

6.3. NACL shall have all legal or other proceedings initiated by or against SMIL with respect to the Automobile Seating Undertaking, transferred into its name and to have the same continued, prosecuted and enforced by or against NACL to the exclusion of SMIL.

## 7. CONTRACTS, DEEDS, ETC.

7.1. Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Automobile Seating Undertaking to which SMIL is a party or to the benefit of which SMIL may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall be in full force and effect by or against or in

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favour of NACL, as the case may be, and may be enforced as fully and effectually as if, instead of SMIL, NACL had been a party or beneficiary or obligee thereto.

7.2. Notwithstanding the fact that vesting of the Automobile Seating Undertaking occurs by virtue of this Scheme itself, NACL may, at any time after the coming into effect of this Scheme, in accordance with the provisions hereof, if so required, take such actions and execute such deeds (including deeds of adherence), confirmations or other Writings with any party to any contract or arrangement to which SMIL is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. NACL will, if necessary, also be a party to the above. NACL shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of SMIL and to carry out or perform all, such formalities or compliances referred to above on the part of SMIL to be carried out or performed.

7.3. Without prejudice to the aforesaid, it is clarified that if any assets (estate, claims, rights, title, interests in or authorities relating to such assets) or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Automobile Seating Undertaking which SMIL own or to which SMIL is a party to, cannot be transferred to NACL for any reason whatsoever, SMIL shall hold such asset or contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of NACL, in so far as it is permissible so to do, till such time as the transfer is effected.

## 8. SAVING OF CONCLUDED TRANSACTIONS

8.1. The transfer and the vesting of the assets, liabilities and obligations of the Automobile Seating Undertaking under clause 5 hereof and the continuance of proceedings by or against NACL under clause 6 hereof shall not affect any transaction or proceedings already completed by SMIL on or after the Appointed Date, to the end and intent that NACL accepts all acts, deeds and things done and executed by and/or on behalf of SMIL as acts, deeds and things made, done and executed by and on behalf of NACL.

## 9. STAFF, EMPLOYEES & WORKMEN

9.1. Upon the coming into effect of this Scheme, all the employees relating to the Automobile Seating Undertaking that were employed by SMIL, immediately before the Effective Date, shall become the employees of NACL without any break or interruption of service and with

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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 Automobile Seating Undertaking of SMIL immediately prior to the demerger of the Automobile Seating Undertaking.

9.2. NACL agrees that the service of all employees pertaining to the Automobile Seating Undertaking with SMIL up to the Effective Date shall be taken into account for the purpose of all retirement benefits to which they may be eligible in SMIL up to the Effective Date. NACL further agrees that for the purpose of payment of any retrenchment compensation, gratuity or other terminal benefits, such past service with SMIL, shall also be taken into account and agrees and undertakes to pay the same as and when payable.

9.3. Upon the coming into effect of this Scheme, NACL shall make all the necessary contributions for such transferred employees relating to the Automobile Seating 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. NACL will also file relevant intimations in respect of the Automobile Seating Undertaking to the statutory authorities concerned who shall take the same on record and substitute the name of NACL for SMIL.

9.4. 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 SMIL for employees of the Automobile Seating Undertaking are concerned, such proportion of the funds, contributions to the funds or the scheme or the investments made into the funds relatable to the employees pertaining to the Automobile Seating Undertaking as on the Effective Date, who are being transferred along with the Automobile Seating 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 NACL and till the time such necessary funds, schemes or trusts are created by NACL, all contribution shall continue to be made to the existing funds, schemes or trusts of SMIL.

## 10. CONDUCT OF BUSINESS

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

a) SMIL undertakes to carry on and shall be deemed to carry on all businesses and activities and stand possessed of the properties and assets of the Automobile Seating Undertaking, for and on account of and in trust for NACL.

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b) All profits accruing to SMIL and all taxes thereon or losses arising or incurred by it with respect to the Automobile Seating Undertaking shall, for all purposes, be treated as and deemed to be the profits, taxes or losses, as the case may be, of NACL.

c) All accretions and depletions in relation to the Automobile Seating Undertaking shall be for and on account of NACL.

10.2. With effect from the date of approval to the Scheme by the Board of Directors of SMIL and NACL, and upto and including the Effective Date:

a) SMIL shall carry on the business of the Automobile Seating Undertaking with reasonable diligence and business prudence and in the same manner as it had been doing hitherto.

b) Except with the consent of their respective Board of Directors, SMIL and NACL shall not make any change in its respective capital structure either by any increase (by issue of equity shares, bonus shares, convertible debentures or otherwise), decrease, reduction, reclassification, sub-division or consolidation, re-organization, or in any other manner effect the reorganization of capital of NACL.

10.3. NACL shall also be entitled, pending the sanction of the Scheme, to apply to the Central Government, State Government, and all other agencies, departments and statutory authorities concerned, wherever necessary, for such consents, approvals and sanctions which NACL may require including the registration, approvals, exemptions, reliefs, etc., as may be required/ granted under any law for time being in force for carrying on business of Automobile Seating Undertaking.

10.4. From the date of filing of this Scheme with the Tribunal and upto and including the Effective Date, SMIL and NACL shall, unless expressly prohibited under this Scheme, carry on their respective business in ordinary course, including payment of any dividend and with the approval of their respective Board any other activity or business as may be deemed necessary or expedient in the opinion of the Board.

## 11. TREATMENT OF TAX

11.1. NACL will be the successor of SMIL vis-à-vis the Automobile Seating Undertaking. Hence, it will be deemed that the benefits of any tax credits whether central, state, or local, availed vis-a-vis the Automobile Seating Undertaking and the obligations, if any, for payment of taxes on any assets of the Automobile Seating Undertaking or their erection shall

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installation, etc. shall be deemed to have been availed by NACL, or as the case may be deemed to be the obligation of NACL.

11.2. With effect from the Appointed Date and upon the Scheme becoming effective, all taxes, duties, cess, receivables/payables by SMIL relating to the Automobile Seating Undertaking including all or any refunds/credits/claims/tax losses/unabsorbed depreciation relating thereto shall be treated as the assets/liability or refund/credit/claims/tax losses/unabsorbed depreciation, as the case may be, of NACL.

11.3. SMIL and NACL are expressly permitted to revise their financial statements and returns(including income tax returns, withholding tax returns, GST returns and tax deducted at source ('TDS') certificates) along with prescribed forms, filings and annexures and under the Income Tax Act, 1961, indirect taxes including goods and services tax and other tax laws, and to claim refunds, advance tax, credits (including minimum alternate tax, tax deducted at source, wealth tax, etc.), excise and service tax credits, GST credits, set off etc. and for matters incidental thereto, if required to give effect to the provisions of the Scheme. Such returns may be revised and filed notwithstanding that the statutory period of such revision and filing may have expired.

11.4. Any refund, under the Income-tax Act, 1961, Goods & Service Tax, Service Tax laws, Excise Duty laws, Central Sales Tax, applicable State Value Added Tax laws or other applicable laws/ regulations dealing with taxes/ duties/ levies due to Automobile Seating Undertaking of SMIL consequent to the assessment made on SMIL 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 NACL upon this Scheme becoming effective.

11.5. The tax payments (including, without limitation income tax, Goods & Service Tax, Service Tax, Excise Duty, Central Sales Tax, applicable State Value Added Tax, etc.) whether by way of tax deducted at source, advance tax, all earnest monies, security deposits provisional payments, payment under protest, or otherwise howsoever, by SMIL with respect to the Automobile Seating Undertaking after the Appointed Date, shall be deemed to be paid by NACL and shall, in all proceedings, be dealt with accordingly.

11.6. Further, any tax deducted at source by SMIL / NACL with respect to Automobile Seating Undertaking on transactions with SMIL/ NACL, if any (from Appointed Date to Effective Date) shall be deemed to be advance tax paid byNACL and shall, in all proceedings, be dealt with accordingly.

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11.7. Obligation for deduction of tax at source on any payment made by or to be made by SMIL shall be made or deemed to have been made and duly complied with by NACL.

11.8. Upon the Scheme becoming effective, all unavailed credits and exemptions, benefit of carried forward losses and other statutory benefits, including in respect of income tax, Goods and Service Tax, Cenvat, Customs, VAT, Sales Tax, Service Tax etc. relating to the Automobile Seating Undertaking to which SMIL is entitled to shall be available to and vest in NACL, without any further act or deed.

11.9. The Board of Directors of SMIL shall be empowered to determine if any specific tax liability or any tax proceeding relates to the Automobile Seating Undertaking and whether the same would be transferred to NACL.

## 12. CONSIDERATION

12.1. Upon the coming into effect of this Scheme and in consideration of the transfer and vesting of the Automobile Seating Undertaking of SMIL in NACL, NACL shall, without any further act or deed, issue and allot to the equity shareholders of SMIL, whose names appear in the Register of Members of SMIL, on a date (hereinafter referred to as "Record Date") to be fixed in that behalf by the Board of Directors of SMIL in consultation with NACL for the purpose of reckoning the names of the equity shareholders of SMIL, in consideration for the transfer of the Automobile Seating Undertaking in the following proportion namely,:

***"for every 1 (One) equity share of face value of INR10/- (Rupees Ten only) each held in SMIL as on the Record Date, the equity shareholders of SMIL shall be issued 1 (One) equity share of face value INR10/- (Rupees Ten only) each credited as fully paid-up in NACL"***

12.2. The new equity shares issued, pursuant to clauses 12.1 above, shall be issued and allotted in a dematerialized form to those equity shareholders who hold equity shares in SMIL in dematerialized form, into the account with the depository participant in which the equity shares of SMIL are held or such other account with the depository participant as is intimated by the equity shareholders of SMIL to NACL before the Record Date. All those equity shareholders of SMIL who hold equity shares of SMIL in physical form shall also have the option to receive the new equity shares, as the case may be, in dematerialized form, provided the details of their account with the depository participant are intimated in writing to NACL before the Record Date. In the event that NACL has received notice from any equity shareholder of SMIL that equity shares are to be issued in physical form or if any equity

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shareholder has not provided the requisite details relating to his/her/its account with a depository participant or other confirmations as may be required or if the details furnished by any equity shareholder do not permit electronic credit of the shares of NACL, then NACL shall issue new equity shares of NACL in accordance with clauses 12.1above, as the case may be, in physical form to such equity shareholder.

12.3. The new equity shares of NACL to be issued to the shareholders of SMIL in terms of this scheme, shall be subject to the provisions of the Memorandum of Association and Articles of Association of NACL and shall rank pari-passu, in all respects with the then existing equity shares in NACL in all respects including dividends.

12.4. Where the new equity shares of NACL are to be allotted, pursuant to this scheme, to heirs, executors or administrators or, as the case may be, to successors of deceased equity shareholders of SMIL, the concerned heirs, executors, administrators or successors shall be obliged to produce evidence of title satisfactory to the Board of Directors of NACL.

12.5. The new equity shares to be issued by NACL, pursuant to this scheme, in respect of any equity shares of SMIL, which are held in abeyance under the provisions of Section 126 of the Act or otherwise shall, pending allotment or settlement of dispute by order of court or otherwise, be held in abeyance by NACL.

12.6. The approval of this Scheme shall be deemed to be due compliance of the provisions of section 62 of the Act and other relevant and the Act and applicable provisions of the Act, for the issue and allotment of new equity shares by NACL to the shareholders, as provided in this Scheme.

12.7. In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholders of SMIL, the Board of Directors of SMIL shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer in SMIL as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to SMIL or NACL of equity shares in NACL issued by NACL upon the coming into effect of this Scheme.

12.8. NACL shall, if and to the extent required to, apply for and/or intimate and/or obtain any approvals from the concerned regulatory authorities. NACL shall comply with the relevant and applicable rules and regulations including the provisions of Foreign Exchange Management Act, 1999, if any, to enable NACL to issue and allot new equity shares to the non-residents, if any.

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12.9. The new equity shares to be issued by NACL, in terms of this Scheme, will be listed and/or admitted to trading on the BSE and NSE, where the equity shares of SMIL are listed and/or admitted to trading in terms of the provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and other applicable regulations. NACL shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the aforesaid stock exchanges. On such formalities being fulfilled the said stock exchanges shall list and /or admit such new equity shares also for the purpose of trading. The new equity shares allotted by NACL, pursuant to this scheme, shall remain frozen in the depositories system till the listing/trading permission is given by the BSE and NSE.

12.10. There shall be no change in the shareholding pattern of NACL between the record date and the listing.

## 13. ACCOUNTING TREATMENT

**Accounting treatment in the books of SMIL**

On effectiveness of the Scheme and with effect from the Appointed Date, SMIL shall account for Demerger of the Automobile Seating Undertaking in its books of account in accordance with the Indian Accounting Standard (IND AS) prescribed under Section 133 of the Companies Act, 2013, as notified under the Companies (Indian Accounting Standard) Rules, 2015 and generally accepted accounting principles, as may be amended from time to time, as under:

13.1. All the Assets and the liabilities of the Automobile Seating Undertaking shall be reduced at their Book Value.

13.2. The difference between the book value of assets and book value of liabilities of the Automobile Seating Undertaking shall be adjusted first against the free reserves of SMIL.

13.3. Upon the Scheme being effective, the investment of SMIL in NACL shall stand cancelled. Upon cancellation, SMIL shall credit its investment in NACL, the value of investment held by SMIL in NACL. which stands cancelled and the same shall be debited to the current year Profit and Loss Account of SMIL.

13.4. If considered appropriate for compliance with Accounting Standards, SMIL may make suitable adjustment to the accounting treatment and adjust the effect thereof in the manner determined by the Board of Directors of SMIL.

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**Accounting treatment in the books of NACL**

On effectiveness of the Scheme and with 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 Demerger of the Demerged Undertaking in its books of account in accordance with Appendix C 'Business combinations of entities under common control' of the Indian Accounting Standard (IND AS) 103 for Business Combination prescribed under Section 133 of the Companies Act, 2013, as notified under the Companies (Indian Accounting Standard) Rules, 2015 and generally accepted accounting principles, as may be amended from time to time, as under:

13.5. NACL shall record the assets and liabilities of the Automobile Seating Undertaking vested in it pursuant to this Scheme at the respective Book Values thereof.

13.6. NACL shall credit its share capital account with the aggregate face value of the new equity shares issued by it to the members of SMIL pursuant to Clause 12 of this Scheme.

13.7. In respect of cancellation of shares held by SMIL, NACL shall debit to its Equity Share Capital Account, the aggregate face value of existing equity shares held by SMIL in NACL with a corresponding credit to Capital Reserve of NACL.

13.8. The difference between clause 13.5 and clause 13.6 above shall be recorded as Capital Reserve.

13.9. If considered appropriate for the purpose of application of uniform accounting policies and method or for compliance with the applicable Accounting Standards, NACL may make suitable adjustment and adjust the effect thereof in the manner determined by the Board of Directors of NACL.

## 14. REDUCTION OF SHARE CAPITAL OF NACL

14.1. With the issue and allotment of the new equity shares by NACL to the equity shareholders of SMIL in accordance with clauses 12 of the Scheme, in the books of NACL, all the equity shares issued by NACL to SMIL and held by SMIL shall stand cancelled, extinguished and annulled on and from the Effective Date.

14.2. The cancellation, as aforesaid, which amounts to reduction of share capital of NACL, shall be effected as an integral part of this Scheme itself in accordance with the provisions of section 66 of the Act and the order of the Tribunal sanctioning the Scheme shall be deemed to be also the order under Section 66 of the Act for the purpose of confirming the reduction. The

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reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital.

14.3. Notwithstanding the reduction as mentioned above, NACL shall not be required to add "and reduced" as suffix to its name and NACL shall continue in its existing name.

## 15. REMAINING BUSINESS TO CONTINUE WITH SMIL

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

15.2 All legal or other proceedings by or against SMIL under any statute, whether pending on the Appointed Date or which may be instituted in future whether or not in respect of any matter arising before the Effective Date and relating to the Remaining Business(including those relating to any property, right, power, liability, obligation or duties of SMIL in respect of the Remaining Business) shall be continued and enforced by or against SMIL. NACL shall in no event be responsible or liable in relation to any such legal or other proceedings by or against SMIL.

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

a) SMIL shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Business for and on its own behalf;

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

c) all employees relatable to the Remaining Business shall continue to be employed by SMIL and NACL shall not in any event be liable or responsible for any claims whatsoever regarding such employees.

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## PART C - GENERAL TERMS & CONDITIONS

### 16. APPLICATION TO TRIBUNAL

The Companies shall, with all reasonable dispatch, make necessary applications/petitions under Sections 230 to 232 of the Act read with section 66 of the Act, and other applicable provisions of the Act to the Tribunal for seeking sanction of this Scheme.

### 17. MODIFICATION OR AMENDMENTS TO THE SCHEME

17.1. SMIL and NACL, by their respective Boards of Directors (the "Board", which term shall include committee thereof and/or person(s) authorized by the Board or the committee), may assent to/make and/or consent to any modifications/amendments of any kind to the Scheme or to any conditions or limitations that the Tribunal, as the case may be, as applicable and/or any other authority (including SEBI and stock exchanges) under law may deem fit to direct or impose, or which may otherwise be considered necessary, desirable or appropriate as a result of subsequent events or otherwise by them (i.e. the Board).

17.2. SMIL and NACL by their respective Board are authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whatsoever for carrying the Scheme into effect, whether by reason of any directive or order of any other authorities or otherwise howsoever, arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.

### 18. CONDITIONALITY OF THE SCHEME

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

18.1. The requisite consent, approval or permission from BSE and NSE and/or SEBI under Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, which by law or otherwise may be necessary for the implementation of this Scheme in compliance with the provisions of SEBI Circular;

18.2. The approval of the Scheme by the respective requisite majorities of the shareholders and/or creditors (where applicable) of the Companies in accordance with Section 230 to 232 of the Act read with section 66 of the Act;

18.3. The Scheme being sanctioned by the Tribunal in terms of Sections 230 to 232read with section 66 of the Act and other relevant provisions of the Act and the requisite orders of the Tribunal;

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18.4. Such other approvals and sanctions including from government authorities or contracting party as may be required by law or contract for the Scheme; and

18.5. Certified copies of the orders of the Tribunal sanctioning this Scheme being filed with the ROC by SMIL and NACL as per the provisions of the Act.

## 19. EFFECT OF NON-RECEIPT OF APPROVALS

In the event of any of the approvals or conditions enumerated in the Scheme not being obtained or complied with, or for any other reason, this Scheme cannot be implemented, then the Board of Directors of the Companies shall mutually waive such conditions as they may consider appropriate to give effect, as far as possible, to this Scheme and failing such mutual agreement the Scheme shall become null and void and each party shall bear and pay their respective costs, charges and expenses in connection with this Scheme.

If any part of this Scheme is found to be unworkable or unviable for any reason whatsoever, the same shall not, subject to the decision of the Board of Directors of the Companies affect the validity or implementation of the other parts and/or provisions of this Scheme.

## 20. COSTS, CHARGES AND EXPENSES

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

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## SCHEDULE - I

## IMMOVABLE PROPERTIES

**List of immovable property(ies) forming part of Automobile Seating business, owned by SMIL**

| **Location (Address)** |
|---|
| C-506, Block-C, Pioneer Industrial Park (Village Bhudka), Pathredi, Gurgaon, Haryana |

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## SCHEDULE - II

## LIST OF ASSETS AND LIABILITIES PROPOSED TO BE TRANSRFERRED FROM SMIL TO NACL PURSUANT TO DEMERGER

(Rs. in Lakhs)

| S. No. | Particulars | Resulting Company<br>As at December 31, 2018<br>(Unaudited) |
|---|---|---|
| I. | **Assets** | |
| | Non-current assets | |
| | (a) Property, plant and equipment | 3,988.26 |
| | (b) Capital work in progress | 6.50 |
| | (c) Intangible assets | 8.02 |
| | (d) Financial assets | |
| | (i) Investments | 165.50 |
| | (ii) Other financial assets | 49.85 |
| | (e) Non-current tax asset (net) | - |
| | (f) Other non-current assets | - |
| | **Total non-current assets** | **4,218.13** |
| | Current assets | |
| | (a) Inventories | 945.49 |
| | (b) Financial assets | |
| | (i) Investments | 1,427.33 |
| | (ii) Trade receivables | 1,739.12 |
| | (iii) Cash and cash equivalents | 1,246.11 |
| | (iv) Bank balances other than (iii) above | 6,071.56 |
| | (v) Other financial assets | 8.84 |
| | (c) Other current assets | 10.32 |
| | (d) Asset classified as held for sale | 0.08 |
| | **Total current assets** | **11,448.85** |
| | | |
| | **Total assets** | **15,666.98** |
| II | **Liabilities** | |
| | Non- current liabilities | |
| | (a) Financial liabilities | |
| | (i) Borrowings | - |
| | (ii) Other financial liabilities | |
| | (b) Provisions | 14.73 |
| | (c) Deferred tax liability (net) | - |
| | (d) Other non-current liabilities | 183.55 |
| | **Total non- current liabilities** | **198.28** |
| | **Current liabilities** | |
| | (a) Financial liabilities | |
| | (i) Borrowings | - |
| | (ii) Trade payables | |
| | - Total outstanding dues to micro and small enterprises | - |
| | - Total outstanding dues to parties other than micro and small enterprises | 2,074.39 |
| | (iii) Other financial liabilities | 1.38 |
| | (b) Other current liabilities | 244.61 |
| | (c) Provisions | 29.13 |
| | (d) Current tax Liabilities (net) | |
| | **Total current liabilities** | **2,349.51** |
| | **Total liabilities** | **2,547.79** |

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**Details of contingent liabilities pertaining to Automobile Seating Undertaking as part of this Schedule**

(Amount in Rs.)

| | |
|---|---|
| Details of Contingent Liabilities of Sitting Business | |
| As on 31st Dec 2018 | |
| | 31.12.18 |
| Excise Matter | 2,95,893 |
| | |
| Service Tax Matter | - |
| | |
| Labour Court Matter | 23,28,073 |
| | |
| | 26,23,966 |
| | |
| Other show cause Notices (Not part of Contingent Liabilities) | |
| | |
| Excise Matter | 4,39,416 |
| Service Tax Matter (Surajpur) | 26,44,481 |
| | 30,83,897 |
| Other Civil Case (Not part of Contingent Liabilities) | |
| Civil - case (Pathredi) | 3,58,742 |

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