

SCHEME OF ARRANGEMENT

AMONGST

SHANKARA BUILDING PRODUCTS LIMITED

(CIN L26922KA1995PLC018990)

(DEMERGED COMPANY)

AND

SHANKARA BUILDPRO LIMITED

(CIN U24311KA2023PTC179791)

(RESULTING COMPANY)

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

UNDER SECTIONS 230 TO 232 READ WITH OTHER APPLICABLE PROVISIONS OF THE

COMPANIES ACT, 2013 AND RELEVANT RULES MADE THEREUNDER





A. PREAMBLE

- i. This Scheme of Arrangement (hereinafter referred to as "**Scheme**") is presented under Sections 230 to 232 and other applicable provisions of the Act (as defined hereinafter) amongst **SHANKARA BUILDING PRODUCTS LIMITED ("SBPL")** and **SHANKARA BUILDPRO LIMITED ("SBL")** and their respective shareholders and creditors.
- ii. The Scheme inter-alia , provides for :
 - a. Demerger (as defined hereinafter) of the Demerged Undertaking (as defined hereinafter) of SBPL i.e., the Demerged Company (as defined hereinafter) into SBL i.e., the Resulting Company (as defined hereinafter) on a going concern basis and in consideration, the consequent issuance of Equity Shares (as defined hereinafter) by the Resulting Company to all the shareholders of the Demerged Company as per the Share Entitlement Ratio (as defined hereinafter), and in accordance with the provisions of Section 2(19AA) read with other relevant provisions of the IT Act (as defined hereinafter).
 - b. Reduction by way of cancellation of the entire pre-scheme share capital of the Resulting Company as an integral part of the Scheme.
 - c. This Scheme also provides for various other matters consequential, supplemental or otherwise integrally connected therewith and incidental thereto.

B. DESCRIPTION OF THE COMPANIES

- i. **SHANKARA BUILDING PRODUCTS LIMITED** is a public listed company within the meaning of the Act, incorporated on October 13th, 1995 and having its registered office at G-2 Farah Winsford, No 133, Infantry Road, Bangalore, Karnataka, India – 560001. SBPL is one of the leading organized retailers of home improvement and building products in India. It caters to a large customer base spread across various end-user segment in urban and semi-urban markets through a retail led, multi-channel sales approach complemented by processing facilities, supply chain and logistics. It deals with a number of product categories including structural steel,

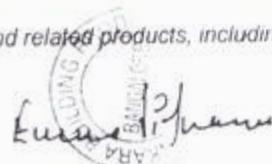


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cement, TMT bars, hollow blocks, pipes and tubes, roofing solutions, welding accessories, primers, solar heaters, plumbing materials, tiles, sanitary ware, water tanks, plywood, kitchen sinks, lighting and other allied products. The equity shares of the Demerged Company are listed on both BSE and NSE (as defined hereinafter).

ii. The main objects of the Demerged Company are as follows:

- a. *To carry on the business of manufacture, process, purchase, sell or otherwise to deal with Steel Pipes, Tubes and Pipe Fittings, Iron and Steel, PVC Rigid Pipes and Pipe Fittings, PVC Products, Moulded Plastic Products, Plastic Furniture and allied products of all kinds and descriptions.*
- b. *To carry on the business of manufacture, process, purchase, sell or otherwise to deal with Sections made out of Aluminium, Steel, Stainless Steel and other Metals and allied products of all kinds and descriptions.*
- c. *To carry on the business of manufacture, process, purchase, sell or otherwise to deal with Fabrication including welding products, Roofing, construction, Irrigation and Hardware products of all kinds and descriptions and with Fabrication Machinery products of all kinds and descriptions.*
- d. *To carry on the business of manufacture, process, purchase, sell or otherwise to deal with Sanitary ware, CP Fittings, Ceramic & Clay tiles & a complete range of plumbing products and flooring material, including but not limited to ceramic, polished, vitrified, glazed, unglazed, wooden, granite, marble, tiles and stone flooring material and all natural and manufactured flooring products, plywood and all kinds of products made of wood, including but not limited to all types of furniture for domestic, commercial, industrial and outdoor applications.*
- e. *To carry on the business of purchase, manufacture, supply, distribution, import, export, sale or to otherwise deal with electrical products, including but not limited to, lights, fans, cables, wires, switches and all kinds of electronics, including all kinds of kitchen items, and solar water heaters and all kinds of solar powered products and all varieties and types of paints and related products, including but*



not limited to chemical formulations, primer and metal paints, and all kind of construction material, including but not limited to cement, RMC and related aggregators, such as jelly and sand.

- iii. The Demerged Company comprises of the 2 (Two) businesses:
- a. **Trading Business:** Trading Business comprises of retail, supply, distribution and promotion of various home improvement and building products in India including but not limited to steel pipes and tubes, structural steel products, infrastructure materials, PVC products, aluminium and metal products, fabrication, electrical products, tiles and sanitary wares, through multiple sales channel(s).
 - b. **Manufacturing Business:** Manufacturing Business comprises of manufacturing of products inter alia cold rolled strips, precision tubes & pipes, roofing sheets and allied accessories complemented by the processing facilities, supply chain and logistics, undertaken by the Demerged Company and/or its subsidiaries.
- iv. **SHANKARA BUILDPRO LIMITED** is a public limited company incorporated on October 13th, 2023 and having its registered office at 21/1 & 35-A-1 Hosur Road, Electronic City, Bangalore South, Bangalore Karnataka, India – 560100. SBL is a wholly owned subsidiary of the Demerged Company and incorporated to inter alia carry on the business with primary focus on engaging in retailing, trading, warehousing, wholesale distribution and ecommerce activities related to all building materials as per the Memorandum of Association.
- v. The Resulting Company is having as its main objectives the following:

1. To carry on the business of manufacture, process, purchase, sell, import, export or otherwise to deal with Steel Pipes, Tubes and Pipe Fittings, Iron and Steel, PVC Rigid Pipes and Pipe Fittings, PVC Products, Moulded Plastic Products,



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Plastic Furniture and allied products of all kinds and descriptions.

- 2. To carry on the business of manufacture, process, purchase, sell, import, export or otherwise to deal with Sections made out of Aluminium, Steel, Stainless Steel and other Metals and allied products of all kinds and descriptions.*
- 3. To carry on the business of manufacture, process, purchase, sell, import, export or otherwise to deal with Fabrication including welding products, Roofing, construction, Irrigation and Hardware products of all kinds and descriptions and with Fabrication Machinery products of all kinds and descriptions*
- 4. To carry on the business of manufacture, process, purchase, sell, import, export or otherwise to deal with Sanitary ware, CP Fittings, Ceramic & Clay tiles & a complete range of plumbing products and related accessories and flooring material, including but not limited to ceramic, polished, vitrified, glazed, unglazed, wooden, granite, marble, tiles and stone flooring material and all natural and manufactured flooring products, plywood and all kinds of products made of wood, including but not limited to all types of furniture for domestic, commercial, industrial and outdoor applications.*
- 5. To carry on the business of purchase, manufacture, supply, distribution, import, export, sale or to otherwise deal with electrical products, including but not limited to, lights, fans, cables, wires, switches and all kinds of electronics, including all kinds of kitchen items, and solar water heaters and all kinds of solar powered products and all varieties and types of paints and related products, including but not limited to chemical formulations, primer and metal paints, and all kind of construction material, including but not limited to cement, RMC and related aggregators, such as jelly and sand.*



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C. **PURPOSE AND RATIONALE FOR THE SCHEME OF ARRANGEMENT**

The Scheme for demerger, transfer and vesting of the Demerged Undertaking of the Demerged Company into the Resulting Company shall have the following specific benefits:

- i) Demerger shall enable both Demerged Company and the Resulting Company to enhance business operations by streamlining operations, more efficient management control and outlining independent growth strategies such as expansion of product categories and geographical presence.
- ii) Creation of dedicated vertical for the growth of Trading Business with focused attention.
- iii) Attracting new set of investors with specific knowledge, expertise and risk appetite corresponding to their own businesses, thus, both the Demerged Company and the Resulting Company will have its own set of likeminded investors, thereby providing the necessary funding impetus to the long-term growth strategies of Trading Business and Manufacturing Business.
- iv) Pursuant to the Scheme, Equity Shares issued by the Resulting Company would be listed on the stock exchanges and thus, will unlock the value of the Trading Business for the shareholders of the Demerged Company.
 - Existing shareholders of the Demerged Company would hold the shares of two listed companies once the scheme becomes effective, giving them flexibility in managing their investments in two businesses having differential dynamics
- v) Demerger to be in the interest of shareholders, creditors and there is no likelihood that any shareholder or creditor would be prejudiced as a result of Scheme. It will not impose any additional burden on the shareholders of the



Demerged Company considering the Scheme would merely involve transfer and vesting of Trading Business by way of an arrangement from the Demerged Company to Resulting Company.

- vi) Demerger is expected to improve corporate governance within the separated entities, ensuring that the board and management are aligned with the specific interests and goals of their businesses.

D. TREATMENT OF THE SCHEME FOR THE PURPOSES OF THE IT ACT

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 IT Act (as defined hereinafter). 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 will prevail, and the Scheme will stand modified to the extent determined necessary to comply with Section 2(19AA) of the IT Act. Such modification(s), will, however, not affect the other provisions of the Scheme.

E. PARTS OF THE SCHEME

The Scheme is divided into the following parts:

- (i) **Part I** - Deals with the definitions, interpretation of terms used in the Scheme and the share capital structure of the Companies, and Effective Date of the Scheme;
- (ii) **Part II** - Deals with the demerger, transfer and vesting of the Demerged Undertaking from the Demerged Company into the Resulting Company on a going concern basis and Consideration and Issue of Shares to the shareholders of Demerged Company.



- (iii) **Part III** - Deals with the accounting treatment for the Demerger in the books of the Demerged Company and the Resulting Company;
- (iv) **Part IV** - Deals with cancellation of equity share capital of Resulting Company resulting in reduction of equity share capital of the Resulting Company and its accounting treatment; and
- (v) **Part V** - Deals with the general terms and conditions applicable to the Scheme and other matters consequential and integrally connected thereto.



PART-I

DEFINITIONS, INTERPRETATION AND SHARE CAPITAL STRUCTURE

1. DEFINITIONS

1.1. In this Scheme, unless inconsistent with or repugnant to the subject or context, (i) capitalized terms defined by inclusion in quotations and/or the parenthesis have the meaning so ascribed; and (ii) the following expressions shall have the meanings respectively assigned against them:

1.1.1. **"Act"** means the Companies Act, 2013, and the rules and regulations made thereunder and shall include any statutory modifications, re-enactment or amendments thereof for the time being in force;

1.1.2. **"Applicable Law(s)"** means any applicable national, local or other law including applicable provisions of all (a) constitutions, decrees, treaties, statutes, enactments, 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, statutory authority, courts or Tribunal, (b) Permits; and (c) orders, decisions, writs, injunctions, judgements, awards and decrees of or agreements with any Appropriate Authority having jurisdiction over the Parties, as may be in force from time to time;

1.1.3. **"Appointed Date"** means the opening of business hours of April 1st, 2024 or such other date as the National Company Law Tribunal may allow or direct and which is acceptable to the Board of the Companies;



1.1.4. "Appropriate Authority" means and includes:

- any national, state, territory, provincial, district, local or similar governmental, statutory, regulatory, administrative authority, agency, board, branch, commission, department or public body or authority, tribunal or court or other entity, in each case authorized to make laws, rules, regulations, standards, requirements, procedures or to pass directions or orders, in each case having the force of law;
- 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;
- any stock exchange of India, the Registrar of Companies, Regional Director, Ministry of Corporate Affairs, RBI, SEBI, Official Liquidator, NCLT and any other sectoral regulators or authorities as may be applicable; and
- any body exercising executive, legislative, judicial, regulatory or administrative functions including delegated function/ authority of or pertaining to government, including any other government authority, agency, department, board, commission or instrumentality or any political sub-division thereof or an arbitrator and any self-regulatory organization.

1.1.5. "Board of Directors" or "Board" in respect of a Company means the board of directors of such Company at a relevant time and shall include a committee of directors, duly constituted and/or any person authorized by the Board or its committee for the purpose of relevant matters pertaining to the Scheme and/or any other matter relating thereto;



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1.1.6. "BSE" means BSE Limited;

1.1.7. "Companies" means the Resulting Company and the Demerged Company collectively, and "Company" means any one of them as the context may require;

1.1.8. "Demerged Company" means Shankara Building Products Limited, a public listed company incorporated on October 13th, 1995 and having its registered office at G-2 Farah Winsford, No.133, Infantry Road, Bangalore, Karnataka, India - 560001;

1.1.9. "Demerged Undertaking" or "Demerged Business" or "Trading Business" shall mean and include (without limitation) all the assets, liabilities and employees of the Demerged Company pertaining to and/ or arising out of and/ or relating to Trading Business on a going concern basis and shall mean and include, without limitation:

- a) all assets and properties, whether movable or immovable, wherever situated, tangible or intangible, real or personal, including all rights, title, interest, claims and covenants in any buildings whether leasehold or otherwise, furniture, fixtures, computers, accessories, office equipment, other fixed assets, trademarks, brands, logos, labels, current assets relating to the Demerged Business, but excluding the properties relating to and vesting in Remaining Business, as on the Appointed Date;
- b) all investments, receivables, loans and advances extended (including GST credit and all other applicable indirect taxes or other Tax assets), including accrued interest thereon pertaining to Demerged Business;
- c) all the debts, borrowings and liabilities, including contingent liabilities, present or future, whether secured or unsecured, pertaining to and/or arising out of and/or relating to the Demerged Business as on the Appointed Date;



- d) all statutory licenses, approvals, permissions, no-objection certificates, permits, consents, grants, patents, trademarks, tenancies, offices, depots, quotas, rights, entitlements, privileges, clearances, benefits of all contracts / agreements (including, but not limited to, contracts / agreements with vendors, customers, government etc.), all other rights (including, but not limited to, right to use and avail electricity connections, water connections, environmental clearances, telephone connections, facsimile connections, telexes, e-mail, internet, leased line connections and installations, lease rights, easements, powers and facilities), relating to the Demerged Business, as on the Appointed Date;
- e) all employees and labour that are determined by the Demerged Company to be engaged in the Demerged Business and contributions, if any, made towards any provident fund, employees state insurance, gratuity fund, or any other Schemes, funds or benefits, existing for the benefit of such employees, together with such of the investments made by these funds, which relate to such employees;
- f) all advance payments, earnest monies and/or security deposits, payment against warrants, if any, or other entitlements in connection with or relating to the Demerged Business
- g) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings, suits, appeals, applications or proceedings of whatsoever nature initiated by or against the Demerged Company in connection with the Demerged Business; and
- h) all records, files, papers, engineering and process information, computer programs, manuals, data catalogues, quotations, sales and advertising materials, list of present and former customers and suppliers, customers credit information, customers pricing information and other records, whether



in physical form or electronic form in connection with or relating to the Demerged Business;

Any question that may arise as to whether a specified asset, benefit, liability, contract or obligation pertains or does not pertain to the Demerged Business of the Demerged Company or whether it arises out of the activities or operations of the Demerged Business of the Demerged Company shall be decided by mutual agreement between the Board of Directors of the Demerged Company and the Resulting Company or any committee thereof.

It is intended that the definition of Demerged Undertaking under this sub-clause would enable the transfer of all properties, assets, liabilities, rights, obligations, entitlements and benefits of the Demerged Undertaking to Resulting Company pursuant to this Scheme, without any further act or deed.

1.1.10. **"Demerger"** means transfer by way of a demerger of the Demerged Undertaking of the Demerged Company to the Resulting Company on a going concern basis and the consequent issue of equity shares by the Resulting Company to the shareholders of the Demerged Company in accordance with the Share Entitlement Ratio, pursuant to the provisions of Section 2(19AA) and other relevant provisions of the IT Act;

1.1.11. **"Effective Date"** means the last date on which all of the conditions specified in **Clause 18** (Conditionality of the Scheme) of the Scheme are complied with. References in this Scheme to the date of "Scheme coming into effect" or "coming into effect of the Scheme" or "once the Scheme becomes effective" or "upon the Scheme becoming effective" or "effectiveness of the Scheme" shall mean the Effective Date.



1.1.12. **"Employees"** means all the employees engaged primarily in the business of the Demerged Undertaking on the payroll of the Demerged Company as on the Appointed Date and as identified by the management and accepted by the Board of Directors of the Demerged Company;

1.1.13. **"Encumbrance"** means any mortgage, charge (whether fixed or floating), pledge, equitable interest, lien (statutory or other), hypothecation, assignment, adverse claim, security interest, limitation, restriction or encumbrance of any kind or nature whatsoever, securing or conferring any priority of payment in respect of any obligation of any person;

1.1.14. **"Equity Share(s)"** means the equity shares of the Demerged Company and/or the Resulting Company, as the case may be;

1.1.15. **"Financial Statements"** means the annual accounts (including balance sheet, cash flow statements and the statement of profit and loss) of the Demerged Company and/or Resulting Company (as the case may be) including the accounts drawn up to the Appointed Date;

1.1.16. **"Governmental Authority"** means any government authority, statutory authority, government department, agency, commission, board, tribunal, arbitral body or court or other entity authorized to make laws, rules or regulations, having or purporting to have jurisdiction on behalf of the Republic of India or any state or other sub-division thereof or any municipality, district or other sub-division thereof;

1.1.17. **"GST"** means the central tax as defined under the Central Goods and Services Tax Act, 2017 and/or the integrated tax as defined under the Integrated Goods and Services Tax Act, 2017 and/or the state tax as defined under the respective



State Goods and Services Tax Act and/or the Union Territory Goods and Services Tax Act, 2017 along with the applicable rules made thereunder;

1.1.18. "Hon'ble NCLT" or "National Company Law Tribunal" or "NCLT" or "Tribunal" means the National Company Law Tribunal, Bengaluru having jurisdiction over the Companies and authorised as per the provisions of the Act for approving the scheme of the arrangement, compromise or reconstruction of companies under Sections 230 to 232 of the Act and shall include, if applicable, such other forum or authority as may be vested with the powers of a tribunal for the purposes of Sections 230 to 232 of the Act as may be applicable;

1.1.19. "Ind AS" shall mean the Indian Accounting Standards notified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as may be amended from time to time;

1.1.20. "INR" means Indian rupees being the lawful currency of Republic of India;

1.1.21. "IT Act" means the Income-tax Act, 1961, and the rules and regulations made thereunder and shall include any statutory modifications, re-enactment or amendment thereof to the extent notified;

1.1.22. "Intangible Assets" means and includes all intellectual property and industrial property rights and rights in proprietary, rights in confidential information, consent information of every kind and description, whether registered or unregistered, including software, research and development, business claims, business information, business records and goodwill.

1.1.23. "NSE" means National Stock Exchange of India Limited;



- 1.1.24. "RBI" means the Reserve Bank of India;
- 1.1.25. "Remaining Business" shall mean all the undertakings, businesses, properties, activities, investments, operations, assets, liabilities and employees of the Demerged Company that will be retained in the Demerged Company after the transfer of the Demerged Undertaking in terms of this Scheme;
- 1.1.26. "Record date" means a mutually agreed date to be fixed by the respective Boards of the Demerged Company and the Resulting Company, for the purpose of determining the shareholders of the Demerged Company to whom Equity Shares of the Resulting Company would be allotted pursuant to the Demerger in accordance with **Clause 14** of this Scheme;
- 1.1.27. "Resulting Company" means Shankara Buildpro Limited, a public limited company incorporated on October 13th, 2023 and having its registered office at 21/1 & 35-A-1 Hosur Road, Electronic City, Bangalore South, Bangalore - 560100, Karnataka;
- 1.1.28. "Registrar of Companies" or "ROC" means relevant Registrar of Companies having jurisdiction over the Companies under the Act.
- 1.1.29. "Sanction Order" means the order of the NCLT sanctioning this Scheme;
- 1.1.30. "Scheme" or "the Scheme" or "this Scheme" means this scheme of arrangement for Demerger in its present form as submitted to NCLT or this Scheme with such modification(s), if any made, in accordance with **Clause 25** of this Scheme;



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

1.1.32. "SEBI LODR Regulations" means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time;

1.1.33. "SEBI Scheme Circular" or "Master Circular" means the master circular no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 issued by SEBI on June 20th, 2023 and/or any other circulars issued by SEBI applicable to schemes of arrangement from time to time;

1.1.34. "Share Entitlement Ratio" shall have the meaning set out in Clause 14;

1.1.35. "Stock Exchanges" means BSE and NSE collectively and Stock Exchange shall mean each of them individually;

1.1.36. "Tax" or "Taxes" means and include (a) all form of tax (whether direct or indirect), levy, duty, surcharge, cess, impost, TDS, TCS, withholding tax, including income tax, dividend distribution tax, equalisation levy, GST, tax payable in a representative assessee capacity, minimum alternate tax or other amount whenever or wherever created or imposed by, or payable to any tax authority whether due to past, present or potential obligations; and (b) all charges and fee, interest, penalties and fines incidental or relating to any tax falling under (a) above or which arise as a result of the failure to pay any tax on the due date or to comply with any obligations relating to tax;

1.1.37. "TCS" means tax collectible at source, in accordance with the provisions of the IT Act; and



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1.1.38. "TDS" means tax deductible at source, in accordance with the provisions of the IT Act.

2. INTERPRETATION

2.1. The expressions which are used in this Scheme and not defined in this Scheme shall, unless repugnant or contrary to the context or meaning hereof, have the same meaning ascribed to them under the Act and / or other Applicable Laws, rules, regulations, bye-laws, as the case may be, including any statutory modification or re-enactment thereof, from time to time.

2.2. Any reference to any statute or statutory provision shall include:

- a) all subordinate legislations made from time to time under that provision (whether or not amended, modified, re-enacted or consolidated from time to time) and any retrospective amendment;
- b) such provision as from time to time amended, modified, re-enacted or consolidated (whether before or after the date of this Scheme) to the extent such amendment, modification, re-enactment or consolidation applies or is capable of applying to the transaction entered into under this Scheme and (to the extent liability there under may exist or can arise) shall include any past statutory provision (as amended, modified, re-enacted or consolidated from time to time) which the provision referred to has directly or indirectly replaced;
- c) Words denoting the singular shall include the plural and words denoting any gender shall include all genders. Words of either gender shall be deemed to include all the other genders.
- d) Headings, sub-headings, titles, subtitles to clauses, sub-clauses and paragraphs are for information only and shall not form part of the operative



provisions of this Scheme or the schedules hereto and shall be ignored in construing the same;

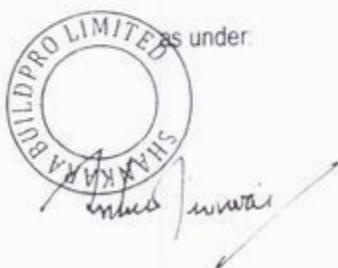
- e) Words directly or indirectly mean directly or indirectly through one or more intermediary persons or through contractual or other legal arrangements, and direct or indirect have the correlative meanings;
- f) The words "include" and "including" are to be construed without limitation;
- g) The terms "hereof", "herein", "hereby", "hereto" and derivative or similar words shall refer to this entire Scheme or specified clauses of this Scheme, as the case may be;
- h) Any reference to the Preamble, Recital, Clause or Schedule shall be a reference to the preamble or recital, clause or schedule of this Scheme;
- i) The recitals, Schedules and the Annexures hereto shall form an integral part of this Scheme; and
- j) References to a person include any individual, firm, body corporate (whether or not incorporated), government, state or agency of a state or any joint venture, association, partnership, works council or employee representative body (whether or not having separate legal personality).

3. SHARE CAPITAL OF THE COMPANIES

3.1. Demerged Company:

The share capital structure of the Demerged Company as on November 30th, 2023 is

as under



Authorised Share Capital	Amount (INR)
3,00,00,000 Equity Shares of 10/- each	30,00,00,000
TOTAL	30,00,00,000
Issued, Subscribed and Paid-up Share Capital	Amount (INR)
2,42,49,326 equity shares of Rs. 10/- each	24,24,93,260
TOTAL	24,24,93,260

3.2. Resulting Company:

The share capital structure of the Resulting Company as on October 31st, 2023 is as under:

Authorised Share Capital	Amount (INR)
10,000 Equity Shares of 10/- each	1,00,000
TOTAL	1,00,000
Issued, Subscribed and Paid-up Share Capital	Amount (INR)
10,000 Equity Shares of 10/- each	1,00,000
TOTAL	1,00,000

**As on the date of approval of the Scheme by the Board of the Companies, the entire share capital of the Resulting Company is held by the Demerged Company.*

***The Equity Shares of the Resulting Company are presently not listed on any Stock Exchanges. An application shall be made with the BSE and NSE post the effectiveness of the Scheme, for the listing of the Equity Shares of the Resulting Company so that upon Demerger of the Demerged Undertaking into the Resulting Company, the members of the Resulting Company have ready access to market and freely trade in the Equity Shares of the Resulting Company.*



4. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the NCLT or any other Appropriate Authority shall take effect from the Appointed Date and shall be operative from the Effective Date.



ANKARA BUILDPRO LIMITED



ANKARA BUILDING PROJECTS PRIVATE LIMITED BANGALORE

PART II

DEMERGER, TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING OF THE
DEMERGED COMPANY INTO THE RESULTING COMPANY AND CONSIDERATION AND
ISSUE OF SHARES TO THE SHAREHOLDERS OF DEMERGED COMPANY

5. **DEMERGER OF THE DEMERGED COMPANY INTO THE RESULTING COMPANY**

5.1 With effect from the Appointed Date and upon the Scheme becoming effective, the Demerged Undertaking shall in accordance with the provisions of Section 2(19AA) and other applicable provisions of the IT Act and pursuant to Sections 230 to 232 and other applicable provisions of the Act and pursuant to Sanction Order, without any further instrument, deed or act, be transferred to and be vested in or be deemed to have been transferred to and vested in the Resulting Company, on a going concern basis, so as to become as and from the Appointed Date, the assets, permits, contracts, liabilities, loans, duties, rights, title, interests and obligations of the Resulting Company by virtue of operation of law and in the manner provided in the Scheme.

5.2 Without prejudice to **Clause 5.1** above, upon the coming into effect of the Scheme and with effect from the Appointed Date:

a) All the assets, properties, plant, equipment (whether movable or immovable in nature) along with all other rights, title, interest, contracts pertaining to the Demerged Undertaking shall become the property and assets of the Resulting Company by virtue of the Demerger.

b) Liabilities, shall become the liabilities of the Resulting Company by virtue of the Demerger.



- c) The properties and the liabilities, if any, relating to the Demerged Undertaking being transferred by the Demerged Company shall be recorded in the books of the Resulting Company in compliance with the Indian Accounting Standards;
- d) The Resulting Company shall issue shares to the shareholders of the Demerged Company, on a proportionate basis in consideration for the Demerger in accordance with **Clause 14** of the Scheme;
- e) All shareholders of the Demerged Company shall become the shareholders of the Resulting Company by virtue of the Demerger; and
- f) The transfer of the Demerged Undertaking to the Resulting Company will be on a going concern basis.

6. TRANSFER OF ASSETS

6.1 With effect from the Appointed Date and upon the Scheme becoming effective, the Demerged Undertaking together with all the assets (including all the rights, claims, title, interest and authorities, including accretions and appurtenances of such Demerged Undertaking) shall without further act or deed stand transferred and vested into the Resulting Company.

6.2 With effect from the Appointed Date and upon the Scheme becoming effective, all assets and properties of the Demerged Undertaking which are moveable in nature, or are otherwise capable of transfer by physical delivery or by endorsement and delivery, shall be so transferred by the Demerged Company, without requiring any deed or instrument of conveyance for the same and shall become the property of the Resulting Company.

6.3 With effect from the Appointed Date and upon the Scheme becoming effective, all immovable properties along with rights and interests in such immovable properties,



whether leasehold or otherwise, all tenancies/leases/licenses, maintenance arrangements, agreements and arrangements relating to infrastructure, undivided right, title and interest, recreation ground, amenity spaces, amenities and all documents of title, rights and easements in relation thereto, forming part of the Demerged Undertaking shall stand transferred to and be vested in and / or be deemed to have been transferred to and vested in the Resulting Company, without any further act or deed done by the Demerged Company and / or the Resulting Company.

6.4 With effect from the Appointed Date and upon the Scheme becoming effective, the Resulting Company shall be entitled to and exercise all rights and privileges attached to such immovable properties of the Demerged Undertaking, including right to use, develop, possess the immovable properties with all rights of ownership and right to deal with and dispose of such immovable properties and appropriate all consideration arising therefrom as the Resulting Company deems fit and shall be liable to pay the ground rent, taxes and to fulfill all obligations in relation to such immovable properties. The relevant authorities shall grant all clearances /permissions, if any, required for enabling the Resulting Company to absolutely own and enjoy the immovable properties in accordance with Applicable Law. The substitution of the title to the immovable properties shall, upon this Scheme becoming effective, be made and duly recorded in the name of the Resulting Company, by the Appropriate Authorities pursuant to the sanction of this Scheme by the NCLT in accordance with the terms hereof.

6.5 With effect from the Appointed Date and upon the Scheme becoming effective, the benefits of any statutory licenses, permissions or approvals or consents held by the Demerged Company required to carry on operations in the Demerged Undertaking shall stand vested in or transferred to the Resulting Company without any further act or deed. The benefit of all statutory and regulatory permissions, environmental approvals and consents, shall vest in and become available to the Resulting Company pursuant to the sanction of this Scheme by the NCLT in accordance with the terms hereof.



6.6 For the avoidance of doubt and without prejudice to the generality of any applicable provisions of this Scheme, it is clarified that in order to ensure (i) implementation of the provisions of the Scheme; (ii) uninterrupted transfer of the relevant consents, approvals, permissions, licenses, registrations, certificates etc.; and (iii) continued vesting of the benefits, exemptions available to the Demerged Company in favour of the Resulting Company, the Board of Directors of the Demerged Company and/or the Resulting Company shall be deemed to be authorized to execute necessary powers of attorney in favour of each other and execute or enter into necessary documentations with any regulatory authorities or third parties, if applicable, and the same shall be considered as to give effect to the order passed by the NCLT and shall be considered as integral part of this Scheme.

7. TRANSFER OF LIABILITIES

Upon effectiveness of the Scheme and with effect from the Appointed Date, all liabilities of the Demerged Undertaking shall, without any further act, instrument or deed, be and stand transferred to and be deemed to be transferred to the Resulting Company to the extent that they are outstanding as on the Appointed Date and the Resulting Company shall meet, discharge and satisfy the same.

8. TRANSFER OF DEMERGED UNDERTAKING ON A GOING CONCERN BASIS

With effect from the Appointed Date and upon the Scheme becoming effective, the Demerged Undertaking of the Demerged Company shall be transferred, on a going concern basis, to the Resulting Company. Without prejudice to clauses herein, with effect from the Appointed Date and upon the Scheme becoming effective, all inter-party loans, advances and deposits between the Demerged Undertaking of the Demerged Company and the Resulting Company shall stand cancelled.



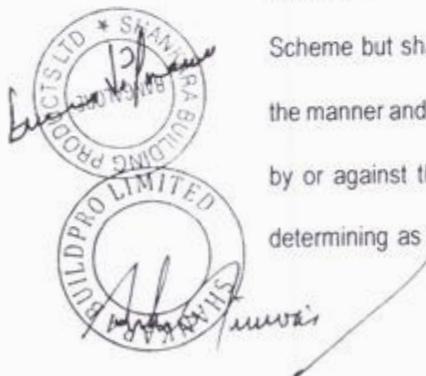
9. **STAFF, WORKMEN & EMPLOYEES**

9.1 Upon the coming into effect of this Scheme, identified staff, workmen & Employees shall become the Employees of the Resulting Company, and, subject to the provisions hereof, on terms and conditions not less favorable than those on which they are engaged by the Demerged Company, without any interruption of service as a result of the Demerger of the Demerged Undertaking into the Resulting Company.

9.2 As far as the provident funds, gratuity funds or any other special funds created or existing for the benefit of such Employees of the Demerged Undertaking are concerned, on and from the Effective Date, the Resulting Company shall stand substituted for Demerged Company for all purposes whatsoever related to administration or operation of such funds in accordance with provisions of such funds provided in the respective trust deeds or other documents. It is clarified that the services of such employees of the Demerged Undertaking will be treated as having been continuous and not interrupted for the purposes of such funds.

10. **LEGAL, TAXATION AND OTHER PROCEEDINGS**

10.1 All legal, taxation and other proceedings (including before any statutory or quasi-judicial authority or Tribunal) of whatsoever nature by or against the Demerged Company pending and/ or arising till the Appointed Date and pertaining to the Demerged Undertaking as agreed between the Demerged Company and Resulting Company in writing as being the legal, taxation and other proceedings pertaining to the Demerged Undertaking, as and from the Effective Date, shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or anything contained in this Scheme but shall be continued and enforced by or against the Resulting Company in the manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company in the event of any difference or difficulty in determining as to whether any specific legal, taxation or other proceedings relates to



the Demerged Undertaking or not, a certificate jointly issued by the Board of the Demerged Company and the Resulting Company as to whether such proceeding relates to the Demerged Undertaking or not, shall be conclusive evidence of the matter.

- 10.2 The Resulting Company undertakes to have all legal, taxation or other proceedings initiated by or against the Demerged Company pertaining to the Demerged Undertaking and referred to in **Clause 10.1** above, transferred into its name on and after the Appointed Date and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company.
- 10.3 In the event the Demerged Company or the Resulting Company is/are required to be made a party to any legal, taxation or other proceedings in respect to the Demerged Undertaking or the Remaining Business remaining with the Demerged Company, then in such case, the Demerged Company or the Resulting Company, as the case may be, shall render necessary cooperation to the Resulting Company or the Demerged Company, as the case may be, in this regard including for the purposes of being made a party to the legal, taxation or other proceedings as aforesaid.

11. CONTRACTS, DEEDS, ETC.

Subject to the other provisions of this Scheme and upon the coming into effect of the Scheme, all contracts, deeds, bonds, schemes, engagements, arrangements, agreements, licenses, permissions and other instruments, if any, of whatsoever nature, relating to the Demerged Undertaking to which the Demerged Company is a party and are subsisting or having effect on the Effective Date, shall be enforced/implemented in full force and effect against or in favour of the Resulting Company, as the case may be, and may be enforced by or against the Resulting Company as fully and eventually as if, instead of the Demerged Company, the Resulting Company had been a party thereto. The Resulting Company may, if required, enter into and/or issue and/or execute deeds,



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

12. CHARGES AND MORTGAGES

12.1 In so far as the existing Encumbrances in respect of the liabilities are concerned, such Encumbrances shall, without any further act, instrument or deed be modified and shall be extended to and shall operate only over the assets comprised in the Demerged Undertaking, which have already been Encumbered in respect of the liabilities as transferred to the Resulting Company pursuant to this Scheme. Provided that if any of the assets comprised in the Demerged Undertaking which are being transferred to the Resulting Company pursuant to this Scheme have not been encumbered in respect of the liabilities, such assets shall remain unencumbered and the existing Encumbrances referred to above shall not be extended to and shall not operate over such assets. The Scheme shall not operate to enlarge the Encumbrances, nor shall the Resulting Company be obliged to create any further or additional security by virtue of the Scheme becoming effective. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above.

12.2 Subject to the other provisions of this Scheme, in so far as the assets forming part of the Demerged Undertaking is concerned, the Encumbrances over such assets, to the extent they relate to any loans or borrowings or other debt of the Remaining Business, shall, as and from the Effective Date, without any further act, instrument or deed, stand released and discharged and shall no longer be available as Encumbrances in relation



to those liabilities of the Demerged Company pertaining to the Remaining Business (and which shall continue with the Demerged Company).

12.3 In so far as the existing Encumbrances in respect of the loans and other liabilities relating to the Remaining Business are concerned, such Encumbrances shall, without any further act, instrument or deed be continued with the Demerged Company, only on the assets relating to the Remaining Business and the assets of the Demerged Undertaking shall stand released therefrom.

12.4 Without prejudice to the provisions of the foregoing Clauses, the Demerged Company and the 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 RoC to give formal effect to the provisions of this Clause and foregoing Clauses, if required.

13. TREATMENT OF TAX

13.1 This Scheme has been drawn up to comply with the conditions relating to "Demerger" as specified under Section 2(19AA) of the IT Act. If any term or provision of the Scheme is found or interpreted to be inconsistent with the said provisions at a later date, including resulting from an amendment of law or for any reasons whatsoever then the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the IT Act. Such modification will however not affect other parts of the Scheme.

13.2 The Resulting Company will be the successor of the Demerged Company vis-à-vis the Demerged Undertaking. Hence, it will be deemed that the benefits of any Tax credits whether central, state, or local, availed vis-à-vis the Demerged Undertaking and the obligations, if any, for payment of Taxes on any assets of the Demerged Undertaking shall be deemed to have been availed by the Resulting Company and the Appropriate Authorities shall be bound to transfer to the account of and give credit for the same to



the Resulting Company upon the passing of the order on this Scheme by the NCLT or any other Appropriate Authority and upon relevant proof and documents being provided to the said authorities, or as the case may be, deemed to be the obligation of the Resulting Company.

13.3 With effect from the Appointed Date and upon the Scheme becoming effective, all Taxes, duties, cess, receivables/ payables by the Demerged Company relating to the Demerged Undertaking including all or any refunds/ credits/ claims/ Tax losses/ unabsorbed depreciation relating thereto shall be treated as the assets/ liabilities or refunds/ credits/ claims/ Tax losses/ unabsorbed depreciation, as the case may be, of the Resulting Company.

13.4 The Demerged Company and the Resulting Company are expressly permitted to revise their Tax returns including TDS certificates/ returns and to claim refund, advance tax, credits, excise and service tax credits, GST credits, set off etc. on the basis of the accounts of the Demerged Undertaking as vested with the Resulting Company upon coming into effect of this Scheme in accordance with the Applicable Laws, without incurring any liability on account of interest, penalty or any other sum. Such returns may be revised and filed notwithstanding that the statutory period for such revision and filing may have expired.

13.5 All the deductions otherwise admissible to the Demerged Company including payment admissible on actual payment or on deduction of appropriate taxes or on payment of TDS (such as Section 43B, Section 40, Section 40A etc. of the IT Act) will be eligible for deduction to Resulting Company, upon fulfilment of any conditions required under the IT Act. Any Tax credits and refund, under the IT Act, GST laws, 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 Demerged Undertaking of the Demerged Company consequent to the assessment made on the Demerged Company and for which no credit is taken in the accounts as on the date immediately preceding



the Appointed Date shall also belong to and be received by the Resulting Company upon this Scheme becoming effective.

- 13.6 The Tax payments (including, without limitation, income tax, GST, service tax, excise duty, central sales tax, applicable state value added tax, etc.) whether by way of TDS, advance tax, all earnest monies, security deposits, provisional payments, payment under protest, or otherwise howsoever, by the Demerged Company with respect to the Demerged Undertaking after the Appointed Date, shall be deemed to be paid by the Resulting Company and shall, in all proceedings, be dealt with accordingly.
- 13.7 Further, any TDS deducted by Demerged Company with respect to Demerged Undertaking on any transactions entered by it, if any, from Appointed Date to Effective Date shall be deemed to be advance tax paid by the Resulting Company and shall, in all proceedings, be dealt with accordingly.
- 13.8 Any obligation for deduction of TDS duly complied by the Demerged Company on any payment made by or to be made by it with respect to Demerged Undertaking from Appointed Date to Effective Date shall be made or deemed to have been made and duly complied with by the Resulting Company
- 13.9 Upon the Scheme becoming effective, all unavailed credits (excluding credit of minimum alternate tax paid, if any) and exemptions, benefit of carried forward losses and other statutory benefits, including in respect of income tax, GST, customs, applicable state value added tax, sales tax, service tax etc. relating to the Demerged Undertaking to which Demerged Company is entitled to, shall be available to and vest in the Resulting Company, without any further act or deed in accordance with the Applicable Laws.
- 13.10 The Board of Directors of the Demerged Company shall be empowered to determine if there is any specific Tax liability or any Tax proceeding relating to the Demerged Undertaking and whether the same would be transferred to the Resulting Company



13.11 The payment of any outstanding Tax shall not be hampered in any way as a result of the Demerger of the Demerged Undertaking from the Demerged Company to the Resulting Company and any Tax liability up to the date of Appointed Date will be borne by the Demerged Company and any Tax liability post the date of Appointed Date will be borne by the Resulting Company.

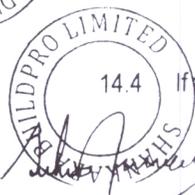
14. CONSIDERATION AND ISSUE OF SHARES

14.1 Upon the Scheme becoming effective and in consideration of the transfer of the Demerged Undertaking to the Resulting Company in accordance with the terms of the Scheme, the Resulting Company shall issue and allot:

“For every 1 (One) fully paid Equity Share of face value of INR 10/- (Indian Rupees Ten Only) each, held in Demerged Company as on the Record Date, the equity shareholders of the Demerged Company shall be issued 1 (One) fully paid Equity Share of face value of INR 10/- (Indian Rupees Ten Only) each in the Resulting Company”. (“Share Entitlement Ratio”)

14.2 Accordingly, a total of 2,42,49,326 (“Two Crore Forty Two Lakh Forty Nine Thousand Three hundred and Twenty Six only”) fresh Equity Shares of the Resulting Company having a face value of INR 10/- (Indian Rupees Ten Only) each credited as fully paid-up will be issued to the equity shareholders of the Demerged Company by the Resulting Company.

14.3 The Share Entitlement Ratio as stated in **Clause 14.1** above has been determined by the respective Board of Directors of the Demerged Company and the Resulting Company based on report dated 18th December, 2023 provided by independent registered valuers on such Share Entitlement Ratio.

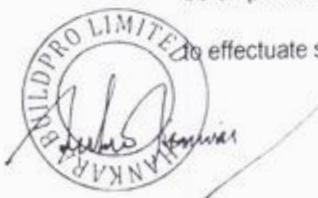


14.4 If the allotment of Equity Shares by the Resulting Company pursuant to this **Clause 14**

will result in any shareholders being issued fractional shares, if any, then the fractional entitlements shall be consolidated and thereupon allotted in lieu thereof to trustee(s) authorized by the Board of the Resulting Company in this behalf which shall hold the such Equity Shares issued by the Resulting Company in trust on behalf of the shareholders of the Demerged Company entitled to fractional entitlements with the express understanding that such trustee(s) shall sell the Equity Shares so allotted by the Resulting Company on the Stock Exchanges within a period of 90 days from the date of allotment of such Equity Shares or such other period as per the Applicable Law, at such price(s) and to such person(s), as the trustee(s) deems fit, subject to the provisions of the Master Circular, and shall distribute the net sale proceeds, after deductions of applicable Taxes and expenses incurred, in proportion to their respective fractional entitlements. In case the number of Equity Shares to be allotted by the Resulting Company to the trustee(s) authorized by the Board of the Resulting Company by virtue of consolidation of fractional entitlement is a fraction, it shall be rounded off to the next higher integer.

14.4A The Resulting Company Equity Shares to be issued by the Resulting Company, pursuant to Clause 14 in respect of any Equity Shares of the Demerged Company which are held in abeyance under the provisions of Section 126 of the Act or which the Resulting Company is unable to issue due to non-receipt of relevant approvals or due to Applicable Laws or otherwise shall, pending allotment or settlement of dispute by order of NCLT or any court or otherwise, be held in abeyance by the Resulting Company or shall be dealt with as provided under the Applicable Law

14.4B In the event of there being any pending share transfers, whether lodged or outstanding, of any member of the Demerged Company, the Board of the Demerged Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in registered holder were operative as



on the Record Date, in order to remove any difficulties arising to the transferor or transferee of the shares in the Demerged Company and in relation to the shares issued by the Resulting Company, after the effectiveness of the Scheme.

14.4C All those shareholders who hold shares of the Demerged Company in physical form shall receive the Resulting Company New Equity Shares in dematerialized form only, provided that the details of their account with the depository participant are intimated in writing to the Demerged Company and provided such intimation has been received by the Demerged Company at least 7 (seven) days before the Record Date. If no such intimation is received from any shareholder who holds shares of the Demerged Company in physical form 7 (seven) days before the Record Date, the Resulting Company shall keep such shares in abeyance / escrow account / with a trustee nominated by the Board of the Resulting Company for the benefit of such shareholders or shall be dealt with as provided under the Applicable Law and will be credited to the respective depository participant accounts of such shareholders as and when the details of such shareholder's account with the depository participant are intimated in writing to the Resulting Company and/or its registrar, if permitted under Applicable Law.

14.5 The issue and allotment of Equity Shares of the Resulting Company as provided in this Scheme as an integral part thereof, shall be deemed to have been carried out as if the procedure laid down under Section 62 of the Act and any applicable provisions of the Act, were duly complied with.

14.6 The approval of this Scheme by the shareholders of the Resulting Company under Sections 230 to 232 of the Act, shall be deemed to have the approval under Sections 13 and 14 and other applicable provisions of the Act and any other consents and approvals required in this regard.



14.7 The Equity Shares of the Resulting Company allotted under this Scheme to the members of the Demerged Company shall rank for dividend, voting rights and in all other respects *paripassu* with the existing Equity Shares of the Resulting Company.

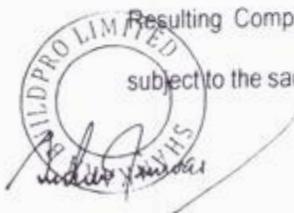


15. CONDUCT OF OPERATIONS/ ACTIVITIES OF THE DEMERGED UNDERTAKING OF DEMERGED COMPANY TILL THE EFFECTIVE DATE

15.1 With effect from the Appointed Date and up to and including the Effective Date, the Demerged Company shall carry on and shall be deemed to have carried on, all the business activities and operations relating to the Demerged Undertaking, and shall hold and stand possessed of and shall be deemed to have held and stood possessed of the assets, properties and liabilities of the Demerged Undertaking, on account of and / or on behalf of and / or for the benefit of and / or in trust for, the Resulting Company. All the profits or incomes accruing or arising and all expenditure or losses arising or incurred (including all Taxes, if any, paid or accruing in respect of any profits and income) by the Demerged Company in relation to the Demerged Undertaking for the period commencing from the Appointed Date shall, for all purposes, be treated and be deemed to be and accrue as the profits or incomes, or as the case may be, expenditure or losses (including Taxes) of the Resulting Company. Any of the rights, powers, authorities and privileges attached or related or pertaining to the Demerged Undertaking and exercised by or available to the Demerged Company, with effect from the Appointed Date and up to and including the Effective Date, shall be deemed to have been exercised for and on behalf of and as an agent for the Resulting Company. Further, any of the obligations, duties and commitments attached, relating or pertaining to the Demerged Undertaking that has been undertaken or discharged by the Demerged Company, with effect from the Appointed Date and up to and including the Effective Date, shall be deemed to have been undertaken or discharged for and on behalf of and as an agent for the Resulting Company.



15.2 As and from the date of approval of this Scheme by the Board of the Demerged Company and the Resulting Company and till the Effective Date, the Resulting Company and the Demerged Company shall be entitled to, pending and subject to the sanction of the Scheme, apply to the Appropriate Authorities and all other



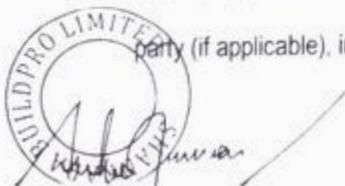
agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which the Resulting Company may require to carry on the business of the Demerged Undertaking.

15.3 As and from the date of approval of this Scheme by the Board of the Demerged Company and the Resulting Company and till the Effective Date, the Demerged Company shall not alienate, charge, mortgage, encumber or otherwise deal with the assets or any part thereof, other than in the normal course of business, without the prior written consent of the Board of the Resulting Company.

15.4 As and from the date of approval of this Scheme by the Board of the Demerged Company and the Resulting Company and till the Effective Date, the Demerged Company shall not vary the terms and conditions of service of its permanent employees except in the ordinary course of its business.

15.5 As and from the date of approval of this Scheme by the Board of the Demerged Company and the Resulting Company and till the Effective Date, the Demerged Company shall not, without the prior consent of the Resulting Company, undertake any new business or a substantial expansion of its existing business in the Demerged Undertaking.

15.6 As and from the date of acceptance of this Scheme by the Board of the Demerged Company and the Resulting Company and till the Effective Date, the Demerged Company and the Resulting Company shall cooperate with each other in a mutually agreeable, commercially reasonable and lawful arrangement and the Demerged Company shall use commercially reasonable efforts to, where required pursuant to Applicable Law or considered as being reasonably prudent, file applications to Appropriate Authorities for relevant governmental authorization or for approval of a court of law, Tribunal or any other authorization, approval, consent or waiver of a third party (if applicable), in the name of and for the benefit of the Resulting Company.



- 15.7 The Resulting Company and the Demerged Company shall extend full cooperation to each other to the extent required for obtaining the requisite licenses, permissions, approvals and achieving compliance required under the Applicable Laws.
- 15.8 The Board of the Resulting Company and Demerged Company shall honor all commitments, agreements and arrangements executed between them in respect of this Scheme.
- 15.9 Notwithstanding anything contained in the Scheme, both the Demerged Company and the Resulting Company shall be at a liberty to declare such dividend as recommended by the respective Board of each Company and in accordance with the articles of association.

16. WRONG POCKET ASSETS

- 16.1 Subject to **Clause 30.2**, and unless otherwise specified in the terms of the Scheme, no part of the Demerged Undertaking, shall be retained by the Demerged Company after the Effective Date pursuant to the Demerger. If any part of the Demerged Undertaking is inadvertently not transferred to the Resulting Company on the Effective Date pursuant to the Demerger, the Demerged Company shall take such actions as may be reasonably required to ensure that such part of the relevant Demerged Undertaking, as the case may be, is transferred to the Resulting Company promptly and for no further consideration, and without any Tax implications. The Demerged Company shall bear all costs and expenses as may be required to be incurred by each of the Demerged Company or the Resulting Company, for giving effect to this clause.

- 16.2 No part of the Remaining Business shall be transferred to the Resulting Company pursuant to the Demerger. If any part of the Remaining Business 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 Business is transferred back to the Demerged Company, promptly and for no consideration, and without any Tax implications. The Resulting Company shall bear all costs and expenses as may be required to be incurred by each of the Demerged Company or the Resulting Company for giving effect to this clause.

- 16.3 If the Demerged Company realizes any amounts after the Effective Date that form part of the Demerged Undertaking, it shall immediately make payment of such amounts to the Resulting Company. It is clarified that all receivables relating to the Demerged Undertaking, for the period prior to the Effective Date, but received after the Effective Date, relate to the Demerged Undertaking and shall be paid to the Resulting Company for no additional consideration, and without any Tax implications. If the Resulting Company realizes any amounts after the Effective Date that pertains to the Demerged Company or the Remaining Business, the Resulting Company shall immediately pay such amounts to the Demerged Company. Similarly, if the Demerged Company discharges any liability pertaining to the Demerged Undertaking after the Effective Date, the Resulting Company shall make payment of such amounts to the Demerged Company.

17. SAVING OF CONCLUDED TRANSACTIONS OR PROCEEDINGS

The transfer of the Demerged Undertaking under the Scheme and the continuance of suits, appeals, or other proceedings by or against the Demerged Company shall not affect any transaction or proceedings concluded by the Demerged Company, with or without the prior written consent of the Resulting Company, during the period between the date of acceptance of this Scheme by the Board of the Demerged Company and the Resulting Company and till the Effective Date, and the Resulting Company hereby accepts and adopts all acts, deeds and things done and executed by the Demerged Company as done and executed on behalf of itself.



18. **CONDITIONALITY OF THE SCHEME**

Subject to the directions of the NCLT, this Scheme is and shall be conditional upon the following:

- a) **Stock Exchange approval:** The Demerged Company shall have received no-objection letter from the designated stock exchange in respect of the Scheme (prior to filing the Scheme with the Hon'ble NCLT) and the transactions contemplated therein in accordance with the SEBI LODR Regulations and the Master Circular.
- b) **Shareholders' and Creditors' Approval:** The Scheme shall have been approved by the respective majority of the requisite classes of shareholders (through postal ballot/e-voting, as applicable) and creditors (where applicable) of the Companies as required under the Act, Master Circular and as may be directed by the NCLT, subject to any dispensation that may be granted by the NCLT.
- c) **Approval of the Hon'ble NCLT:** The Scheme shall have been approved by the Hon'ble NCLT, either on terms as originally approved by the relevant parties to the Scheme, or subject to such modifications as approved by the Hon'ble NCLT.
- d) **Listing of Equity Shares of the Resulting Company:** The Resulting Company shall upon allotment of shares to the shareholders of the Demerged Company pursuant to the Scheme immediately make application to SEBI in terms of Rule 19(7) of Securities Contract (Regulation) Rules, 1957 for listing of Equity Shares of the Resulting Company at all the Stock Exchanges where the Equity Shares of Demerged Company are listed.
- e) **Filing of e-form INC 28:** The Demerged Company and the Resulting Company each duly filing e-form INC 28 on the website of the ministry of corporate affairs.



PART - III

ACCOUNTING TREATMENT PURSUANT TO THE SCHEME

19. ACCOUNTING TREATMENT PURSUANT TO THE SCHEME

- 19.1 The accounting treatment for the Demerger of the Demerged Undertaking in the books of the Demerged Company and the Resulting Company shall be in compliance with the standards of accounting or any addendum thereto as notified under Section 133 of the Act read with the Companies (Accounts) Rules, 2014 or Companies (Indian Accounting Standards) Rules, 2015 or any other relevant or related requirement under the Act and other generally accepted accounting principles.
- 19.2 The amount of any inter-company balances and loans or advances between the Demerged Undertaking and the Resulting Company, if any, shall stand cancelled without any further act or deed, upon the Scheme coming into effect, and the amounts so cancelled shall not be recorded in the books of account of the Resulting Company.

In the books of the Demerged Company:

- a) The assets and the liabilities of the Demerged Undertaking shall be transferred to the Resulting Company at the carrying values appearing in books of accounts of the Demerged Company as on the Appointed Date and correspondingly reduce from its books of account, the carrying values of assets and the liabilities so transferred.
- b) With effect from the Appointed Date, the Demerged Company shall account for the Demerger of Demerged Undertaking in its books of account in compliance with the standards of accounting or any addendum thereto, as notified under Section 133 of the Act read with the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 (as may be applicable) and in accordance with prevailing guidelines and generally accepted accounting principles in India



- c) The difference between the amount of assets and liabilities so transferred shall be adjusted against the retained earnings of the Demerged Company.

In the books of the Resulting Company:

- a) Upon coming into effect of this Scheme and upon the arrangement becoming operative, the Resulting Company shall record the assets and liabilities comprised in the Demerged Undertaking transferred to and vested in it pursuant to this Scheme, at the respective carrying values as appearing the books of the Demerged Company;
- b) The Resulting Company shall credit the share capital account in its books of account with the aggregate face value of the Equity Shares of the Resulting Company issued to the shareholders of the Demerged Company; and
- c) Notwithstanding anything to the contrary herein, upon this Scheme becoming effective, the Resulting Company shall account the transaction in accordance with the standards of accounting or any addendum thereto as notified under Section 133 of the Act read with the Companies (Accounts) Rules, 2014 or Companies (Indian Accounting Standards) Rules, 2015 (as may be applicable) and in accordance with prevailing guidelines and generally accepted accounting principles in India.

The excess or deficit, if any, remaining after recording the aforesaid entries shall be credited/debited by the Resulting Company to the 'capital reserve account'.



PART IV

REDUCTION OF EQUITY SHARE CAPITAL OF THE RESULTING COMPANY

20. CANCELLATION OF EQUITY SHARE CAPITAL OF RESULTING COMPANY
RESULTING IN REDUCTION OF EQUITY SHARE CAPITAL

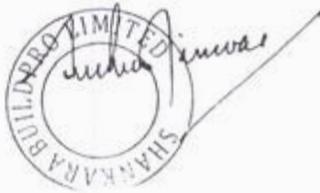
- 20.1 Upon allotment of new Equity Shares by the Resulting Company as per **Part II** of the Scheme to the shareholders of Demerged Company, the shareholding of Demerged Company in the Resulting Company, shall be cancelled in accordance with the order(s) of the NCLT sanctioning the Scheme under Sections 230 to 232 of the Act. After the cancellation of the initial share capital and issue of Equity Shares to the shareholders of Demerged Company, the shareholding pattern of the Resulting Company shall be the same as that of the Demerged Company. No consideration shall be payable to the existing shareholder (i.e., Demerged Company) of the Resulting Company on account of cancellation of such equity share capital pursuant to this clause.
- 20.2 Upon cancellation of the initial equity share capital of the Resulting Company as per **Clause 20.1** above, the equity share capital of the Resulting Company shall stand reduced to the extent of the nominal value of the shares cancelled.
- 20.3 The face value of the paid up Equity Shares so cancelled pursuant to the reduction by way of cancellation of the Equity Shares held by the Demerged Company and its nominees in the Resulting Company shall be added to the capital reserves of the Resulting Company.
- 20.4 Notwithstanding the reduction in the equity share capital of the Resulting Company, the Resulting Company shall not be required to add "And reduced" as a suffix to its name.
- 20.5 Upon registration of the Sanction Order and on allotment of Equity Shares in the Resulting Company, the reduction shall be deemed to take effect from the Effective

Date.



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- 20.6 The consent of shareholders of the Resulting Company, and the consent of the secured and unsecured creditors of the Resulting Company, if any, to the Scheme shall be deemed to be sufficient for the purpose of effecting reduction of share capital and no further resolution or action under any other provisions of the Act would be required to be separately passed or taken.
- 20.7 Since the said reduction is an integral part of the Scheme under Section 230 to 232 and will be made effective pursuant to the Sanction Order in terms of Sections 230 to 232 of the Act, the compliance of provisions of Section 66 of the Act shall not be applicable.
- 20.8 The Sanction Order shall also be deemed to be an order under Section 66 of the Act confirming the reduction.



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A handwritten signature in black ink, appearing to read "Shaikha Binwas", is written over a circular stamp. The stamp contains the text "SHANKARA BUILDING PRODUCTS LTD" around the perimeter.

PART V

GENERAL TERMS AND CONDITIONS APPLICABLE TO THIS SCHEME

21. COMPLETION

Upon obtaining the Sanction Order and upon completion of the conditionalities of the Scheme, as defined in **Clause 18** of this Scheme, the Demerged Company shall convene a meeting of its Board of Directors for confirming the assets, properties, liabilities and Employees transferred under the Demerged Undertaking, as may be modified based on mutual agreement in writing with the Resulting Company, provided that failure to hold such meeting will not render the Scheme ineffective.

22. VALIDITY OF EXISTING RESOLUTIONS

Upon the coming into effect of the Scheme, the resolutions, if any, passed by the Demerged Company relating to the Demerged Undertaking, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions passed by 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.

23. REMAINING BUSINESS

- 23.1 The Remaining Business of the Demerged Company and all the assets, liabilities and obligations pertaining thereto (including without limitation any liabilities arising on account of any regulatory and/ or governmental investigations and/ or actions involving or in relation to the Remaining Business of the Demerged Company) shall continue to belong to and be vested in and be managed by the Demerged Company.



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23.2 All legal or other proceedings (whether civil or criminal including before any Governmental Authority) by or against the Demerged Company under any Applicable Laws whether pending on Effective Date or which may be instituted at any time, and in each case relating to the liability, obligation or duties of the Demerged Company in respect of the Remaining Business shall be continued and enforced, solely after the Effective Date, by or against the Demerged Company only.

23.3 The Demerged Company shall carry on all business and activities pertaining or relating to the Remaining Business in their own name and on their own account.

24. APPLICATION TO THE NATIONAL COMPANY LAW TRIBUNAL

24.1 The Companies shall, make all necessary applications to SEBI/Stock Exchanges in connection with the Scheme and make applications and petitions to jurisdictional NCLT for sanctioning this Scheme under Sections 230 to 232 of the Act, including seeking such orders for convening and holding or alternatively, dispensing with requirements for convening and holding meetings of the shareholders and/or creditors of the Companies as may be directed by the NCLT and obtain such other approvals, as required by Applicable Law.

24.2 The Companies shall be entitled, pending the effectiveness of the Scheme, to apply to any Appropriate Authority, if required, under any Applicable Law for such consents and approvals, as agreed between the Companies, which the Companies may require to effect the transactions contemplated under the Scheme, in any case subject to the terms as may be mutually agreed between the Companies.


[Signature]


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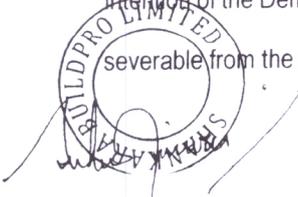
25. MODIFICATION OR AMENDMENTS TO THE SCHEME

25.1 The Demerged Company and the Resulting Company may make, acting through their respective Boards or mutually consent to, any modifications or amendments to the Scheme or to any conditions or limitations thereof, that the NCLT or any other competent authority, may deem fit to direct or impose, or which may otherwise be considered necessary or desirable, to solve all difficulties that may arise for carrying out the Scheme, and do all acts, deeds and things necessary for giving effect to the Scheme or the objectives thereof. The Demerged Company and the Resulting Company by their respective Board or such other person or persons, as the respective Board may authorize, including any committee or sub-committee thereof, shall be authorized to take all such steps as may be necessary, desirable or proper to give effect to this Scheme and to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.

25.2 For the purpose of giving effect to this Scheme or to any modification or amendments thereof or additions thereto, the delegate(s) and / or directors of the Demerged Company and the Resulting Company may give and are hereby authorized to determine and give all such directions as are necessary including directions for settling or removing any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

26. SEVERABILITY

26.1 If any part of this Scheme hereof is invalid, ruled illegal by the NCLT or any other competent authority, or unenforceable under present or future laws, then it is the intention of the Demerged Company and the Resulting Company that such part shall be severable from the remainder of the Scheme. Further, if the deletion of such part of this

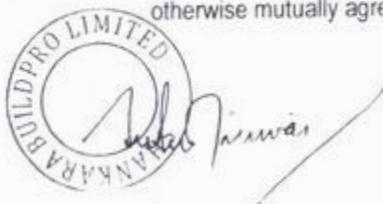


Scheme may cause this Scheme to become materially adverse to the Demerged Company and/ or the Resulting Company, then in such case the Demerged Company and the Resulting Company shall attempt to bring about a modification in the Scheme, as will best preserve for the Demerged Company and the Resulting Company, the benefits and obligations of the Scheme, including but not limited to such part.

- 26.2 If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the mutual agreement of the Demerged Company and the Resulting Company, affect the validity or implementation of the other parts and/or provisions of this Scheme.
- 26.3 The non-receipt of any sanctions or approvals for a particular asset or liability forming part of the Demerged Undertaking getting transferred pursuant to this Scheme, shall not affect the effectiveness of the other parts of the Scheme, subject to the decision of the Demerged Company and the Resulting Company through their respective Board of Directors.

27. EFFECT OF NON-RECEIPT OF APPROVALS

- 27.1 The Companies (jointly and not severally) shall be at liberty to withdraw this Scheme or any of its parts at any time as may be mutually agreed by the respective Board of the Companies prior to the Effective Date.
- 27.2 Upon the withdrawal of this Scheme or any of its parts as set out in **Clause 27.1** above, no rights and liabilities shall accrue to or be incurred by the respective Companies or their shareholders or creditors or employees or any other person. In such case, each Company shall bear its own costs and expenses or as may be otherwise mutually agreed.



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A circular stamp with the text "ANKARA BILDPRO LIMITED" around the perimeter. In the center, there is a handwritten signature in black ink.

28. REMOVAL OF DIFFICULTIES

28.1 The Companies through mutual consent and acting through their respective Board, jointly and as mutually agreed in writing may:

28.1.1. give such directions and agree to take steps, as may be necessary, desirable or proper, to resolve all doubts, difficulties or questions arising under this Scheme, whether by reason of any orders of NCLT or of any directive or orders of any Appropriate Authority, under or by virtue of this Scheme in relation to the arrangement contemplated in this Scheme and/or matters concerning or connected therewith or in regard to and of the meaning or interpretation of this Scheme or implementation thereof or in any manner whatsoever connected therewith, or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any of those to the extent permissible under Applicable Law; and/or

28.1.2. do all such acts, deeds and things as may be necessary, desirable or expedient for carrying the Scheme into effect.

29. AMENDMENT TO CONSTITUTIONAL DOCUMENTS

The Amendment of the Articles of Association of the Resulting Company.

29.1 The provisions of articles of association of the Resulting Company, if required, shall stand amended and restated to comply with provisions required for a listed company.

29.2 The amendments pursuant to the above **Clause 29.1** shall become operative on the Scheme becoming effective by virtue of the fact that the shareholders of the Resulting Company, while approving the Scheme as a whole, have approved and accorded the relevant consents as required under the Act for amendment of the Articles of Association of the Resulting Company and shall not be required to pass separate



resolutions under Section 14 or any other applicable provisions of the Act.

30. RESIDUAL PROVISIONS

30.1 This Scheme complies with the conditions relating to "demerger" as defined under Section 2(19AA), Section 47 and other relevant provisions of the IT Act and is intended to apply accordingly. If any terms or clauses of this Scheme are found to be or interpreted to be inconsistent with any of the relevant provisions of the IT Act (including the conditions set out therein), at a later date, whether as a result of a new enactment or any amendment or coming into force of any provision of the IT Act or any other Applicable Law or any judicial or executive interpretation or for any other reason whatsoever, the Demerged Company and the Resulting Company shall discuss in good faith to modify this Scheme in a mutually satisfactory manner that ensures compliance of this Scheme with such provisions.

30.2 Without prejudice to the aforesaid but subject to **Clauses 5, 6 & 7** of this Scheme, it is clarified that if any assets (estate, claims, rights, title, interest in or relating to such assets) or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Demerged Undertaking which the Demerged Company owns or to which the Demerged Company is a party to, cannot be transferred to or vested in the Resulting Company for any reason whatsoever:

(i) The Demerged Company shall hold such asset or contract, deeds, bonds, agreements, schemes, tenders, arrangements or other instruments of whatsoever nature in trust for the benefit of the Resulting Company, insofar as it is permissible so to do, till such time as their transfer or vesting in the Resulting Company is effected;

(ii) The Demerged Company and the Resulting Company shall, however, between themselves, treat each other as if all contracts, deeds, bonds, agreements,

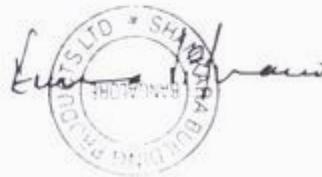


schemes, tenders, arrangements or other instruments of whatsoever nature in relation to the Demerged Undertaking had been transferred to the Resulting Company on the Effective Date; and

(iii) The Resulting Company shall perform or assist the Demerged Company in performing all of the obligations under those contracts, deeds, bonds, agreements, schemes, tenders, arrangements or other instruments of whatsoever nature, to be discharged after the Effective Date.

It is clarified that the Demerged Company and the Resulting Company may enter into contracts or arrangements, as may be required to give effect to the provisions of this clause and that any such transfer under the provisions hereof shall be deemed to be with effect from the Appointed Date as an integral part of the Scheme.

30.3 The mechanism or arrangement between the Demerged Company and Resulting Company, pursuant to **Clause 30.2** above, after the Effective Date, shall be based on the following principles (a) the Demerged Company shall not be responsible for performance of any obligations or for any liabilities arising from or in relation to the Demerged Undertaking; and shall not be entitled to any rights or to receive any benefits whatsoever in relation to the Demerged Undertaking; (b) the rights and liabilities in connection with the Demerged Undertaking, shall rest and be borne entirely and exclusively by Resulting Company, in each case, subject to any specific agreement executed by the Companies.



31. LISTING OF EQUITY SHARES OF THE RESULTING COMPANY

All shares of the Resulting Company will be listed and/or admitted to trading on the BSE and NSE, which have nation-wide trading terminals. The Resulting Company shall apply for listing of its shares on the BSE and NSE and enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with Applicable Law for the Resulting Company, including for seeking exemption from Rule 19(2)(b) of Securities Contracts (Regulation) Rules, 1957. The shares of the Resulting Company shall remain frozen in the depositories system till listing and trading permission is given by the designated Stock Exchange. There shall be no change in the shareholding pattern or control in the Resulting Company between the Record Date and the listing which may affect the status of approvals received from the Stock Exchanges, other than as provided in the Scheme. The Resulting Company will not issue/re-issue any shares, not covered under this Scheme, till the date of listing of the Resulting Company on the BSE and NSE pursuant to the Scheme.

32. COSTS, CHARGES AND EXPENSES

Except as otherwise provided anywhere in this Scheme, all the Taxes, costs, charges, and expenses (including stamp duty, registration charges and other related charges) arising out of or incurred in carrying out and implementing this Scheme and/or any matters incidental thereto shall be borne by the Demerged Company and the Resulting Company in equal proportion.

