


**SCHEME OF ARRANGEMENT**  
**BETWEEN**  
**PRABAL MOTORS PRIVATE LIMITED ("TRANSFEROR COMPANY" OR**  
**"DEMERGED COMPANY" OR "PMPL")**  
**AND**  
**POPULAR KUTTUKARAN CARS PRIVATE LIMITED ("TRANSFeree**  
**COMPANY" OR "RESULTING COMPANY" OR "PKCPL")**  
**AND**  
**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**  
**(Under Sections 391 to 394 of the Companies Act, 1956 and other**  
**applicable provisions of the Companies Act, 1956 and /or Companies**  
**Act, 2013, as may be applicable)**

---

**PREAMBLE**

1. This Scheme of Arrangement ("the Scheme") is presented under Sections 391 to 394 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956 or the Companies Act, 2013, as the case may be, including any statutory modifications or re-enactments and rules made thereunder and amendments thereof. The Scheme provides for demerger of Demerged Undertaking (defined hereunder) of Prabal Motors Private Limited ("the Transferor Company" or "Demerged Company" or "PMPL") into Popular Kuttukaran Cars Private Limited ("the Transferee Company" or "Resulting Company" or "PKCPL").
  
2. Rationale of the proposed Scheme is as under:
  - Segregation of businesses;
  - Achieving operational and managerial efficiency; and
  - Management focus and enhanced flexibility.
  - Attribution of appropriate risk and valuation to different business based on their respective risk return profile and cash flows; and
  - Increase in ability to raise funds from investors which would enhance shareholders' value.

For PRABAL MOTORS PRIVATE LIMITED

*Prabal.*  
  
Director

For POPULAR KUTTUKARAN CARS (P) LTD.

*PKC*  
  
FRANCIS K. PAUL  
DIRECTOR  
*PKP*

3. The Scheme is divided into the following Parts:


- (i) **PART I** deals with the Definitions and the Share Capital
- (ii) **PART II** deals with the demerger of the Demerged Undertaking of PMPL into PKCPL;
- (iii) **PART III** deals with the General Terms and Conditions that will be applicable to the entire Scheme.

### **PART I - DEFINITIONS AND SHARE CAPITAL**

#### **1. DEFINITIONS**


In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meaning:

- 1.1 **“Act”** means the Companies Act, 1956 or the Companies Act, 2013, as the case may be, including any statutory modifications or re-enactments and rules made thereunder and amendments thereof;
- 1.2 **“Appointed Date”** means the 1<sup>st</sup> day of April 2016 or such other date as may be fixed or approved by the High Court or National Company Law Tribunal, as and when applicable;
- 1.3 **“Board”** means the Board of Directors of PMPL and PKCPL or any Committee of Directors constituted or appointed and authorized to take any decision for the implementation of this Scheme on behalf of such Board of Directors;
- 1.4 **“Court” or “High Court”** means the High Court of Kerala and shall include the National Company Law Tribunal, if applicable;
- 1.5 **“Demerged Undertaking” or “Benz Business Undertaking”** means the business carried on by PMPL relating to dealership of Bharat Benz and all allied activities performed for cars manufactured under the brand Bharat Benz carried out by PMPL as a going concern and shall

For PRABAL MOTORS PRIVATE LIMITED  
  
Director

2

For POPULAR KUTTUKARAN CARS (P) LTD.

  
7 APR

FRANCIS K. PAUL  
DIRECTOR

include (without limitation) the following (herein after referred to as the Demerged Undertaking):

- (a) All the assets and properties of PMPL as on the Appointed Date (hereinafter referred to as "the said assets") pertaining to the Demerged Undertaking;
- (b) All the debts, liabilities, duties and obligations including contingent liabilities of PMPL pertaining to the Demerged Undertaking;
- (c) Without prejudice to the generality of above, the Demerged Undertaking shall include the movable and immovable properties (including land and building), plant and machinery, spares, furniture, fixtures, vehicles, leasehold assets and other properties, real, corporeal and incorporeal, in possession or reversion, present and contingent assets (whether tangible or intangible) of whatsoever nature, assets including cash in hand, bank balance, investments including investments as on the Effective Date, but other than those forming part of the Remaining Business of PMPL, claims, powers, authorities, allotments, approvals, consents, letters of intent, registrations, licenses, contracts, agreements, engagements, arrangements, rights, credits, titles, dealership rights/contract, interests, benefits, advantages, leasehold rights, sub-letting tenancy rights, with or without the consent of the landlord as may be required, goodwill, other intangibles, permits, authorisations, trademarks, trade names, brands, patents, patent rights, copyrights, designs, and other industrial and intellectual properties and rights of any nature whatsoever including labels, designs, know-how, domain names, or any applications for the above, assignments and grants in respect thereof, import quotas and other quota rights, right to use and avail of telephones, telex, facsimile and other communication facilities, connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds, and benefits of all agreements,

For PRABHA MOTORS PRIVATE LIMITED

  
Director

3

For POPULAR KUTTUKARAN CABS (P) LTD.

  
FRANCIS K. PAUL  
DIRECTOR



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

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

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

- i. Liabilities which arise out of the activities or operations of the Demerged Undertaking of PMPL;
- ii. Specific loans and borrowings raised, incurred and utilized solely for the activities or operation of the Demerged Undertaking of PMPL;
- iii. Liabilities other than those referred to in sub-clauses (i) and (ii) above and not directly relatable to the Remaining Undertaking of PMPL being the amounts of general or

For KRABAL MOTORS PRIVATE LIMITED

  
Director

For POPULAR KUTTUKARAN CARS (P) LTD.

4

  
FRANCIS K. PAUL  
DIRECTOR

multipurpose borrowings of PMPL shall be allocated to the Demerged Undertaking of PMPL in the same proportion which the value of the assets transferred under this clause bears to the total value of the assets of PMPL immediately before giving effect to this Scheme.

- (e) Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the Demerged Undertaking of PMPL or whether it arises out of the activities or operations of the Demerged Undertaking of PMPL shall be decided by mutual agreement between the Board of Directors of PMPL and PKCPL.

- 1.6 **“Effective Date”** means the date on which the certified copies of the orders sanctioning this Scheme, passed by the High Court of Kerala or the National Company Law Tribunal, if applicable, are filed with the Registrar of Companies, Ernakulam.

References in this Scheme to the date of **“coming into effect of this Scheme”** or **“upon the Scheme being effective”** shall mean the Effective Date.

- 1.7 **“PKCPL” or “the Transferee Company” or “the Resulting Company”** means Popular Kuttukaran Cars Private Limited, a Company incorporated under the Companies Act, 1956 and having its registered office at 32/2571 H, II Floor, Kuttukaran Towers, Mamangalam, Palarivattom P.O., Ernakulam- 682 025. Kerala, India.

- 1.8 **“PMPL” or “the Transferor Company” or “the Demerged Company”** means Prabal Motors Private Limited, a Company incorporated under the Companies Act, 1956 and having its registered office at 32/2571-H, Kuttukaran Centre, Mamangalam, Palarivattom PO, Ernakulam, Kerala 682 025.

For PRABAL MOTORS PRIVATE LIMITED  
  
Director

For POPULAR KUTTUKARAN CARS (P) LTD.  
  
FRANCIS K. PAUL  
DIRECTOR

1.9 **“Remaining Business of PMPL”** means all business and undertaking of PMPL other than the Demerged Undertaking.

1.10 **“Scheme” or “the Scheme” or “this Scheme”** means this Scheme of Arrangement in its present form or with any modification(s) made under Clause 16 of this Scheme as approved or directed by the High Court.

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.

## 2. **DATE OF TAKING EFFECT AND OPERATIVE DATE**

The Scheme as set out herein in its present form or with any modification(s) and amendment(s) made under Clause 16 of the Scheme shall be effective from the Appointed Date but shall be operative from the Effective Date.

## 3. **SHARE CAPITAL**

3.1 The share capital of PMPL as on March 31, 2015 was as under:

<b>Particulars</b>	<b>Amount in (Rs)</b>
<b>Authorised Capital</b> 20,00,000 Equity Shares of Rs.10 each	2,00,00,000
<b>TOTAL</b>	<b>2,00,00,000</b>
<b>Issued, Subscribed and Paid up Capital</b> 20,00,000 Equity Shares of Rs.10 each, fully paid up	2,00,00,000
<b>TOTAL</b>	<b>2,00,00,000</b>

As on the date of this Scheme being approved by the Board of Directors of PMPL, there has been no change in its authorised, issued, subscribed and paid-up share capital.

For PRADIAL MOTORS PRIVATE LIMITED  
  
Director

6

For POPULAR KUTTUKARAN CARS (P) LTD.  
  
FRANCIS K. PAUL  
DIRECTOR



3.2 The share capital of PKCPL as on March 31, 2015 was as under:

<b>Particulars</b>	<b>Amount in (Rs)</b>
<b>Authorised Capital</b>	
10,000 Equity Shares of Rs.10 each	1,00,000
<b>TOTAL</b>	<b>1,00,000</b>
<b>Issued, Subscribed and Paid up Capital</b>	
10,000 Equity Shares of Rs.10 each, fully paid up	1,00,000
<b>TOTAL</b>	<b>1,00,000</b>

As on the date of this Scheme being approved by the Board of Directors of PKCPL, there has been no change in its authorised, issued, subscribed and paid-up share capital.

## **PART II - DEMERGER**

### **DEMERGER OF DEMERGED UNDERTAKING OF PMPL INTO PKCPL**

#### **4. DEMERGER OF DEMERGED UNDERTAKING OF PMPL**

4.1 With effect from the Appointed Date, the Demerged Undertaking of PMPL shall, in accordance with Section 2(19AA) of the Income Tax Act, 1961, stand transferred to and vested in or deemed to be transferred to and vested in PKCPL as a going concern and all the properties whether moveable or immovable, real or personal, corporeal or incorporeal, present or contingent including but without being limited to all assets, fixed assets, spares, development rights, work in progress, current assets, deposits, investments, reserves, provisions, funds, licenses, registrations, patents, trade names, trademarks, leases, tenancy rights, flats, telephones, telexes, facsimile, connections, email connections, internet connections, installations

For PRABAL MOTORS PRIVATE LIMITED

  
Director

7

For POPULAR KUTTUKARAN COOP (P) LTD.

  
FRANCIS K. PAUL

DIRECTOR

and utilities, benefits of agreements and arrangements, powers, authorities, permits, allotments, approvals, permissions, sanctions, consents, privileges, liberties, easements and all the rights, titles, interests, other benefits (including tax benefits), tax holiday benefit, incentives, credits (including tax credits), tax losses and advantages of whatsoever nature and where so ever situated belonging to or in possession of or granted in favour of or enjoyed by Demerged Undertaking of PMPL shall be transferred to and vested in or deemed to be transferred to and vested in PKCPL in the following manner:

- 4.1.1 With effect from the Appointed Date, the whole of the said assets, as aforesaid, of Demerged Undertaking of PMPL, except for the portions specified in Clauses 4.1.2 and 4.1.3 below, of whatsoever nature and where so ever situated and incapable of passing by manual delivery and/or endorsement or otherwise however, shall, under the provisions of Sections 391 and 394 and all other provisions, if any of the Act, without any further act or deed be transferred to and vested in and/or deemed to be transferred to and vested in PKCPL so as to vest in PKCPL all the rights, title and interest of Demerged Undertaking of PMPL therein.
- 4.1.2 With effect from the Appointed Date, all the moveable assets including cash in hand, if any, of Demerged Undertaking of PMPL, capable of passing by manual delivery or by endorsement and delivery shall be so delivered or endorsed and delivered as the case may be to PKCPL. On such delivery or endorsement and delivery, the same shall become the property of PKCPL to the end and intent that the ownership and property therein passes to PKCPL on such handing over in pursuance of the provisions of Section 394 of the Act.
- 4.1.3 In respect of the moveable properties of Demerged Undertaking of PMPL other than specified in Clause 4.1.2 above, including

For PRABAL MOTORS PRIVATE LIMITED<sup>8</sup>  
  
Director

For POPULAR KUTTUKARAN CABO (P) LTD.

  
FRANCIS K. PAUL  
DIRECTOR



sundry debtors, loans receivable, advances, if any, recoverable in cash or kind or for value to be received, bank balances and deposits, if any, with the Government, semi-Government, local and other authorities and bodies, companies, firm, individuals, trusts, etc., PKCPL may, at any time after coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, give notices in such form as it may deem fit and proper, to each person, debtors or depositors, as the case may be, that pursuant to the High Court having sanctioned the Scheme, the said debt, loan receivable, advance or deposit be paid or made good or held on account PKCPL as the person entitled thereto to the end and intent that the right of PMPL to recover or realize all such debts (including the debts payable by such persons or depositors to PMPL) stands transferred and assigned to PKCPL and that appropriate entries should be passed in their respective books to record the aforesaid change.

With effect from the Appointed Date, all debts, liabilities, duties, obligations of every kind, nature and description including all income taxes, excise duty, custom duty, sales tax, value added tax, service tax and other government and semi government liabilities of Demerged Undertaking of PMPL shall also, under the provisions of Sections 391 and 394 of the Act without any further act or deed be transferred or deemed to be transferred to PKCPL so as to become as from the Appointed Date the debts, liabilities, duties, obligations of PKCPL and further that all the debts, liabilities, duties, obligations, taxes etc. as aforesaid of Demerged Undertaking of PMPL incurred/contracted during the period commencing from the Appointed Date till the Effective Date shall be deemed to have been incurred/contracted by PKCPL and shall be deemed to be the debts, liabilities and obligations of PKCPL and further that it

For PRABAL MOTORS PRIVATE LIMITED

  
Director

9

For POPULAR KUTTUKARAN CARS (P) LTD.

  
FRANCIS K. PAUL  
DIRECTOR

shall not be necessary to obtain consent of any person in order to give effect to the provisions of this clause.


- 4.2 The transfer and/or vesting of the properties as aforesaid shall be subject to the charges, hypothecation and mortgages as on the Effective Date, if any, over or in respect of all the said assets or any part thereof of Demerged Undertaking of PMPL.

Provided that the Scheme shall not operate to enlarge the security of any loan, deposit or facility created by or available to Demerged Undertaking of PMPL which shall vest in PKCPL by virtue of the Scheme and PKCPL shall not be obliged to create any further or additional security therefore after the Scheme has become effective or otherwise.

- 4.3 Without prejudice to the generality of the forgoing, it is clarified that upon the coming into effect of this Scheme, all permits, authorizations, licenses, consents, registrations, approvals, municipal permissions, industrial licenses, registrations, privileges, easements and advantages, facilities, rights, powers and interest (whether vested or contingent), pertaining to the Demerged Undertaking of PMPL shall stand transferred to and vested in or shall be deemed to be transferred to and vested in PKCPL as if the same were originally given or issued to or executed in favour of PKCPL, and the rights and benefits under the same shall be available to PKCPL.

- 4.4 All cheques and other negotiable instruments, payment order, electronic fund transfers (like NEFT, RTGS, etc.) received or presented for encashment which are in the name of PMPL (in relation to Demerged Undertaking) after the Effective Date shall be accepted by the bankers of PKCPL and credited to the account of PKCPL, if presented by PKCPL or received through electronic transfers. Similarly, the bankers of PKCPL shall honour all cheques/electronic fund transfer instructions issued by PMPL (in relation to Demerged

For POPULAR KUTTUKARAN CARS (P) LTD.

For PRABAL MOTORS PRIVATE LIMITED  
  
Director

  
FRANCIS K. PAUL  
DIRECTOR

Undertaking) for payment after the Effective Date. If required, the bankers of PMPL shall allow maintaining and operating of the bank accounts (including banking transactions carried out electronically) in the name of PMPL by PKCPL in relation to the Demerged Undertaking for such time as may be determined to be necessary by PKCPL for presentation and deposition of cheques, pay order and electronic transfers that have been issued/made in the name of PKCPL.

- 4.5 The Scheme has been drawn up to comply with the conditions relating to "Demerger" as specified under Section 2(19AA) of the Income-tax Act, 1961. If any terms or provisions of the Scheme is/are inconsistent with the provisions of Section 2(19AA) of the Income-tax Act, 1961, the provisions of Section 2(19AA) of the Income-tax Act shall prevail and the Scheme shall stand modified to the extent necessary to comply with Section 2(19AA) of the Income-tax Act, 1961, such modification to not affect other terms or provisions of the Scheme.
- 4.6 Upon the Scheme becoming effective, PMPL and PKCPL are expressly permitted to revise its financial statements and returns along with prescribed forms, filings and annexures under the Income Tax Act, 1961, central sales tax, applicable state value added tax, service tax laws, excise duty laws and other tax laws, and to claim refunds and/or credit for taxes paid (including, tax deducted at source, wealth tax, etc) and for matters incidental thereto, if required to give effect to the provisions of the Scheme.
- 4.7 Any tax liabilities under the Income Tax Act, 1961, 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 of Demerged Undertaking of PMPL to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date shall be transferred to PKCPL.

For PRABAL MOTORS PRIVATE LIMITED  
  
Director

For POPULAR KUTTUKARAN CARS (P) LTD.

  
FRANCIS K. PAUL  
DIRECTOR



4.8 Any refund, under the Income Tax Act, 1961, 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 PMPL in relation to the Demerged Undertaking consequent to the assessment made on PKCPL 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 PKCPL upon this Scheme becoming effective.

4.9 Without prejudice to the generality of the above, all benefits, incentives, losses, credits (including, without limitation income tax, tax deducted at source, wealth tax, service tax, excise duty, central sales tax, applicable state value added tax etc.) to which Demerged Undertaking of PMPL is entitled to in terms of applicable laws, shall be available to and vest in PKCPL, upon this Scheme coming into effect.

## 5. LEGAL PROCEEDINGS

5.1 All legal proceedings (including but not limited to arbitration proceedings, proceedings in relation to cheques and other negotiable instruments, payment orders received or presented for encashment, etc.) of whatsoever nature by or against PMPL in relation to the Demerged Undertaking pending and/or arising at the Appointed Date, as and from the Effective Date shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against PKCPL in the manner and to the same extent as would or might have been continued and enforced by or against PMPL as if the Scheme had not been made.

5.2 All tax assessment proceedings/appeals of whatsoever nature by or against PMPL in relation to the Demerged Undertaking pending and/or arising at the Appointed Date and relating to Demerged Undertaking of PMPL shall be continued and/or enforced until the Effective Date by PMPL. In the event of PMPL failing to continue or enforce any

For PRADAL MOTORS PRIVATE LIMITED

Director

For POPULAR KUTTUKARAN CARS (P) LTD.

FRANCIS K. PAUL  
DIRECTOR


proceeding/appeal, the same may be continued or enforced by PKCPL, at the cost of PKCPL. As and from the Effective Date, the tax proceedings shall be continued and enforced by or against PKCPL in the same manner and to the same extent as would or might have been continued and enforced by or against PMPL.

- 5.3 Further, the aforementioned proceedings shall not abate or be discontinued nor be in any way prejudicially affected by reason of the demerger of Demerged Undertaking of PMPL into PKCPL or anything contained in the Scheme.
- 5.4 On and from the Effective Date, PKCPL shall and may, if required, initiate any legal proceedings in relation to the business of Demerged Undertaking of PMPL.

## **6. CONTRACTS, DEEDS AND OTHER INSTRUMENTS**

Subject to the other provisions of the Scheme, all contracts, (including but not limited to customer contracts, leave and licence, service contracts, supplier contracts and all related writings), schemes, assurances, licenses, insurance policies, guarantees, deeds, bonds, agreements, arrangements and other instruments (including all tenancies, leases, and other assurances in favour of or given by PMPL in relation to the Demerged Undertaking or powers or authorities granted by or to it) of whatsoever nature to which PMPL is a party, or the benefit to which PMPL may be eligible, subsisting or operative immediately on or before the Effective Date, shall be in full force and effect against or in favour of PKCPL and may be enforced as fully and effectively as if instead of PMPL, PKCPL had been a party or beneficiary thereto. PKCPL shall enter into and/or issue and/or execute deeds, in writings or confirmation or enter into any tripartite agreement, confirmations or novations to which PMPL will, if necessary, also be a party in order to give formal effect to the provisions of this Scheme, if so required or becomes necessary. Further, PKCPL shall be deemed to be authorised to execute any such deeds, writings or confirmations on

For PRABHAKTORS PRIVATE LIMITED

  
Director

For POPULAR KUTTUKARAN CARS (P) LTD.

  
FRANCIS K. PAUL  
DIRECTOR



behalf of PMPL and to implement or carry out all formalities required on the part of PMPL to give effect to the provisions of this Scheme.

**7. TREATMENT OF STAFF, WORKMEN AND EMPLOYEES**

7.1 On the Scheme becoming effective, all staff, workmen and employees pertaining to Demerged Undertaking of PMPL, who are in service on the date immediately preceding the Effective Date shall become staff, workmen and employees of PKCPL, without any break or interruption in their services, on same terms and conditions on which they are engaged as on the Effective Date. PKCPL further agrees that for the purpose of payment of any retirement benefit/compensation, such immediate uninterrupted past services with PMPL shall also be taken into account.

7.2 It is expressly provided that so far as the Provident Fund, Gratuity Fund, Superannuation Fund, Employees' State Insurance Corporation Contribution, Labour Welfare Fund or any other special fund created or existing for the benefit of the staff, workmen and employees of Demerged Undertaking of PMPL is concerned, upon the Scheme coming into effect, PKCPL shall stand substituted for PMPL for all the purposes whatsoever in relation to administration or operation of such Funds in accordance with provisions of such Funds according to the terms provided in the respective trust deeds or other documents. It is the aim and intent that all the rights, duties, powers and obligations of PMPL in relation to such Funds shall become those of PKCPL. The Trustees including the Board of Directors of PMPL and PKCPL shall be entitled to adopt such course in this regard as may be advised, provided however that there shall be no discontinuation or breakage in the services of the employees of PMPL in relation to the Demerged Undertaking.

**8. CONDUCT OF BUSINESSES UNTIL EFFECTIVE DATE**

8.1 With effect from the Appointed Date and upto and including the Effective Date, PMPL, in relation to the Demerged Undertaking:

For PRABAL MOTORS PRIVATE LIMITED  
  
Director

For POPULAR KUTTUKARAN CARBON LTD.  
  
FRANCIS K. PAUL  
DIRECTOR



8.1.1 shall carry on and be deemed to be carrying on all its business and activities and stand possessed of its properties and assets for and on account of and in trust of PKCPL and all the profits/reserves accruing to Demerged Undertaking of PMPL or losses arising or incurred by it shall, for all purposes, be treated as the profits/reserves or losses of PKCPL as the case may be;

8.1.2 hereby undertakes to carry on its business until the Effective Date with reasonable diligence and shall not, without the written consent of PKCPL, alienate, charge or otherwise deal with the said undertaking or any part thereof except in the ordinary course of its business;

8.1.3 shall not vary the terms and conditions of the employment of its employees except in the ordinary course of business;

8.1.4 shall not, without the written consent of PKCPL, undertake any new business;

8.1.5 shall not issue or allot any right shares or bonus shares out of its authorised or unissued share capital for the time being.

The restrictions in sub clauses in 8.1.3, 8.1.4 and 8.1.5 above shall be applicable from the date of acceptance of present scheme by the boards of PMPL and PKCPL and not from the Appointed Date.

8.2 The tax payments (including, without limitation income tax, service tax, excise duty, central sales tax, applicable state value added tax, etc.) whether by way of tax deducted at source, advance tax or otherwise howsoever, by PMPL in relation to the Demerged Undertaking after the Appointed Date till the Effective Date, shall be deemed to be paid by PKCPL and shall, in all proceedings, be dealt with accordingly.

For PRABA MOTORS PRIVATE LIMITED  
  
15  
Director

For POPULAR KUTTUKARAN CARS (P) LTD.

  
1  
FRANCIS K. PAUL  
DIRECTOR

- 8.3 Further, any tax deducted at source by PMPL in relation to the Demerged Undertaking, if any, from Appointed Date to Effective Date, shall be deemed to be advance tax paid by PKCPL and shall, in all proceedings, be dealt with accordingly.
- 8.4 Obligation for deduction of tax at source on any payment made by or to be made by PMPL in relation to the Demerged Undertaking shall be made or deemed to have been made and duly complied with by PKCPL.
- 8.5 PKCPL shall be entitled, pending the sanction of the Scheme, to apply to the Central Government and all other agencies, departments and authorities concerned as are necessary under any law, contract or are otherwise considered necessary, for such consents, approvals and sanctions which PKCPL may require to effectually own and operate the business of Demerged Undertaking of PMPL.
- 8.6 With effect from the Effective Date, PKCPL shall commence and carry on and shall be authorized to carry on the business carried on by the Demerged Undertaking of PMPL in addition to the business of PKCPL.

## 9. CONSIDERATION

- 9.1 Upon the coming into effect of this Scheme and in consideration of transfer and vesting of the Demerged Undertaking of PMPL into PKCPL, PKCPL shall without any further application or deed, issue and allot preference shares, credited as fully paid up, to the extent and as indicated below, to the members of PMPL, whose names appear in the Register of Members of the PMPL, as on the Effective Date or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title, as the case may be:

*"1 (One) 0.01% redeemable preference share of Rs. 10 each, fully paid up of PKCPL to be issued for every 100 (Hundred) equity shares of Rs.10 each held by the shareholders of PMPL"*

For POPULAR KUTTUKARAN CARS (P) LTD.

For PRABAL MOTORS PRIVATE LIMITED  
*Nanendy*  
16  
Director

*OKP*  
FRANCIS K. PAUL  
DIRECTOR

- 9.2 In case the shareholder's equity shareholding in PMPL is such that the shareholder becomes entitled, pursuant to clause 9.1 above, to a fraction of a preference share of PKCPL, PKCPL shall round off the said entitlement to the nearest integer and allot preference shares accordingly.
- 9.3 PKCPL shall take necessary steps to increase or alter, if necessary, its Authorised Share Capital suitably to enable it to issue and allot the preference shares pursuant to this Scheme.
- 9.4 PKCPL, shall, if and to the extent required, apply for and obtain any approvals from concerned regulatory authorities for the issue and allotment of preference shares, under the Scheme.
- 9.5 The preference shares issued and allotted by PKCPL, in terms clause 9.1 of this Scheme shall be subject to the provisions of Memorandum and Articles of Association of PKCPL.

#### **10. ACCOUNTING TREATMENT IN BOOKS OF PKCPL**

- 10.1 Upon the Scheme becoming effective and from the Appointed Date, PKCPL shall record the assets and liabilities pertaining to the Demerged Undertaking of PMPL at their respective book values.
- 10.2 Loans and advances and other dues outstanding between PKCPL and PMPL, to the extent it relates to the Demerged Undertaking of PMPL, if any, will stand cancelled and there shall be no further obligation/outstanding in that behalf.
- 10.3 PKCPL shall credit to its share capital account the aggregate face value of the preference shares issued by it to the shareholders of PMPL.
- 10.4 The difference between the net assets of Demerged Undertaking of PMPL acquired and recorded by PKCPL after making adjustments in terms of clause 10.2 above as reduced by the face value of preference

For PRABAL MOTORS PRIVATE LIMITED

  
Director

For POPULAR KUTTIKARAN CARS (P) LTD.

  
FRANCIS K. PAUL  
DIRECTOR



shares issued by it in terms of Clause 9.1 above, if surplus, shall be credited to Capital Reserve Account. In case of a deficit, the same shall be debited to Goodwill Account.

- 10.5 In case of any difference in accounting policy between PMPL and PKCPL with respect to the Demerged Undertaking of PMPL, the impact of the same till the Appointed Date will be quantified and adjusted in the reserves of PKCPL to ensure that the financial statements of PKCPL reflect the financial position on the basis of consistent accounting policy.

#### **11. ACCOUNTING TREATMENT IN BOOKS OF PMPL**

- 11.1 Upon the Scheme becoming effective, PMPL shall reduce the book value of all the assets and liabilities relating or pertaining to Demerged Undertaking.
- 11.2 The difference in the book value of assets over book value of liabilities transferred will be credited to the Capital Reserve Account of PMPL.

#### **12. CHANGE OF NAME**

- 12.1 Upon the Scheme becoming effective, with effect from the Appointed Date, the name of PKCPL shall be changed to 'Prabal Motors Private Limited' or such other name as may be approved by the Ministry of Corporate Affairs, subject to PKCPL filing all necessary forms and applications with the Ministry of Corporate Affairs in this regard. Approval of the shareholders of PKCPL to the Scheme shall be considered as the approval required under the provisions of Companies Act, 1956 or any corresponding provisions of the Companies Act, 2013 for such change of name.
- 12.2 Upon the Scheme becoming effective, with effect from the Appointed Date, the name of PMPL may be changed to 'Popular Kuttukaran Cars Private Limited' or such other name as may be approved by the

For PRABAL MOTORS PRIVATE LIMITED  
  
Director

For POPULAR KUTTUKARAN CARS (P) LTD.  
  
FRANCIS K. PAUL  
DIRECTOR

Ministry of Corporate Affairs, subject to PMPL filing all necessary forms and applications with the Ministry of Corporate Affairs in this regard. Approval of the shareholders of PMPL to the Scheme shall be considered as the approval required under the provisions of Companies Act, 1956 or any corresponding provisions of the Companies Act, 2013 for such change of name.

### **13. REMAINING BUSINESS OF PMPL**

13.1 It is clarified that, the Remaining Business of PMPL shall continue with PMPL as follows:

- (a) Remaining Business of PMPL and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and managed by PMPL.
- (b) All legal, taxation and/or other proceedings whether civil or criminal (including proceedings before any statutory or quasi-judicial authority or tribunal) by or against PMPL under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to the Remaining Business of PMPL (including those relating to any property, right, power, liability, obligation or duties of PMPL in respect of the Remaining Business of PMPL) shall be continued and enforced by or against PMPL.

13.2 With effect from the Appointed Date and upto and including the Effective Date:

- (a) PMPL shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Business of PMPL for and on its own behalf;
- (b) all profits accruing to PMPL thereon or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Remaining Business of PMPL shall, for all purposes, be treated as the profits or losses, as the case may be, of PMPL; and

For PRABAL MOTORS PRIVATE LIMITED  
  
Director

For POPULAR KUTTUKARAN CARS (P) LTD.

  
FRANCIS K. PAUL  
DIRECTOR

- (c) All assets and properties acquired by PMPL in relation to the Remaining Business of PMPL on and after the Appointed Date shall belong to and continue to remain vested in PMPL.

**14. SAVING OF CONCLUDED TRANSACTIONS**

The transfer and vesting of businesses under Clause 4 above and the continuance of proceedings by or against PKCPL above shall not affect any transaction or proceedings already concluded by PMPL in relation to the Demerged Undertaking before Effective Date, to the end and intent that PKCPL accepts and adopts all acts, deeds and things done and executed by PMPL in respect thereto as done and executed on behalf of itself.

**PART III**

**GENERAL TERMS & CONDITIONS**

**15. APPLICATION TO THE HIGH COURT**

15.1 PMPL and PKCPL, shall with all reasonable dispatch, make applications to the High Court or such other appropriate authority under Sections 391 of the Act, seeking orders for dispensing with or convening, holding and conducting of the meetings of the respective classes of the members and /or creditors of each of PMPL and PKCPL as may be directed by the High Court or such other appropriate authority.

15.2 On the Scheme being agreed to by the requisite majorities of the classes of the members and/or creditors of PMPL and PKCPL as directed by the High Court or such other appropriate authority, PMPL and PKCPL, if required, shall, with all reasonable dispatch, apply to the High Court or such other appropriate authority for sanctioning the Scheme under Sections 391 to 394 of the Act, and for such other order or orders, as the said High Court or such other

For PRABAL MOTORS PRIVATE LIMITED 20  
  
Director

For POPULAR KUTTUKARAN CARS (P) LTD.

  
FRANCIS K. PAUL  
DIRECTOR



appropriate authority may deem fit for carrying this Scheme into effect.

**16. MODIFICATION / AMENDMENT TO THE SCHEME**

Subject to approval of High Court, the Board of Directors of respective companies, may consent, on behalf of all persons concerned, to any modifications or amendments of the Scheme or to any conditions or limitations that the High Court may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them (i.e. the Board of Directors) and solve all difficulties that may arise for carrying out the Scheme and do all acts, deeds and things necessary for putting the Scheme into effect. For the purpose of giving effect to this Scheme or to any modification thereof, the Board of Directors of PMPL and PKCPL be and are hereby authorised to give such directions and to take all such steps as may be necessary, desirable or proper to give effect to this Scheme and to resolve any doubt, difficulties whether by reason of any direction or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of this Scheme and/or any matters concerning or connected therewith.

**17. CONDITIONALITY OF THE SCHEME**

The Scheme is conditional upon and subject to the following:

- 17.1 The Scheme being approved by the requisite consent of the members and/or creditors of PMPL and PKCPL as may be directed by the High Court;
- 17.2 The sanction of the High Court under Section 391 to 394 of the Companies Act, 1956 in favour of PMPL and PKCPL under the said provisions and to the necessary order under Section 394 of the Act being obtained;

For PRABAL MOTORS PRIVATE LIMITED  
  
21  
Director

For POPULAR KUTTIKARAN CARRIAGE LTD.  
  
FRANCIS K. PAUL  
DIRECTOR

- 17.3 The requisite consent, approval or permission of any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme;
- 17.4 Certified copy of the order of the High Court sanctioning the Scheme being filed with the Registrar of Companies at Ernakulam by PMPL and PKCPL, as may be applicable.

**18. EFFECT OF NON-RECEIPT OF APPROVALS/SANCTIONS**

In the event of any of the said sanctions and approvals referred to in the preceding Clause not being obtained and/or the Scheme not being sanctioned by the High Court, this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law. Each party shall bear and pay its respective costs, charges and expenses for and or in connection with the Scheme.

**19. COSTS, CHARGES & EXPENSES**

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed), incurred in carrying out and implementing this Scheme and matters incidentals thereto, shall be borne by PKCPL.

**20. MISCELLANEOUS**

If any part of this Scheme hereof is invalid, ruled illegal by any Court of competent jurisdiction or unenforceable under present or future laws, then it is the intention of the parties to the Scheme that such part shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in

For PRABAL MOTORS PRIVATE LIMITED

  
Director

For POPULAR KUTTUKARAN CARS (P) LTD.


  
FRANCIS K. PAUL  
DIRECTOR

which case the parties to the Scheme shall attempt to bring about a modification in the Scheme, as will best preserve for such parties the benefits and obligations of the Scheme, including but not limited to such part.

**SCHEDULE I**

TERMS AND CONDITIONS FOR ISSUE OF PREFERENCE SHARES BY  
PKCPL TO RESIDENT SHAREHOLDERS OF PMPL

Issuer	PKCPL
Instrument	Non-Cumulative Redeemable Preference Shares
Face value	Rs. 10 per Preference Share
Coupon Rate	0.01% per annum Non-Cumulative
Redemption	To be redeemed at the end of 20 years from the date of allotment
Call Option	PKCPL will have an option to redeem the Preference Shares at any time after the end of 6 months from the date of allotment. PKCPL, upon exercise of such option or on redemption, will pay the amount of face value of the Preference Shares along with dividend accrued up to that date, if any. PKCPL's liability to the Preference Shareholders shall stand extinguished from the date of dispatch of the cheques / pay order for the redemption amount along with dividend, if any.

For PRABAL MOTORS PRIVATE LIMITED  
  
 Director  
 23

For POPULAR KUTTUKARAN CARS (P) LTD.  
  
 FRANCIS K. PAUL  
 DIRECTOR