

**COMPOSITE SCHEME OF ARRANGEMENT**

**UNDER SECTIONS 230 TO 232 READ WITH OTHER APPLICABLE PROVISIONS OF  
THE COMPANIES ACT, 2013**

**AMONGST**

**SAEL LIMITED  
("SAEL" OR "DEMERGED COMPANY 1")**

**AND**

**SAEL INDUSTRIES LIMITED  
("SIL" OR "RESULTING COMPANY 1" OR "DEMERGED COMPANY 2")**

**AND**

**SAPPHIRE AGRI WAREHOUSING PRIVATE LIMITED  
("SAWPL" OR "RESULTING COMPANY 2")**

**AND**

**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

This Composite Scheme of Arrangement ("Scheme") is presented pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, and provides for the:

- a) Demerger of the Demerged Undertaking 1 (as defined hereinafter) of the Demerged Company 1 and vesting of the same in the Resulting Company 1; and
- b) Following the demerger referred above, demerger of the Demerged Undertaking 2 (as defined hereinafter) of the Demerged Company 2 and vesting of the same in the Resulting Company 2.


Additionally, the Scheme also provides for various other matters consequential or otherwise integrally connected herewith.

**PREAMBLE**

**A. DESCRIPTION OF COMPANIES INVOLVED IN THE SCHEME**

- a) **SAEL LIMITED** or the **Demerged Company 1** is an unlisted public (CIN: U40101PB1999PLC023197) company, incorporated on 21<sup>st</sup> December, 1999 and having its registered office at Faridkot Road, Guruharsahai, District Ferozepur, Punjab – 152 022.

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SAEL Limited was originally incorporated in the name and style of Sukhbir



as “the Companies”) are of the view that, (a) the demerger of the Demerged Undertaking 1 of the Demerged Company 1 and vesting of the same in the Resulting Company 1 pursuant to Part III of the Scheme, (b) followed by the demerger of the Demerged Undertaking 2 of the Demerged Company 2 and vesting of the same in the Resulting Company 2 pursuant to Part IV the Scheme, *inter alia*, would lead to achieving of following commercial objectives:

- a) Demerged Company 1 is engaged in the business of renewable power generation, warehousing business, and other ancillary activities and has investments. Demerged Company 2 is engaged in EPC with respect to renewable power generation and maintenance of warehouse(s). The risks and rewards of renewable power generation and other businesses (including warehouse and agri business) are inherently different from the other businesses and have different prospects of growth and earning potential and therefore, they require focused leadership and management.
- b) The nature of risk and returns, and potential of the respective sectors, *viz.*, renewable power and other businesses (warehousing, agri business and ancillary activities) are distinct in terms of services / products offered, customer profile, employees skill sets, market dynamics and business life cycle. Further, given the distinct nature of businesses, it will attract different set of investors (including the current investment terms of the investor purely for the renewable power sector).
- c) The management proposes to restructure the businesses into two separate verticals pursuant to the Scheme. The commercial circumstances, reasons and / or grounds that necessitate and justify the Scheme and the advantages thereof are, *inter alia*, as follows:
  - Restructuring would enable the management to host the respective businesses in two independent verticals, which would provide opportunities to the respective businesses to attract relevant set of investors, strategic partners, lenders and other stakeholders (including aligning with the requirements of the existing investments and its related terms).
  - The renewable power sector and the remaining businesses have completely distinct business propositions and growth potential and therefore, segregation would lead to unlocking of value of both the businesses for the benefit of all the stakeholders.
  - At present, distinct management teams are put in place to run the renewable power business and other businesses. Restructuring of businesses would enable the respective management teams to concentrate on each of the businesses, deploy the available resources in the optimal manner and chart out a separate growth path for creating long term suitable value for holding

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stakeholder.

- Restructuring would result in focused management attention to the respective businesses and eliminate any conflict of interest in the growth strategies.
- Restructuring would result into operational efficiencies as the businesses have different sets of requirements for infrastructure and employees and segregation of the same would lead to better and effective utilization of infrastructure and employees.

Accordingly, the Scheme is considered desirable, and to be in interest of the Companies, their respective shareholders and creditors and other stakeholders (including employees) and would not be prejudicial to the interests of any of the stakeholders at large.

#### **D. STRUCTURE OF THE SCHEME**

This Scheme is divided into the following parts:

**Part I:** Definitions, interpretation, and date of Scheme coming into effect

**Part II:** Share capital structure

**Part III:** Demerger of the Demerged Undertaking 1 of the Demerged Company 1 into the Resulting Company 1

**Part IV:** Demerger of the Demerged Undertaking 2 of the Demerged Company 2 into the Resulting Company 2

**Part V:** General terms and conditions

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## PART I

### 1. DEFINITIONS

In this Scheme, unless repugnant to the subject, context or meaning thereof, the following words and expressions shall have the meanings as set out hereunder:

- 1.1 **“Act”** means the Companies Act, 2013, including all amendments thereto, the schedules, rules and regulations prescribed thereunder, and shall include all amendments and modifications or re-enactment thereof for the time being in force and references to sections of the Act shall be deemed to mean and include reference to sections enacted in modification or replacement thereof.
- 1.2 **“Applicable Law(s)”** means any relevant statute, notification, by-laws, rules, regulations, guidelines, rule of common law, policy, code, directives, ordinance, schemes, notices, treaties, judgement, decree, approvals, orders or instructions enacted or issued or sanctioned by any Governmental and Registration Authority, having the force of law and as applicable to the Companies.
- 1.3 **“Appointed Date”** means the 1<sup>st</sup> day of January, 2023 or such other date as may be fixed by the jurisdictional NCLT (as defined hereinafter) or any other appropriate authority.
- 1.4 **“Board”** or **“Board of Directors”** means the Board of Directors of the respective Demerged Company 1, the Demerged Company 2 and the Resulting Company 2, as the case may be, and shall, unless it is repugnant to the context or otherwise, include Committee(s) so authorised by the Board of Directors, or any person authorised by the Board of Directors or such Committee(s).
- 1.5 **“Demerged Company 1”** or **“SAEL”** means SAEL Limited, an unlisted public company (U40101PB1999PLC023197), incorporated on 21<sup>st</sup> December, 1999 and having its registered office at Faridkot Road, Guruaharsahai, District Ferozepur, Punjab – 152 022.
- 1.6 **“Demerged Company 2”** or **“Resulting Company 1”** or **“SIL”** means SAEL Industries Limited, an unlisted public company (U40106PB2022PLC055755), incorporated on 25<sup>th</sup> April, 2022 and having its registered office at H. No. 44, Model Town, Guruaharsahai, Firozpur, Punjab – 152 022.
- 1.7 **“Demerged Undertaking 1”** means all the businesses, specifically including warehousing business and Agri business along with strategic investments in such businesses, of the Demerged Company 1 other than the business in the Residual Undertaking 1, which is proposed to be demerged into Resulting Company 1, on a going concern basis. Without prejudice and limitation to the generality of the above, the Demerged Undertaking 1 means and includes without limitation, the following:

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a) All the property, all assets and all investments in operating companies, including all

movable, real and personal, tangible and intangible, corporeal and incorporeal, contracts with customers, suppliers, distributors, and other parties in possession, or in reversion, present and contingent of whatsoever nature, wherever situated, including all equipment, computers, furniture and fixtures, capital work in progress, vehicles, debtors, inventories, advances and security deposits, claims, other current assets, cash and bank balances, deposits, loans and advances, and other assets as on the Appointed Date pertaining to or relatable to the Demerged Undertaking 1;


- b) All rights and licenses, all assignments and grants thereof, all permits, clearances and registrations whether under central, state or other laws, rights, non-disposal undertakings, certifications and approvals, entitlements, other licenses, consents, tenancies, investments and/ or interest (whether vested, contingent or otherwise), taxes, tax deducted at source, including but not limited to credits in respect of sales tax, value added tax, service tax, Goods And Services Tax and other indirect taxes, deferred tax benefits and other benefits in respect of the Demerged Undertaking 1, cash balance, bank balance, deposits, advances, recoverable, easements, advantages, financial assets, treasury investments, hire purchase and lease arrangements, privileges, all other claims, rights and benefits, powers and facilities of every kind, nature and description whatsoever, utilities, provisions, funds, benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the business of the Demerged Undertaking 1;
- c) All debts, liabilities, duties and obligations of the Demerged Company 1 in relation to the Demerged Undertaking 1, whether present or future, whether secured or unsecured, including liabilities on account of loans, sundry creditors, bonus, gratuity and other liabilities pertaining to or relatable to the Demerged Undertaking 1 as on the Appointed Date;
- d) All employees of the Demerged Company 1 that are determined by the Board of the Demerged Company 1, to be substantially engaged in or in relation to the Demerged Undertaking 1, immediately preceding the Effective Date;
- e) All books, records, files, papers, computer software along with their licenses, manuals and backup copies, drawings, data catalogues, and other data and records, whether in physical or electronic form, directly or indirectly in connection with or relating to the Demerged Undertaking 1;
- f) All trademarks, trademark applications, trade names, patents and domain names, patent applications, copyrights, trade secrets, goodwill, and other intellectual property and all other interests relating to the Demerged Undertaking 1;
- g) All legal proceedings of whatsoever nature by or against the Demerged Company 1 pending as on the Appointed Date and relating to the Demerged Undertaking 1; and

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- h) All contracts, deeds, bonds, lease deeds, agreements entered into with various

persons, arrangements and other instruments of whatsoever nature relating exclusively to the Demerged Undertaking 1 and to which the Demerged Company 1 is a party or to the benefit of which the Demerged Undertaking 1 may be eligible, and which are subsisting or have effect.

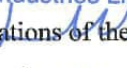
In case of any question that may arise as to whether any particular asset (including any common assets, viz., cash / bank balances) or liability and / or employees or any other matter pertains or does not pertain to the operations of Demerged Undertaking 1, the same shall be decided by the Board of Directors of the Demerged Company 1 and the said decision shall be final.

1.8 **“Demerged Undertaking 2”** means all the businesses, specifically maintenance of warehouses including warehousing business and Agri business along with strategic investments in such businesses, of the Demerged Company 2 (received pursuant to Part III of the Scheme coming into effect) other than the business in the Residual Undertaking 2, which is proposed to be demerged into Resulting Company 2, on a going concern basis. Without prejudice and limitation to the generality of the above, the Demerged Undertaking 2 means and includes without limitation, the following and the items:


- a) All the property, all assets and all investments in operating companies, including all movable, real and personal, tangible and intangible, corporeal and incorporeal, contracts with customers, suppliers, distributors, and other parties in possession, or in reversion, present and contingent of whatsoever nature, wherever situated, including all equipment, computers, furniture and fixtures, capital work in progress, vehicles, debtors, inventories, advances and security deposits, claims, other current assets, cash and bank balances, deposits, loans and advances, and other assets as on the Appointed Date pertaining to or relatable to the Demerged Undertaking 2;
- b) All rights and licenses, all assignments and grants thereof, all permits, clearances and registrations whether under central, state or other laws, rights, non-disposal undertakings, certifications and approvals, entitlements, other licenses, consents, tenancies, investments and/ or interest (whether vested, contingent or otherwise), taxes, tax deducted at source, including but not limited to credits in respect of sales tax, value added tax, service tax, Goods And Services Tax and other indirect taxes, deferred tax benefits and other benefits in respect of the Demerged Undertaking 2, cash balance, bank balance, deposits, advances, recoverable, easements, advantages, financial assets, treasury investments, hire purchase and lease arrangements, privileges, all other claims, rights and benefits, powers and facilities of every kind, nature and description whatsoever, utilities, provisions, funds, benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the business of the Demerged Undertaking 2;

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e) All debts, liabilities, duties and obligations of the Demerged Company 2 in relation to the Demerged Undertaking 2 whether present or future, whether secured or

unsecured, including liabilities on account of loans, sundry creditors, bonus, gratuity and other liabilities pertaining to or relating to the Demerged Undertaking 2 as on the Appointed Date;

- d) All employees of the Demerged Company 2 that are determined by the Board of the Demerged Company 2, to be substantially engaged in or in relation to the Demerged Undertaking 2, immediately preceding the Effective Date;
- e) All books, records, files, papers, computer software along with their licenses, manuals and backup copies, drawings, data catalogues, and other data and records, whether in physical or electronic form, directly or indirectly in connection with or relating to the Demerged Undertaking 2;
- f) All trademarks, trademark applications, trade names, patents and domain names, patent applications, copyrights, trade secrets, goodwill, and other intellectual property and all other interests relating to the Demerged Undertaking 2;
- g) All legal proceedings of whatsoever nature by or against the Demerged Company 2 pending as on the Appointed Date and relating to the Demerged Undertaking 2; and
- h) All contracts, deeds, bonds, lease deeds, agreements entered into with various persons, arrangements and other instruments of whatsoever nature relating exclusively to the Demerged Undertaking 2 and to which the Demerged Company 2 is a party or to the benefit of which the Demerged Undertaking 2 may be eligible, and which are subsisting or have effect.

In case of any question that may arise as to whether any particular asset (including any common assets, viz., cash / bank balances) or liability and / or employees or any other matter pertains or does not pertain to the operations of the Demerged Undertaking 2, the same shall be decided by the Board of Directors of the Demerged Company 2 and the said decision shall be final.

1.9 **“Demerger”** means transfer of the Demerged Undertaking 1 and / or the Demerged Undertaking 2 of the Demerged Company 1 and Demerged Company 2, respectively, on a going concern basis, and vesting into the Resulting Company 1 and Resulting Company 2, respectively, in terms of this Scheme in its present form or with any modification(s) as approved by the jurisdictional NCLT (as defined hereinafter) or any other competent authority, as the case may be.

1.10 **“Effective Date”** means the later of the dates on which certified copy of the order of the jurisdictional NCLT (as defined hereinafter) sanctioning this Scheme is filed with the jurisdictional Registrar of Companies by the Demerged Company 1, the Demerged Company 2 and the Resulting Company 2 (as defined hereinafter), as required under the provisions of the Act. Any references in the Scheme to "upon the Scheme becoming effective" or "effectiveness of the Scheme" or "the Scheme coming into effect" shall

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mean the "Effective Date".

- 1.11 **"Governmental Authority"** means any applicable central, state or local government, legislative body, regulatory or administrative authority, agency or commission or committee or any court, tribunal, board, bureau, instrumentality, judicial or quasi-judicial or arbitral body having jurisdiction over the territory of India.
- 1.12 **"Intellectual Property Rights"** means, whether registered or not, in the name of or recognized under Applicable Laws as being intellectual property, or in the nature of common law rights, all domestic and foreign, (i) trademarks, service marks, brand names, internet domain names, websites, online web portals, trade names, logos, uniforms and all applications and registration for the foregoing and all goodwill associated with the foregoing and symbolized by the foregoing; (ii) confidential and proprietary information and trade secrets; (iii) published and unpublished works of authorship and copyrights therein, and registrations and applications therefor, and all renewals, extensions, restorations and reversions thereof; (iv) computer software; programs (including source code, object code, firmware, operating systems and specifications) and processes; (v) designs, drawings, sketches; (vi) tools, databases, frameworks, customer data, proprietary information, knowledge, any other technology or know-how, licenses, software licenses and formulas; (vii) ideas and all other intellectual property or proprietary rights; and (viii) all rights in all of the foregoing provided by Applicable Laws.
- 1.13 **"IT Act"** means the Income-tax Act, 1961, including all amendments thereto, the schedules, rules and regulations prescribed thereunder, and shall include all amendments and modifications or re-enactment thereof for the time being in force and references to sections of the IT Act shall be deemed to mean and include reference to sections enacted in modification or replacement thereof.
- 1.14 **"NCLT"** means the Hon'ble National Company Law Tribunal, Chandigarh Bench at Chandigarh and having jurisdiction in relation to the Demerged Company 1, the Demerged Company 2 and the Resulting Company 2.
- 1.15 **"Registrar of Companies"** means the Registrar of Companies, Chandigarh, having jurisdiction over the Demerged Company 1, the Demerged Company 2 and the Resulting Company 2 in terms of the provisions of the Act.
- 1.16 **"Residual Undertaking 1"** means all assets and liabilities including undertakings, businesses, activities, operations and Intellectual Property Rights of the Demerged Company 1 other than the Demerged Undertaking 1, including for the avoidance of doubt, those related to conduct of the business of renewable power generation.
- 1.17 **"Residual Undertaking 2"** means all assets and liabilities including undertakings, businesses, activities, operations and Intellectual Property Rights of the Demerged Company 2 other than the Demerged Undertaking 2, including for the avoidance of doubt, those related to conduct of the EPC business of renewable power generation.

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- 1.18 **“Resulting Companies”** means Resulting Company 1 and / or Resulting Company 2, collectively or any one of them, as the context requires.
- 1.19 **“Resulting Company 2”** or **“SAWPL”** means a private limited company (U63090PB2021PTC054518), incorporated on 22<sup>nd</sup> October, 2021 and having its registered office at Faridkot Road, Gurusahai, Firozpur, Punjab – 152 022.
- 1.20 **“Rs.”** means the Indian Rupee, being the lawful currency of the Republic of India.
- 1.21 **“Scheme”** means this Composite Scheme of Arrangement, including the schedules, if any, in its present form, or with any modification(s) made in accordance with Clause 30 of this Scheme or with such other modification(s), as the jurisdictional NCLT may direct.

## 2. INTERPRETATION AND CONSTRUCTION

Unless otherwise expressly specified, or the context otherwise necessarily requires, the following terms shall apply to the interpretation and construction of this Scheme:

- 2.1 The term “hereof”, “herein”, “hereby”, “hereto” and derivative or similar words used in this Scheme refers to this entire Scheme.
- 2.2 The terms, words and 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 other Applicable Laws, rules, regulations, byelaws, as the case may be, or any statutory modification or re-enactment thereof from time to time.
- 2.3 The headings and captions in this Scheme are for convenience and identification only and shall not affect the interpretation or construction of this Scheme.
- 2.4 References to the singular shall include references to the plural and vice versa.
- 2.5 Words denoting one grammatical gender shall include all grammatical genders.
- 2.6 References to “include” or “including” shall mean “include without limitation” and “including without limitation” respectively.

## 3. DATE OF SCHEME COMING INTO EFFECT

- 3.1 Further, upon the sanction of the Scheme by the jurisdictional NCLT and upon the Scheme becoming effective with effect from the Appointed Date, the following shall be deemed to have occurred and become effective and operative only in the sequence and the order mentioned hereunder:

- a) Demerger of the Demerged Undertaking 1 and vesting of the same into the Resulting Company 1, in accordance with Part III of this Scheme.

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- b) Demerger of the Demerged Undertaking 2 and vesting of the same into the

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Resulting Company 2, in accordance with Part IV of this Scheme.

- 3.2 For the avoidance of any doubt, it is stated that each of the aforesaid transactions form an integral and indivisible part of this Scheme and the said transactions shall be deemed to occur in the sequence set out above and none of the said transactions shall be considered to be consummated, unless all sections of the Scheme are approved by the jurisdictional NCLT.

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## PART II

### 4. SHARE CAPITAL STRUCTURE

4.1 The share capital of the Demerged Company 1 as on November 30, 2023 is as under:

Particulars	Amount (in Rs. lakhs)
<b>Authorized Share Capital</b>	
222,000,000 Equity Shares of Rs.10/- each	22,200
21,500,000 Preference Shares of Rs.10/- each	2,150
<b>Total</b>	<b>24,350</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
221,543,484 Equity Shares of Rs.10/- each	22,154.34
16,066,550 Compulsory Convertible Preference Shares of Rs.10/- each	1,606.65
<b>Total</b>	<b>23,760.99</b>

There has been no change in the above capital structure of Demerged Company 1 after November 30, 2023 till date of approval of Scheme by the board of Demerged Company 1.

4.2 The share capital of the Demerged Company 2 as on November 30, 2023 is as under:

Particulars	Amount (in Rs. lakhs)
<b>Authorized Share Capital</b>	
66,000,000 Equity Shares of Rs.10/- each	6,600
28,140,000 Preference Shares of Rs.10/- each	2,814
<b>Total</b>	<b>9,414</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
46,129,197 Equity Shares of Rs.10/- each	4,612.91
1,22,96,400 Compulsory Convertible Preference Shares of Rs.10/- each	1,229.64

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<b>Particulars</b>	<b>Amount (in Rs. lakhs)</b>
<b>Total</b>	<b>5,842.55</b>

There has been no change in the above capital structure of Demerged Company 2 after November 30, 2023 till date of approval of Scheme by the board of Demerged Company 2.

4.3 The share capital of the Resulting Company 2 as on November 30, 2023 is as under:

<b>Particulars</b>	<b>Amount (in Rs. lakhs)</b>
<b>Authorized Share Capital</b>	
10,000 Equity Shares of Rs.10/- each	1.00
<b>Total</b>	<b>1.00</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
10,000 Equity Shares of Rs.10/- each	1.00
<b>Total</b>	<b>1.00</b>

There has been no change in the above capital structure of Resulting Company 2 after November 30, 2023 till date of approval of Scheme by the board of Resulting Company 2.

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### PART III

#### TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING 1 OF THE DEMERGED COMPANY 1 INTO THE RESULTING COMPANY 1

##### 5. TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING 1

5.1 Upon the Scheme coming into effect and with effect from the Appointed Date, subject to the provisions of this Scheme, the Demerged Undertaking 1 of the Demerged Company 1 shall stand transferred to and be vested in or deemed to be transferred to and be vested in the Resulting Company 1, as a going concern, in the following manner.

5.2 The whole of the undertaking, assets and properties along with all rights, title and interest therein of the Demerged Company 1 relating to the Demerged Undertaking 1, shall stand transferred to and be vested in or be deemed to be transferred to and be vested in the Resulting Company 1, pursuant to the provisions contained in sections 230 to 232 and all other applicable provisions of the Act, and so as to vest in the Resulting Company 1 all rights, title and interest pertaining to the Demerged Undertaking 1 of the Demerged Company 1.

5.3 In respect of such of the assets of the Demerged Undertaking 1 of the Demerged Company 1, including cash and bank balances relating to the day to day operations and specific to their respective working, as are movable in nature or are otherwise capable of transfer by manual delivery, payment or by endorsement and delivery, the same may be so transferred by the Demerged Company 1, and shall become the property of the Resulting Company 1 to the end and intent that the ownership and property therein passes to the Resulting Company 1.

5.4 In respect of the movables other than those dealt with in Clause 5.3 above, including sundry debtors, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be recovered, bank balances, investments, earnest money and deposits with any Government, quasi-government, local or other authority or body or with any company or other person, the same shall on and from the Appointed Date, stand transferred to and vested in the Resulting Company 1 under the provisions of Section 230 to 232 of the Act and all other applicable provisions of the Act, without any notice or other intimation to the debtors.

5.5 All immovable properties relating to the Demerged Undertaking 1, including land together with the buildings and structures standing thereon and rights and interests in immovable properties pertaining to the Demerged Undertaking 1, whether freehold or leasehold, and all documents of title, rights and easements in relation thereto, shall be vested in and / or be deemed to have been vested in the Resulting Company 1, under the provisions of Sections 230 to 232, and all other applicable provisions of the Act.

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- 5.6 All intangible assets, including Intellectual Property Rights, of the Demerged Company 1, relating to the Demerged Undertaking 1, whether or not recorded in the books of accounts of the Demerged company 1, shall, without any further act or deed or thing, be transferred to and be vested in and become the property of the Resulting Company 1.
- 5.7 All debts, liabilities (including intra-division liabilities), contingent liabilities, guarantees, duties and obligations of every kind, nature and description of the Demerged Company 1, relating to the Demerged Undertaking 1, shall also, without any further act or deed, or without also requiring to obtain the consent of any third party or any other person, be transferred to or be deemed to be transferred to the Resulting Company 1, under the provisions of Sections 230 to 232 and all other applicable provisions of the Act.
- 5.8 All licenses, permissions, approval, consents or no objection certificates given by various government and / or other competent authorities to the Demerged Company 1 in relation to the Demerged Undertaking 1, or otherwise held by the Demerged Company 1 to implement / carry on the activities of the Demerged Undertaking 1 shall stand transferred or be vested in or be deemed to be transferred or be vested in the Resulting Company 1, without any further act or deed, and shall be appropriately mutated by the authorities concerned therewith in favor of the Resulting Company 1. The benefit of all statutory and regulatory incentives, permissions, registration or other licenses, and consents shall vest in and become available to the Resulting Company 1, pursuant to the Scheme.
- 5.9 Upon the Scheme coming into effect, the past track record of the Demerged Company 1, in relation to the Demerged Undertaking 1, including without limitation, the profitability, experience, credentials and market share, shall be deemed to be track record of the Resulting Company 1 for all commercial and regulatory purposes, including for the purpose of eligibility, standing, evaluation and participation of the Resulting Company 1 in all existing and future bids, tenders and contracts of all authorities, agencies and clients.
- 5.10 The transfer and vesting of the Demerged Undertaking 1, as aforesaid, shall be subject to the existing securities, charges, mortgages and other encumbrances if any, subsisting over or in respect of the property and assets or any part thereof pertaining to the Demerged Undertaking 1, to the extent such securities, charges, mortgages, encumbrances are created to secure the liabilities forming part of Demerged Undertaking 1.
- 5.11 Without prejudice to the generality of the provisions contained in aforesaid clauses, upon the Scheme coming into effect, the Demerged Company 1 and the concerned Resulting Company 1, will file requisite form(s) with the Registrar of Companies for creation, modification and / or satisfaction of charge(s), to the extent required, to give effect to the provisions of this Scheme.

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For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that in accordance with the provisions of relevant laws, consents, permissions,

licenses, registrations, certificates, authorities, powers of attorneys given by, issued to or executed in favor of Demerged Undertaking 1 and the rights and benefits under the same, and all other interests of the Demerged Undertaking 1, be without any further act or deed, be transferred to and be vested in the Resulting Company 1.

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

6.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments of whatsoever nature, to which the Demerged Company 1, in relation to the Demerged Undertaking 1, is a party, subsisting or having effect on the Effective date, shall remain in full force and effect and shall stand assigned / novated in favor of the Resulting Company 1, and may be enforced by or against the Resulting Company 1, as fully and effectually as if, instead of the Demerged Company 1, in relation to the Demerged Undertaking 1, the Resulting Company 1, had been a party thereto.

6.2 It is expressly clarified that consent of the counterparties shall not be separately required for assignment of such contracts, etc., in favor of the Resulting Company 1.

6.3 The Resulting Company 1, shall be obligated to fulfill all the obligations and covenants of aforesaid contracts, deeds, bonds, agreements and instruments in relation to the Demerged Undertaking 1 and indemnify and hold harmless, the Demerged Company 1, to the extent lawful, from and against all third party actions, suits, claims, proceedings, costs, damages, judgments, amounts paid in settlement and expenses (including reasonable attorney fees) relating to or arising out of, any such contracts etc., whether in relation to any acts or omissions there under committed by the Demerged Company 1 or the Resulting Company 1 (and their respective past, present and future affiliates, shareholders, partners, agents, directors, officers, employees, representatives, advisors, attorneys, successors, heirs, executors, administrators and assigns), prior to the Appointed Date or thereafter.

6.4 It is hereby clarified that the experience, track record and credentials gained by the Demerged Company 1 in relation to the Demerged Undertaking 1, would be considered to be equivalent as the experience, track record and credentials of the Resulting Company 1. Accordingly, the Resulting Company 1 shall be entitled to claim the experience, track record and credentials as well as the past turnover, net worth and financial, technical and other credentials of the respective Demerged Undertaking 1 of the Demerged Company 1 for the purpose of entering into any contract, tenders, bid documents, expression of interest, memorandum of understanding, agreements or any other such instruments or for all the purposes.

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## 7. TREATMENT OF TAXES

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7.1 With effect from the Appointed Date and upon the Scheme coming into effect, all tax and duties (including but not limited to income-tax, Goods and Services Tax) paid or payable by the Demerged Company 1, relating to the operations of the Demerged Undertaking 1,



including all advance tax payments, taxes deducted or collected at source, credit for minimum alternate tax, shall, for all purposes, be treated as tax, duty, or cess liability, advance tax payments, taxes deducted or collected at source, credit for minimum alternate tax, as the case may be, of the Resulting Company 1. For clarity, it is provided that pending refunds, litigations and proceedings therefor under the IT Act and other tax laws, being liabilities, litigations and proceedings at a central level (i.e., pertaining the Demerged Company 1 as a whole) shall not be transferred unless otherwise required under the provisions of the IT Act, or complying with the provisions of section 2(19AA) of the IT Act.

- 7.2 Upon the Scheme coming into effect, the Demerged Company 1 and the Resulting Company 1 shall be permitted to revise from the Appointed Date, their respective financial statements and returns and filings under the Applicable Laws and to claim refund and / or credit for taxes paid.

## 8. LEGAL PROCEEDINGS

- 8.1 All legal proceedings of whatever nature by or against the Demerged Company 1, pending and / or arising on or after the Appointed Date and relating to the Demerged Company 1, in relation to the Demerged Undertaking 1, 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 the proceedings may be continued, prosecuted and enforced by or against the Resulting Company 1, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Demerged Company 1, in relation to the Demerged Undertaking 1, as if the Scheme had not been made.
- 8.2 The Resulting Company 1 undertakes to have all legal or other proceedings initiated by or against the Demerged Company 1, in relation to the Demerged Undertaking 1, referred to in abovementioned clause, transferred into their respective name and to have the same continued, prosecuted and enforced by or against the Resulting Company 1, to the exclusion of the Demerged Company 1, in relation to the Demerged Undertaking 1.
- 8.3 The Resulting Company 1 undertakes to indemnify and hold harmless, the Demerged Company 1, to the extent lawful, from and against all third party actions, suits, claims, proceedings, costs, damages, judgments, amounts paid in settlement and expenses (including reasonable attorney fees) relating to or arising out of, any acts or omissions of the Demerged Company 1 (and its respective past, present and future affiliates, shareholders, partners, agents, directors, officers, employees, representatives, advisors, attorneys, successors, heirs, executors, administrators and assigns), relating to, or in pursuance of, or arising from all legal proceedings in relation to the Demerged Undertaking 1, whether subsisting on the Appointed Date or arising thereafter.

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## 9. PERMISSIONS

- 9.1 All the statutory licenses, permissions, approvals or consents to carry on the operations of the Demerged Company 1, in relation to the Demerged Undertaking 1, shall stand vested in or transferred to the Resulting Company 1, without any further act or deed and shall be appropriately mutated by the Statutory Authorities concerned, in favour of the Resulting Company 1 upon the vesting and transfer of the Undertakings pursuant to this Scheme. The benefit and obligations of all statutory and regulatory permissions, licenses, environmental approvals and consents, sales tax registrations or other licenses and consents, shall vest in and become available to the Resulting Company 1 pursuant to this Scheme. In so far as the various incentives, subsidies, special status and other benefits or privileges enjoyed, granted by any Government Body, local authority or by any other person, or availed of by the Demerged Company 1, in relation to the Demerged Undertaking 1 are concerned, the same shall vest in and be available to the Resulting Company 1 on the same terms and conditions. It is specifically clarified that all the excise concessions, exemptions, benefits in terms of the Central Excise Act, 1944, Notifications, Circulars, Orders, Trade Notices, Guidelines, Clarifications and/or other Communications issued by the any appropriate competent authority; Income Tax holiday including benefits under Chapter VIA of the Income Tax Act, 1961; sales tax exemptions and benefits under the Central Sales Tax Act, 1956, if any, exemptions and credits under the Central Goods and Services Tax Act, 2017 and other local sales tax laws; and all other fiscal and non-fiscal incentives, benefits and privileges which are available to or being availed by the Demerged Company 1 or which the Demerged Company 1 may be entitled to at any time for the Demerged Undertaking 1, shall be continued to be available in the Resulting Company 1 for the Demerged Undertaking 1 after the proposed Demerger.

## 10. STAFF, WORKMEN AND EMPLOYEES

- 10.1 On the Scheme coming into effect, with effect from the Appointed Date, all staff, workmen and employees of the Demerged Company 1, in relation to the Demerged Undertaking 1, in service on the Effective Date, shall become and deemed to have become staff, workmen and employees of the Resulting Company 1, on such date without any break or interruption in their service and on the basis of continuity of service, and upon terms and conditions not less favorable than those applicable to them with reference to the Demerged Company 1, in relation to the Demerged Undertaking 1.
- 10.2 It is expressly provided that, on the Scheme coming into effect, the Provident Fund, Gratuity Fund, Superannuation Fund and any other special fund or trusts created or existing for the benefit of the staff, workmen and employees of the Demerged Company 1, in relation to the Demerged Undertaking 1, for all purposes whatsoever in relation to the administration or operation of such fund or funds or in relation to the obligation to make contributions to the said fund or funds in accordance with the provisions thereof as per the terms provided in the respective trust deeds, if any, to the end and intent that all

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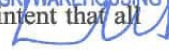
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rights, duties, powers and obligations of the Demerged Company 1, in relation to the Demerged Undertaking 1, in relation to such fund or funds shall become those of the Resulting Company 1. It is clarified that the services of the staff, workmen and employees of the Demerged Company 1, in relation to the Demerged Undertaking 1, will be treated as having been continuous for the purpose of the aforesaid funds or provisions.

## 11. SAVING OF CONCLUDED TRANSACTIONS

11.1 The transfer and vesting of the Demerged Undertaking 1 into the Resulting Company 1, as above and the continuance of proceedings by or against the Resulting Company 1, shall not affect any transaction or proceedings already concluded on or after the Appointed Date till the Effective Date, to the end and intent that the Resulting Company 1, accept and adopt all acts, deeds and things done and executed by the Demerged Company 1, in relation to the Demerged Undertaking 1, in respect thereto as done and executed on behalf of the Resulting Company 1.

## 12. CONDUCT OF BUSINESS UNTIL THE EFFECTIVE DATE

12.1 With effect from the Appointed Date:

- a) The Demerged Company 1, in relation to the Demerged Undertaking 1, shall carry on and be deemed to have carried on the business and activities and possessed of their properties and assets for and in trust of the Resulting Company 1, and all the profits / losses accruing, shall for all purposes be treated as profits / losses of the Resulting Company 1.
- b) The Demerged Company 1, in relation to the Demerged Undertaking 1, shall not, without the prior written consent of the Board of Directors of the Resulting Company 1, or pursuant to any pre-existing obligation, sell, transfer or otherwise alienate, charge, mortgage or encumber or otherwise deal with or dispose of any undertaking or any part thereof, except in the ordinary course of its business.

## 13. CONSIDERATION

13.1 The entire issued, subscribed and paid-up share capital of the Demerged Company 1 is held by the Resulting Company 1 and its nominee(s). Upon the Scheme coming into effect, no new shares of the Resulting Company 1 shall be allotted in lieu of the transfer of the Demerged Undertaking 1, to the shareholders of the Demerged Company 1, as the Resulting Company 1 itself is the shareholder of the Demerged Company 1.

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## 14. ACCOUNTING TREATMENT

Upon the Scheme coming into effect, the demerger of the Demerged Undertaking 1 of the Demerged Company 1 into the Resulting Company 1, and other connected matters as

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provided in this Scheme, if any, will be accounted for in accordance with the Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Act, read with

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applicable rules thereof and accounting principles generally accepted in India, as under:

#### 14.1 Treatment in the books of the Demerged Company 1

- a) On the Scheme becoming effective, all the assets, liabilities and reserves pertaining to the Demerged Undertaking 1 will be reduced from the books of accounts of the Demerged Company 1 at their respective carrying values as appearing in the books of accounts of the Demerged Company 1.
- b) The difference, if any, between the Net Assets (aggregate of difference between book value of assets and liabilities pertaining to the Demerged Undertaking 1), and reserves transferred, as per sub clause a) above, will be recorded as / adjusted against the Retained Earnings (Other equity) in the books of the Demerged Company 1.

#### 14.2 Treatment in the books of Resulting Company 1

Upon the Scheme becoming effective, transfer of the Demerged Undertaking 1 shall be accounted for in the books of the Resulting Company 1 in accordance with “pooling of interest” method as laid down in Appendix C, “Business Combination of entities under common control” of Ind AS 103, ‘Business Combinations’ as prescribed under Section 133 of the Companies Act, 2013, as follows:

- a) The Resulting Company 1 shall record all the assets, liabilities and reserves pertaining to the Demerged Undertaking 1 of the Demerged Company 1 transferred to and vested in it pursuant to the Scheme at the same value and in the same form as recorded in the books of accounts of the Demerged Company 1.
- b) Inter-company balances, loans and advances pertaining to the Demerged Undertaking 1, outstanding between the Resulting Company 1 and the Demerged Company 1, if any, shall stand cancelled.
- c) The surplus, in any, between the carrying values of the assets over the liabilities and transfer of reserves as provided in sub clause a) above, after taking into consideration the impact of sub clause b), shall be recorded as Capital Reserve with disclosure of its nature and purpose in the notes to the financial statements of the Resulting Company 1. If the aforesaid impact is a deficit, then the same shall be adjusted against the capital reserve and revenue reserve of the Resulting Company 1 in that order, and balance if any left, shall be presented as Restructuring Deficit Account (or by whatever other similar name) under Other Equity.
- d) In case of any differences between the accounting policy followed by the Demerged Company 1 in respect of the Demerged Undertaking 1 and the accounting policy followed by the Resulting Company 1, the impact of the same will be quantified and adjusted in the revenue reserve of the Resulting Company 1 to ensure that the financial statements of the Resulting Company 1 reflect the financial position on the

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basis of a consistent accounting policy.

- e) The financial information in the financial statements in respect of prior periods would be restated as if the demerger had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, if business combination had occurred after that date, the prior period information shall be restated only from that date.

## 15. COMPLIANCE WITH TAX LAWS

15.1 The Demerger of the Demerged Undertaking 1 of the Demerged Company 1 into the Resulting Company 1 shall comply with the provisions of Section 2(19AA) of the IT Act and other applicable provisions of the IT Act.

15.2 This Scheme has been drawn up to comply with the conditions relating to "Demerger" as defined under Section 2(19AA) of the IT Act and other applicable provisions, if any. If any terms or provisions of the Scheme are found to be or interpreted to be inconsistent with any of the said provisions at a later date whether as a result of any amendment of law or any judicial or executive interpretation or for any other reason whatsoever, the aforesaid provisions of the IT Act shall prevail. The Scheme shall then stand modified to the extent determined necessary to comply with the said provisions. Such modification will however not affect other parts of the Scheme. The power to make such amendments, as may become necessary, shall vest with the Board of Directors of the Companies, which power can be exercised at any time and shall be exercised in the best interests of the Companies and their shareholders and creditors.

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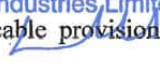
## PART IV


### TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING 2 OF THE DEMERGED COMPANY 2 INTO THE RESULTING COMPANY 2

#### 16. TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING 2

- 16.1 Upon the Scheme coming into effect and with effect from the Appointed Date, and consummation of Part III of the Scheme, subject to the other provisions of this Scheme, the Demerged Undertaking 2 of the Demerged Company 2 shall stand transferred to and be vested in or deemed to be transferred to and be vested in the Resulting Company 2, as a going concern, in the following manner.
- 16.2 The whole of the undertaking, assets and properties along with all rights, title and interest therein of the Demerged Company 2 relating to the Demerged Undertaking 2, shall stand transferred to and be vested in or be deemed to be transferred to and be vested in the Resulting Company 2, pursuant to the provisions contained in sections 230 to 232 and all other applicable provisions of the Act, and so as to vest in the Resulting Company 2 all rights, title and interest pertaining to the Demerged Undertaking 2 of the Demerged Company 2.
- 16.3 In respect of such of the assets of the Demerged Undertaking 2 of the Demerged Company 2, including cash and bank balances relating to the day to day operations and specific to their respective working, as are movable in nature or are otherwise capable of transfer by manual delivery, payment or by endorsement and delivery, the same may be so transferred by the Demerged Company 2, and shall become the property of the Resulting Company 2 to the end and intent that the ownership and property therein passes to the Resulting Company 2.
- 16.4 In respect of the movables other than those dealt with in Clause 16.3 above, including sundry debtors, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be recovered, bank balances, investments, earnest money and deposits with any Government, quasi-government, local or other authority or body or with any company or other person, the same shall on and from the Appointed Date, stand transferred to and vested in the Resulting Company 2 under the provisions of Section 230 to 232 of the Act and all other applicable provisions of the Act, without any notice or other intimation to the debtors.
- 16.5 All immovable properties relating to the Demerged Undertaking 2, including land together with the buildings and structures standing thereon and rights and interests in immovable properties pertaining to the Demerged Undertaking 2, whether freehold or leasehold, and all documents of title, rights and easements in relation thereto, shall be vested in and / or be deemed to have been vested in the Resulting Company 2, under the provisions of Sections 230 to 232, and all other applicable provisions of the Act. Notwithstanding anything

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contained in this Scheme, the immovable properties of the Demerged Undertaking 2 (including immovable properties received pursuant to Part III of this Scheme), whether owned or leased, for the purpose *inter alia* of payment of stamp duty, and vesting unto the Resulting Company 2 and if the board of directors of the Resulting Company 2 so decide, the concerned parties, whether executed before or after the Effective Date, shall execute and register or cause so to be done, separate deeds of conveyance or deed of assignment of lease, as the case may be, in favour of the Resulting Company 2 in respect of such immovable properties. The execution of such conveyance shall form an integral part of the Scheme.

16.6 All intangible assets, including Intellectual Property Rights, of the Demerged Company 2, relating to the Demerged Undertaking 2, whether or not recorded in the books of accounts of the Demerged Company 2, shall, without any further act or deed or thing, be transferred to and be vested in and become the property of the Resulting Company 2.

16.7 All debts, liabilities (including intra-division liabilities), contingent liabilities, duties and obligations of every kind, nature and description of the Demerged Company 2, relating to the Demerged Undertaking 2, shall also, without any further act or deed, or without also requiring to obtain the consent of any third party or any other person, be transferred to or be deemed to be transferred to the Resulting Company 2, under the provisions of Sections 230 to 232 and all other applicable provisions of the Act.

16.8 All licenses, permissions, approval, consents or no objection certificates given by various government and / or other competent authorities to the Demerged Company 2 in relation to the Demerged Undertaking 2, or otherwise held by the Demerged Company 2 to implement / carry on the activities of the Demerged Undertaking 2 shall stand transferred or be vested in or be deemed to be transferred or be vested in the Resulting Company 2, without any further act or deed, and shall be appropriately mutated by the authorities concerned therewith in favor of the Resulting Company 2. The benefit of all statutory and regulatory incentives, permissions, registration or other licenses, and consents shall vest in and become available to the Resulting Company 2, pursuant to the Scheme.

16.9 Upon the Scheme coming into effect, the past track record of the Demerged Company 2, in relation to the Demerged Undertaking 2, including without limitation, the profitability, experience, credentials and market share, shall be deemed to be track record of the Resulting Company 2 for all commercial and regulatory purposes, including for the purpose of eligibility, standing, evaluation and participation of the Resulting Company 2 in all existing and future bids, tenders and contracts of all authorities, agencies and clients.

16.10 The transfer and vesting of the Demerged Undertaking 2, as aforesaid, shall be subject to the existing securities, charges, mortgages and other encumbrances if any, subsisting over or in respect of the property and assets or any part thereof pertaining to the Demerged Undertaking 2, to the extent such securities, charges, mortgages, encumbrances are created to secure the liabilities forming part of Demerged Undertaking 2.

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16.11 Without prejudice to the generality of the provisions contained in aforesaid clauses, upon the Scheme coming into effect, the Demerged Company 2 and the concerned Resulting Company 2, will file requisite form(s) with the Registrar of Companies for creation, modification and / or satisfaction of charge(s), to the extent required, to give effect to the provisions of this Scheme.

16.12 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that in accordance with the provisions of relevant laws, consents, permissions, licenses, registrations, certificates, authorities, powers of attorneys given by, issued to or executed in favor of Demerged Undertaking 2 and the rights and benefits under the same, and all other interests of the Demerged Undertaking 2, be without any further act or deed, be transferred to and be vested in the Resulting Company 2.

## 17. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

17.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments of whatsoever nature, to which the Demerged Company 2, in relation to the Demerged Undertaking 2, is a party, subsisting or having effect on the Effective date, shall remain in full force and effect and shall stand assigned / novated in favor of the Resulting Company 2, and may be enforced by or against the Resulting Company 2, as fully and effectually as if, instead of the Demerged Company 2, in relation to the Demerged Undertaking 2, the Resulting Company 2, had been a party thereto.

17.2 It is expressly clarified that consent of the counterparties shall not be separately required for assignment of such contracts, etc., in favor of the Resulting Company 2.

17.3 The Resulting Company 2, shall be obligated to fulfill all the obligations and covenants of aforesaid contracts, deeds, bonds, agreements and instruments in relation to the Demerged Undertaking 2 and indemnify and hold harmless, the Demerged Company 2, to the extent lawful, from and against all third party actions, suits, claims, proceedings, costs, damages, judgments, amounts paid in settlement and expenses (including reasonable attorney fees) relating to or arising out of, any such contracts etc., whether in relation to any acts or omissions there under committed by the Demerged Company 2 or the Resulting Company 2 (and their respective past, present and future affiliates, shareholders, partners, agents, directors, officers, employees, representatives, advisors, attorneys, successors, heirs, executors, administrators and assigns), prior to the Appointed Date or thereafter.

17.4 It is hereby clarified that the experience, track record and credentials gained by the Demerged Company 2 in relation to the Demerged Undertaking 2 (and Demerged Company 1 in relation to Demerged Undertaking 1 received pursuant to Part III of the Scheme coming into effect), would be considered to be equivalent as the experience, track record and credentials of the Resulting Company 2. Further, past turnover, net

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worth as well as financial, technical and other credentials of the respective Demerged Undertaking 2 (and Demerged Company 1 in relation to Demerged Undertaking 1 received pursuant to Part III of the Scheme coming into effect) of the Demerged Company 2 will be considered to be the turnover, net worth and financial, technical and other credentials of the Resulting Company 2.

- 17.5 Accordingly, the Resulting Company 2 shall be entitled to claim the experience, track record and credentials as well as the past turnover, net worth and financial, technical and other credentials of the respective Demerged Undertaking 2 (and Demerged Company 1 in relation to Demerged Undertaking 1 received pursuant to Part III of the Scheme coming into effect) of the Demerged Company 2 for the purpose of entering into any contract, tenders, bid documents, expression of interest, memorandum of understanding, agreements or any other such instruments or for all the purposes.

## 18. TREATMENT OF TAXES

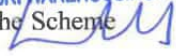
- 18.1 With effect from the Appointed Date and upon the Scheme coming into effect, all tax and duties (including but not limited to income-tax, Goods and Services Tax) paid or payable by the Demerged Company 2, relating to the operations of the Demerged Undertaking 2, including all advance tax payments, taxes deducted or collected at source, credit for minimum alternate tax, shall, for all purposes, be treated as tax, duty, or cess liability, advance tax payments, taxes deducted or collected at source, credit for minimum alternate tax, as the case may be, of the Resulting Company 2. For clarity, it is provided that pending refunds, litigations and proceedings therefor under the IT Act and other tax laws, being liabilities, litigations and proceedings at a central level (i.e., pertaining the Demerged Company 2 as a whole) shall not be transferred unless otherwise required under the provisions of the IT Act, or complying with the provisions of section 2(19AA) of the IT Act.
- 18.2 Upon the Scheme coming into effect, the Demerged Company 2 and the Resulting Company 2 shall be permitted to revise from the Appointed Date, their respective financial statements and returns and filings under the Applicable Laws and to claim refund and / or credit for taxes paid.

## 19. LEGAL PROCEEDINGS

- 19.1 All legal proceedings of whatever nature by or against the Demerged Company 2, pending and / or arising on or after the Appointed Date and relating to the Demerged Company 2, in relation to the Demerged Undertaking 2, 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 the proceedings may be continued, prosecuted and enforced by or against the Resulting Company 2, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Demerged Company 2, in relation to the Demerged Undertaking 2, as if the Scheme

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had not been made.

- 19.2 The Resulting Company 2 undertakes to have all legal or other proceedings initiated by or against the Demerged Company 2, in relation to the Demerged Undertaking 2, referred to in abovementioned clause, transferred into their respective name and to have the same continued, prosecuted and enforced by or against the Resulting Company 2, to the exclusion of the Demerged Company 2, in relation to the Demerged Undertaking 2.
- 19.3 The Resulting Company 2 undertakes to indemnify and hold harmless, the Demerged Company 2, to the extent lawful, from and against all third party actions, suits, claims, proceedings, costs, damages, judgments, amounts paid in settlement and expenses (including reasonable attorney fees) relating to or arising out of, any acts or omissions of the Demerged Company 2 (and its respective past, present and future affiliates, shareholders, partners, agents, directors, officers, employees, representatives, advisors, attorneys, successors, heirs, executors, administrators and assigns), relating to, or in pursuance of, or arising from all legal proceedings in relation to the Demerged Undertaking 2, whether subsisting on the Appointed Date or arising thereafter.

## 20. PERMISSIONS

- 20.1 All the statutory licenses, permissions, approvals or consents to carry on the operations of the Demerged Company 2, in relation to the Demerged Undertaking 2, shall stand vested in or transferred to the Resulting Company 2, without any further act or deed and shall be appropriately mutated by the Statutory Authorities concerned, in favour of the Resulting Company 2 upon the vesting and transfer of the Undertakings pursuant to this Scheme. The benefit and obligations of all statutory and regulatory permissions, licenses, environmental approvals and consents, sales tax registrations or other licenses and consents, shall vest in and become available to the Resulting Company 2 pursuant to this Scheme. In so far as the various incentives, subsidies, special status and other benefits or privileges enjoyed, granted by any Government Body, local authority or by any other person, or availed of by the Demerged Company 2, in relation to the Demerged Undertaking 2 are concerned, the same shall vest in and be available to the Resulting Company 2 on the same terms and conditions. It is specifically clarified that all the excise concessions, exemptions, benefits in terms of the Central Excise Act, 1944, Notifications, Circulars, Orders, Trade Notices, Guidelines, Clarifications and/or other Communications issued by the any appropriate competent authority; Income Tax holiday including benefits under Chapter VIA of the Income Tax Act, 1961; sales tax exemptions and benefits under the Central Sales Tax Act, 1956, if any, exemptions and credits under the Central Goods and Services Tax Act, 2017 and other local sales tax laws; and all other fiscal and non-fiscal incentives, benefits and privileges which are available to or being availed by the Demerged Company 2 or which the Demerged Company 2 may be entitled to at any time for the Demerged Undertaking 2, shall be continued to be available in the Resulting

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Company 2 for the Demerged Undertaking 2 after the proposed Demerger

## 21. STAFF, WORKMEN AND EMPLOYEES

21.1 On the Scheme coming into effect, with effect from the Appointed Date, all staff, workmen and employees of the Demerged Company 2, in relation to the Demerged Undertaking 2, in service on the Effective Date, shall become and deemed to have become staff, workmen and employees of the Resulting Company 2, on such date without any break or interruption in their service and on the basis of continuity of service, and upon terms and conditions not less favorable than those applicable to them with reference to the Demerged Company 2, in relation to the Demerged Undertaking 2.

21.2 It is expressly provided that, on the Scheme coming into effect, the Provident Fund, Gratuity Fund, Superannuation Fund and any other special fund or trusts created or existing for the benefit of the staff, workmen and employees of the Demerged Company 2, in relation to the Demerged Undertaking 2, for all purposes whatsoever in relation to the administration or operation of such fund or funds or in relation to the obligation to make contributions to the said fund or funds in accordance with the provisions thereof as per the terms provided in the respective trust deeds, if any, to the end and intent that all rights, duties, powers and obligations of the Demerged Company 2, in relation to the Demerged Undertaking 2, in relation to such fund or funds shall become those of the Resulting Company 2. It is clarified that the services of the staff, workmen and employees of the Demerged Company 2, in relation to the Demerged Undertaking 2, will be treated as having been continuous for the purpose of the aforesaid funds or provisions.

## 22. SAVING OF CONCLUDED TRANSACTIONS

22.1 The transfer and vesting of the Demerged Undertaking 2 into the Resulting Company 2, as above and the continuance of proceedings by or against the Resulting Company 2, shall not affect any transaction or proceedings already concluded on or after the Appointed Date till the Effective Date, to the end and intent that the Resulting Company 2, accept and adopt all acts, deeds and things done and executed by the Demerged Company 2, in relation to the Demerged Undertaking 2, in respect thereto as done and executed on behalf of the Resulting Company 2.

## 23. CONDUCT OF BUSINESS UNTIL THE EFFECTIVE DATE

23.1 With effect from the Appointed Date:

a) The Demerged Company 2, in relation to the Demerged Undertaking 2, shall carry on and be deemed to have carried on the business and activities and possessed of their properties and assets for and in trust of the Resulting Company 2, and all the profits / losses accruing, shall for all purposes be treated as profits / losses of the Resulting Company 2.

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b) The Demerged Company 2, in relation to the Demerged Undertaking 2, shall not without the prior written consent of the Board of Directors of the Resulting

Company 2, or pursuant to any pre-existing obligation, sell, transfer or otherwise alienate, charge, mortgage or encumber or otherwise deal with or dispose of any undertaking or any part thereof, except in the ordinary course of its business.

- c) The Demerged Company 2 may in the ordinary course of its business, with the consent of the Board of Directors of the Demerged Company 2, without any further application or deed, issue and allot shares to raise the capital.

## 24. CONSIDERATION

### 24.1 Issuance of consideration to shareholders of the Demerged Company 2

- a) Upon the Scheme coming into effect, in consideration of the demerger and vesting of the Demerged Undertaking 2 of the Demerged Company 2 into the Resulting Company 2, in terms of this Scheme, the Resulting Company 2, shall, without any further application or deed, issue and allot shares to the shareholders of the Demerged Company 2, whose names appear in the Register of Members as on the Appointed Date, in the following ratio:

*The Resulting Company 2 will issue 1 share, credited as fully paid-up, to the shareholders of the Demerged Company 2 for every 10 shares held in the Demerged Company 2.*

- b) If any shareholder of the Demerged Company 2 becomes entitled to any fractional shares pursuant to issue and allotment of shares as per sub-clause (a) of Clause 24.1 above, the Board of Directors of the Resulting Company 2 shall round-off such fraction to the nearest whole number, and thereupon, shall issue and allot shares of the Resulting Company 2, to the concerned shareholders of Demerged Company 2.
- c) The shares to be issued by the Resulting Company 2 as aforesaid, shall be subject to the provisions of the Memorandum and Articles of Association of the Resulting Company 2. Further, the said shares issued by the Resulting Company 2 shall rank pari-passu in all respects with the existing shares of the Resulting Company 2.
- d) The issue and allotment of shares by the Resulting Company 2, to the shareholders of the Demerged Company 2, as provided in this Scheme, is an integral part thereof and shall be deemed to made in compliance with the procedure laid down under Sections 42 and 62 of the Act, and other applicable provisions of the Act, without requiring any separate approvals.
- e) The New Shares shall be issued in physical/ dematerialized form to the shareholders of the Demerged Company 2 as on Appointed Date, in accordance with the Applicable Laws.

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- f) Simultaneous with the issue and allotment of shares as per sub-clause (a) of Clause 24.1 above, the existing issued and paid-up equity share capital held by existing

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shareholders in the Resulting Company 2 (hereinafter referred to as the “Existing Equity Shares”), shall, without any further application, act, instrument or deed, be cancelled.

- g) The cancellation of the Existing Equity Shares of Resulting Company 2, in accordance with sub-clause (f) of Clause 24.1 of this Scheme, shall be effected as an integral part of this Scheme itself and not under a separate procedure, in terms of Section 66 of the Act and the order of the NCLT sanctioning this Scheme shall be deemed to be an order under Section 66 of the Act, or any other applicable provisions, confirming the reduction. The consent of the shareholders of Resulting Company 2 to this Scheme shall be deemed to be the consent of its shareholders for the purpose of effecting the reduction under the provisions of Section 66 of the Act as well and no further compliances would be separately required.
- h) Resulting Company 2 shall not be required to add the words "and reduced" as suffix to its name consequent upon the reduction of capital.
- i) The reduction of capital of Resulting Company 2, as above, does not involve any diminution of liability in respect of any unpaid share capital or payment to any shareholder of any paid-up share capital or payment in any other form.

## 25. ACCOUNTING TREATMENT

Upon the Scheme coming into effect, the demerger of the Demerged Undertaking 2 of the Demerged Company 2 into the Resulting Company 2, and other connected matters as provided in this Scheme, if any, will be accounted for in accordance with the Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Act, read with applicable rules thereof and accounting principles generally accepted in India, as under:

### 25.1 Treatment in the books of the Demerged Company 2

- a) On the Scheme becoming effective, all the assets, liabilities and reserves pertaining to the Demerged Undertaking 2 will be reduced from the books of accounts of the Demerged Company 2 at their respective carrying values as appearing in the books of accounts of the Demerged Company 2.
- b) The difference, if any, between the Net Assets (aggregate of difference between book value of assets and liabilities pertaining to the Demerged Undertaking 2), and reserves transferred, as per sub-clause a) above, will be recorded as / adjusted against the Retained Earnings (Other equity) in the books of the Demerged Company 2

### 25.2 Treatment in the books of Resulting Company 2

Upon the Scheme becoming effective, transfer of the Demerged Undertaking 2 shall be accounted for in the books of the Resulting Company 2 in accordance with “pooling of interest” method as laid down in Appendix C. Business Combination of entities under

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common control” of Ind AS 103, ‘Business Combinations’ as prescribed under Section 133 of the Companies Act, 2013, as follows:

- a) The Resulting Company 2 shall record all the assets, liabilities and reserves pertaining to the Demerged Undertaking 2 of the Demerged Company 2 transferred to and vested in it pursuant to the Scheme at the same value and in the same form as recorded in the books of accounts of the Demerged Company 2.
- b) Inter-company balances, loans and advances pertaining to the Demerged Undertaking 2, outstanding between the Resulting Company 2 and the Demerged Company 2, if any, shall stand cancelled.
- c) The surplus, in any, between the carrying values of the assets over the liabilities and transfer of reserves as provided in sub clause a) above, after taking into consideration the impact of sub clause b), shall be recorded as Capital Reserve with disclosure of its nature and purpose in the notes to the financial statements of the Resulting Company 2. If the aforesaid impact is a deficit, then the same shall be adjusted against the capital reserve and revenue reserve of the Resulting Company 2 in that order, and balance if any left, shall be presented as Restructuring Deficit Account (or by whatever other similar name) under Other Equity.
- d) In case of any differences between the accounting policy followed by the Demerged Company 2 in respect of the Demerged Undertaking 2 and the accounting policy followed by the Resulting Company 2, the impact of the same will be quantified and adjusted in the revenue reserve of the Resulting Company 2 to ensure that the financial statements of the Resulting Company 2 reflect the financial position on the basis of a consistent accounting policy.
- e) The financial information in the financial statements in respect of prior periods would be restated as if the demerger had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, if business combination had occurred after that date, the prior period information shall be restated only from that date.

## 26. COMPLIANCE WITH TAX LAWS

26.1 The Demerger of the Demerged Undertaking 2 of the Demerged Company 2 into the Resulting Company 2 shall comply with the provisions of Section 2(19AA) of the IT Act and other applicable provisions of the IT Act.

26.2 This Scheme has been drawn up to comply with the conditions relating to "Demerger" as defined under Section 2(19AA) of the IT Act and other applicable provisions, if any. If any terms or provisions of the Scheme are found to be or interpreted to be inconsistent with any of the said provisions at a later date whether as a result of any amendment of law or any judicial or executive interpretation or for any other reason whatsoever, the

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aforesaid provisions of the IT Act shall prevail. The Scheme shall then stand modified to the extent determined necessary to comply with the said provisions. Such modification will however not affect other parts of the Scheme. The power to make such amendments, as may become necessary, shall vest with the Board of Directors of the Companies, which power can be exercised at any time and shall be exercised in the best interests of the Companies and their shareholders and creditors.

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## PART V

### 27. APPLICATION TO NCLT

27.1 Each of the Companies shall jointly make the requisite company applications / petitions under Sections 230 to 232 and other applicable provisions of the Act to the NCLT for seeking sanction of this Scheme and all matters ancillary or incidental thereto, as may be necessary to give effect to the terms of this Scheme.

### 28. CONDITIONALITY OF THE SCHEME

28.1 The Scheme is conditional upon and subject to:

- a) The Scheme being approved by the requisite majority of shareholders and creditors, as required under the provisions of the Act;
- b) the Scheme being approved by the jurisdictional NCLT; and
- c) filing of the certified copies of the abovementioned order of the jurisdictional NCLT, sanctioning the Scheme, by all the Companies, under the applicable provisions of the Act with the Registrar of Companies.

### 29. EFFECT OF NON-APPROVALS

29.1 In the event the Scheme is not sanctioned by the jurisdictional NCLT for any reason whatsoever or for any other reasons the Scheme cannot be effected, the Scheme shall become null and void and shall be of no effect and in that event no rights and / or liabilities shall accrue to or be incurred inter-se by the Companies, or their respective shareholders or creditors or employees or any other person and each of the Companies shall bear and pay their respective cost, charges and expenses for and / or in connection with the Scheme.

### 30. MODIFICATION OR AMENDMENT TO THE SCHEME

30.1 Notwithstanding anything to the contrary contained in this Scheme, the Companies (acting through their respective Board of Directors or a committee thereof or authorized representatives) may make or assent, from time to time, to any modifications, amendments, clarifications or confirmations to this Scheme, which they may deem necessary and expedient or beneficial to the interests of the stakeholders, of the Companies and / or which the jurisdictional NCLT may recommend or impose.

30.2 The Companies (acting through their respective Board of Directors or a committee thereof or authorized representatives) shall be authorized to take all such steps and give such directions, as may be necessary, desirable or proper, to resolve any doubts, difficulties or questions that may arise in this regard to and of the meaning or interpretation of this Scheme or implementation thereof or in any manner whatsoever

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connected therewith, whether by reason of any directive or orders of the jurisdictional NCLT or any other authorities or otherwise, howsoever arising out of or under or by virtue of this Scheme or any matter concerned or connected therewith and or do and execute all acts, deeds, matters and things necessary for giving effect to the Scheme.

30.3 For the purposes of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the Board of the Companies may give and are hereby authorized to determine and give all such directions as are necessary 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.

### **31. REVOCATION AND WITHDRAWAL OF THE SCHEME**

31.1 The Board of Directors of the Companies shall be entitled to revoke, cancel, withdraw (in full or part) and declare this Scheme to be of no effect at any stage and where applicable, re-file at any stage in case:

- a) This Scheme is not approved by the shareholders of either of the Companies and / or the jurisdictional NCLT or if any other consents, approvals, permissions, resolutions, agreements, sanctions and conditions required for giving effect to this Scheme are not received, or delayed; or
- b) Any condition or modification imposed by the shareholders of either of the Companies and / or the jurisdictional NCLT and / or any other authority is not acceptable; or
- c) The coming into effect of this Scheme in terms of the provisions hereof or filing of the drawn-up order(s) with any Governmental Authority could have adverse implication on either of the Companies; or
- d) for any other reason whatsoever,

and do all such acts, deeds and things as they may deem necessary and desirable in connection therewith and incidental thereto. On revocation, cancellation or withdrawal, this Scheme shall stand revoked, cancelled or withdrawn and be of no effect and in that event, no rights and liabilities whatsoever shall accrue or be incurred *inter-se* between the Companies or their respective shareholders or creditors or employees or any other person, save and except in respect of any deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto.

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### **32. SEVERABILITY**

32.1 If any part of this Scheme is held invalid, ruled illegal by any court / NCLT of competent jurisdiction, or becomes unenforceable for any reason, whether under present or future/ laws, then it is the intention of the Companies that such part of the Scheme shall be severable from the remainder and this Scheme shall not be affected thereby, unless

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deletion of such part of the Scheme causes the Scheme to become materially adverse to either of the Companies, in which case the Companies shall attempt to bring about a modification in this Scheme, as will best preserve for the parties the benefits and obligations of this Scheme, including but not limited to such part of the Scheme.

**33. COSTS, CHARGES AND EXPENSES**

33.1 All costs, expenses, charges, fees, taxes including duties (including the stamp duty and / or transfer charges, if any, applicable in relation to this Scheme), levies and all other expenses, if any (save as expressly otherwise agreed) arising out of, or incurred in connection with the demerger of the Demerged Undertaking 1 and Demerged Undertaking 2 and vesting of the same into the Resulting Company 1 and Resulting Company 2, respectively, as set out in Part III and Part IV of this Scheme and matters incidental thereto, shall be borne by the respective Resulting Company, i.e., Resulting Company 1 and Resulting Company 2.

**34. RESIDUAL PROVISIONS**

34.1 The Demerged Company 1, the Demerged Company 2 and the Resulting Company 2 shall be entitled to file/ revise its respective income tax returns. TDS certificates, TDS returns and other statutory returns, if required, and shall have the right to claim refunds, advance tax credits, credit of tax deducted at source, credit of foreign taxes paid/ withheld, excise, service tax credits, set off, sales tax, value added tax, etc., if any, as may be required consequent to implementation of this Scheme.

34.2 Upon this Scheme becoming effective. the accounts of the Demerged Company 1, the Demerged Company 2 and the Resulting Company 2, as on the Appointed Date shall be reconstructed in accordance with the terms of this Scheme.

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