

Date: 28.09.2023

The Listing Department
National Stock Exchange of India limited
Exchange Plaza, C- Block G,
Bandra Kurla Complex
Bandra(E) Mumbai -400051

Dear Sir,

Sub: Disclosure pursuant to Regulation 30 of the SEBI LODR Regulations read with Circular No. SEBI / HO/CFD/PoD2/CIR/P/2023/120, dated July, 11, 2023

Ref: Scrip Code: DRSDILIP

We hereby inform that the Hon'ble National Company Law Tribunal, Hyderabad Bench has approved the Scheme of Arrangement between DRS Dilip Roadlines Limited and DRS. Cargo Movers Private Limited and their respective shareholders and creditors whereby:

Warehouse Division of the Company ("Demerged Undertaking") will be demerged into DRS. Cargo Movers Private Limited, the wholly owned Subsidiary (the "Resulting Company "); on a going concern basis with effect from the Appointed Date i.e. April 1, 2022.

(Certified copy of the Order passed by the Hon'ble National Company Law Tribunal, along with the Scheme of Arrangement is enclosed herewith)

Information pursuant Circular No. SEBI / HO/CFD/PoD2/CIR/P/2023/120, dated July, 11, 2023 read with Regulation 30 of the SEBI LODR Regulations is enclosed herewith along with annexures thereto.

This is for your information and records.

Thanking you,

Yours faithfully
For DRS DILIP ROADLINES LIMITED

Anjani Kumar Agarwal
CEO & Managing Director
DIN: 00006982



DRS
Dilip Roadlines
Limited



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DRS GROUP SINCE 1984 (HYD)



Mr. DAYANAND AGARWAL
ORIGINAL FOUNDER

BADE BHAIYA

1	Brief details of the division(s) to be demerged	Presently DRS DILIP ROADLINES LIMITED, (the Company) has the following business divisions: 1. Transport 2. Warehouse The Company would demerge its Warehouse Division into DRS. Cargo Movers Private Limited. The company would continue to run and operate Transport business.
2	Turnover of the demerged division and as percentage to the total turnover of the listed entity in the immediately preceding financial year / based on financials of the last financial year;	Based on Audited Financials for the FY 2022-23 Turnover of Warehouse Division (the demerged undertaking) : Rs.115.45 lacs i.e., 0.61% of total turnover of the Listed entity
3	Rationale for demerger	Annexure – I
4	Brief details of change in shareholding pattern (if any) of all entities	Annexure – II
5	In case of cash consideration - amount or otherwise share exchange ratio	1 : 2 (The Resulting Company will issue / allot 1 share of Rs.10 each for every 2 shares held by the shareholders in the Demerged Company)
6	whether listing would be sought for the resulting entity	Yes



Regd. Off: # 306, 3rd Floor, Kabra Complex, 61-M.G. Road, Secunderabad - 500 003, T.S. India.
Corporate Off: 220 to 224, 2nd Floor, Kabra Complex, 61-M.G. Road, Secunderabad - 500 003.
Ph: +91-40-27711276 / 27711504, Website: www.drsindia.in, E-mail: info@drsindia.in, investors@drsindia.in
CIN: L60231TG2009PLC064326



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Annexure I

RATIONALE FOR THIS SCHEME:

1. This Scheme of Demerger and vesting of the Demerged undertaking of the demerged company to the resulting company results in the following:

Demerger:

- i. The Demerged Company, presently, has two Divisions / undertakings viz. Transport Division and the Warehouse Division. Each of the businesses of the Demerged Company operates in different business environment and is subject to different profitability, growth opportunities, future prospects and risks.
- ii. The nature of risk and competition involved in each of these businesses are distinct and consequently nature of considerations, factors and commercial parameters applicable to the business of Transportation of Goods being different and divergent in nature in comparison to that of Warehousing services business. With an endeavor to enhance shareholders value and insulate both the businesses from the risks of each other, it is proposed to reorganize and segregate, by way of Demerger of Warehouse Division.
- iii. The Demerger of Warehouse Division from the Demerged Company to the Resulting Company will facilitate the Demerged Company to focus on its remaining prime business and transfer of the Warehouse Division by way of Demerger to the Resulting Company will enable the Resulting Company to focus on ventures with greater profitability, and results in simplification of the Company's structure and cost efficiency of respective companies and greater revenue inflow would be to the benefit of all the stakeholders of both the Demerged and the Resulting Company.
- iv. It is therefore, proposed that the Warehouse Division of the Demerged Company be segregated and demerged, pursuant to a Scheme of Arrangement and be transferred to the Resulting Company for achieving independent focus



**Dilip Roadlines
Limited**



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Ph: +91-40-27711276 / 27711504, Website: www.drsindia.in, E-mail: info@drsindia.in, investors@drsindia.in
CIN: L60231TG2009PLC064326

2. The management of the respective Companies is of the view that this Scheme is in the interest of the customers, employees, lenders, shareholders and all other stakeholders of the respective Companies. The management of the Demerged Company and the Resulting Company proposes to achieve the above objective pursuant to a Scheme of Arrangement under Sections 230 to 232 read with Sections 52 and 66 the Companies Act, 2013.





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DRS GROUP SINCE 1984 (HYD)



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ORIGINAL FOUNDER

BADE BHAIYA

Annexure II

Shareholding Pattern

DRS Dilip Roadlines Limited (Demerged Company) and DRS. Cargo Movers Private Limited (Resulting Company)

Pre-demerger shareholding pattern of DRS Dilip Roadlines Limited (demerged company) is as under:

The pre demerger shareholding pattern of DRS Dilip Roadlines Limited (Demerged Company) is given below:

Category	No. of shares	% of total paid up capital
Promoter & Promoter Group	1,08,62,355	72.12
Public	4200048	27.88
Total	1,50,62,403	100.00

Category	No. of shares	% of total paid up capital
Promoter & Promoter Group		
1. Anjani Kumar Agarwal	2664450	17.69
2. Dayanand Agarwal	6199907	41.16
3. Sanjay Agarwal	1997950	13.26
4. Shashi Kala Agarwal	16	Negligible
5. Sunita Agarwal	16	Negligible
6. Pinky Agarwal	16	Negligible
Total	10862355	72.12



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CIN: L60231TG2009PLC064326

Post-demerger shareholding pattern of DRS Dilip Roadlines Limited (demerged company) will be as under:

The post demerger shareholding pattern of DRS Dilip Roadlines Limited (Demerged Company) is given below:

Category	No. of shares	% of total paid up capital (post demerger)
Promoter & Promoter Group	1,08,62,355	72.12
Public	42,00,048	27.88
Total	1,50,62,403	100.00

Category	No. of shares	% of total paid up capital (post demerger)
Promoter & Promoter Group		
1. Anjani Kumar Agarwal	2664450	17.69
2. Dayanand Agarwal	6199907	41.16
3. Sanjay Agarwal	1997950	13.26
4. Shashi Kala Agarwal	16	Negligible
5. Sunita Agarwal	16	Negligible
6. Pinky Agarwal	16	Negligible
Total	10862355	72.12

Since there is no issue / allotment of shares pursuant to the present Scheme of Arrangement, there is No Change in Pre & Post Shareholding of DRS Dilip Roadlines Limited (demerged company).



Pre- Demerger shareholding pattern of M/s DRS. Cargo Movers Private Limited (Resulting Company)

The pre demerger shareholding pattern of M/s DRS. Cargo Movers Private Limited is given below:

Category	No. of shares	% of pre-demerger paid up capital
Promoter & Promoter Group	11,84,300	100
Public	0	0
Total	11,84,300	100

Category	No. of shares	% of pre-demerger paid up capital
Promoter & Promoter Group		
1. DRS DILIP ROADLINES LIMITED (Holding Company)	11,84,299	100
2. Anjani Kumar Agarwal (Beneficial interest held by DRS Dilip Roadlines Limited)	1	-
Total	11,84,300	100.00

Post-scheme shareholding pattern of DRS. Cargo Movers Private Limited (Resulting company):

The post demerger shareholding pattern of M/s DRS. Cargo Movers Private Limited is given below:

Category	No. of shares	% paid up capital after demerger
Promoter & Promoter Group	54,31,178	72.12



Public	21,00,024	27.88
Total	75,31,202	100.00

Category	No. of shares	% paid up capital after demerger
<u>Promoter & Promoter Group</u>		
1. Anjani Kumar Agarwal	13,32,225	17.69
2. Dayanand Agarwal	30,99,954	41.16
3. Sanjay Agarwal	9,98,975	13.26
4. Shashi Kala Agarwal	08	Negligible
5. Sunita Agarwal	08	Negligible
6. Pinky Agarwal	08	Negligible
Total	54,31,178	72.12

In the pre-demerger scenario, the entire share capital of DRS. Cargo Movers Private Limited is being held by its Holding Company, M/s DRS DilipRoadlines Limited, along with its nominee. Pursuant to this Scheme of Arrangement, the said entire share capital of DRS. Cargo Movers Private Limited which is held by the Holding Company and its nominee shall stand cancelled. Hence, in the post demerger scenario, upon allotment of shares to the shareholders of the Demerged Company, i.e., DRS DilipRoadlines Limited as contemplated in the Scheme of Arrangement, the shareholding of DRS DilipRoadlines Limited would stand reduced to zero. Thus, in the post demerger scenario, the shareholding pattern of the resulting Company will comprise shareholdings in the same proportion as in the demerged Company.

Further, notwithstanding the aforesaid, the Resulting Company shall, in case, its public shareholding falls below the threshold limit of 25% upon listing of its securities, it shall increase the public shareholding to at least 25% of its paid up capital within a period of one year from the date of listing of its securities.



IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH - II

CP (CAA) No.25/230/HDB/2023
connected with

CA (CAA) No. 06/230/HDB/2023
[Section 230 r/w Section 232 read with
Section 66 of the Companies Act, 2023]

FREE OF COST COPY

IN THE MATTER OF SCHEME OF ARRANGEMENT

BETWEEN

DRS DILIP ROADLINES LIMITED
(DRSDILIP ROADLINES OR DEMERGED COMPANY)
AND

DRS CARGO MOVERS PRIVIATE LIMITED
(DRS CARGO OR RESULTING COMPANY)
AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

M/s. DRS Dilip Roadlines Limited,
having its Registered Office at: 306,
3rd Floor, Kabra Complex,
61, M.G.Road,
Secunderabad – 500 003.
Represented by its wholetime Director
Mr.Sugan Chand Sharma.



.... Petitioner /Demerged Company

M/s. DRS Cargo Movers Private Limited,
having its Registered Office at: 306,
3rd Floor, Kabra Complex,
61, M.G.Road,
Secunderabad – 500 003.
Represented by its Director Mr Anjani
Kumar Agarwal.

CERTIFIED TO BE TRUE COPY
OF THE ORIGINAL

.... Petitioner /Resulting Company

Date of Order: 17.08.2023

Coram:

Hon'ble Justice Mrs. Telaprolu Rajani, Member (Judicial)
Hon'ble Shri Charan Singh, Member (Technical)

Thair

Counsel/Parties present:

For the Petitioner : Mr. Y.Suryanarayana, Mr.N.N.Sarma,
Mr.Sachin Sharma, Advocates
For Regional Director : Dr.Raj Singh, ICLS
For Official Liquidator : Official Liquidator

Per: Bench**ORDER**

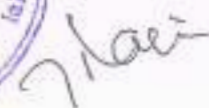
1) This application is filed under Section 230 of the Companies Act, 2013 (hereinafter referred to as "the Act, 2013"), read with the Companies (Compromises, Arrangements and Amalgamation) Rules, 2016, by M/s. DRS Dilip Roadlines Limited (hereinafter referred to as the ("Demerged Company") and DRS Cargo Movers Private Limited (hereinafter referred to as the "Resulting Company") with regard to Scheme of Arrangement (hereinafter referred to as "the Scheme" between M/s. DRS Dilip Roadlines Limited ("Demerged Company") and M/s.DRS Cargo Movers Private Limited ("Resulting Company") be sanctioned and confirmed with effect from the appointed date i.e., 01.04.2022 so as to be binding on the Petitioner Companies and on all the members, employees, creditors of the Petitioner Companies.

2) This Joint Application is filed by the Applicant Companies under Section 230 read with 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 seeking approval for Scheme of Arrangement between the Applicant Companies and their respective shareholders, creditors so as to be binding on all the members, shareholders, creditors and employees of all the Applicant Companies and all concerned.

3) Details of the Applicants:

(A). DRS Dilip Roadlines Limited, was originally incorporated as a Private Limited Company under the name and style "DRS Dilip Roadlines Private Limited" under the provisions of Companies Act, 1956, on 10.07.2009 (Tenth day of July, Two Thousand and Nine), in the State of Telangana (erstwhile undivided Andhra Pradesh) vide Corporate Identity Number (CIN) U60231AP2009PTC064326, issued by the Registrar of Companies, Andhra Pradesh. Subsequently, the Company was converted into a Public Limited Company and the name of the company was changed





to DRS Dilip Roadlines Limited and a Fresh Certificate of Incorporation consequent upon conversion from Private Company to Public Company was issued by the Registrar of Companies, Telangana, Hyderabad, on 06.09.2018 (Sixth Day of September, Two Thousand and Eighteen). The Present CIN of the Company is L60231TG2009PLC064326, and the PAN of the Company is AADCD1865C.

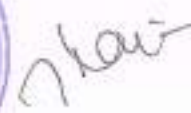
(A copy of the Certificate of Incorporation and Fresh Certificate of Incorporation consequent upon change of name of Demerged Company are annexed hereto and marked as "Annexure-1").

The Registered Office of the Demerged Company is situated at 306, 3rd Floor, Kabra Complex, 61, M G Road, Secunderabad, Telangana-500003.

The main objects of the Demerged Company are as follows:

- a) To carry on the business of public carriers, transporters and carriers of goods, passengers, merchandise, commodities, luggage and other products, documents, services to pick up and delivery of documents, parcels, all types of goods and merchandise, door to door/desk to desk service of small, medium, bulk, odd or of any size or type of consignments, whether in India or elsewhere.
- b) To establish, organize, manage, run, charter, conduct, contract, develop, handle, own, operate and to do business as transporters in all its branches for transporting goods, passengers, articles or things on all routes and lines, on national and international levels subject to the laws in force through all sorts of road carriers, whether propelled by petrol, diesel, electricity or any other form of power.
- c) To carry on the business in India or abroad to take on lease, rent, hire and to construct, build, establish, erect, promote, undertake, acquire, own operate, equip, manage, renovate, recondition, turn to account, maintain and to run warehouses, godowns, stores and other similar establishments, to provide facilities for storage of commodities, goods, articles and things, and for the purpose to act as C & F agent, custodian, warehouseman, transportation and distribution agent, stockist, auctioneer, importer, exporter, or otherwise to deal in all sorts of commodities, vegetables, fruits, edibles and similar goods.





(A copy of the Memorandum of Association and Articles of Association of the Demerged Company is annexed hereto and marked as "Annexure-1").

The authorized, issued, subscribed and paid-up share capital of the Demerged Company as on 31.03.2023 is as follows:

SHARE CAPITAL	AMOUNT IN RS.
Authorized Capital	
1,70,00,000 Equity Shares of Rs.10/- each	17,00,00,000
Total	17,00,00,000
Issued, Subscribed and Paid-Up Capital	
1,50,62,403 fully paid-up Equity Shares of Rs.10/- each	15,06,24,030
Total	15,06,24,030

Subsequent to 31.03.2023, there is no change in the authorised, issued, subscribed and paid-up share capital of the Demerged Company. (Copy of the audited financial Results for the FY ended 31.03.2023 and audited Financial Statements as on 31.03.2022 of the Demerged Company is annexed hereto and marked as "Annexure-2 & 2A").

The Demerged Company is the Holding Company of the Resulting Company. The Equity shares of Demerged Company are listed and traded on the NSE Emerge (SME Platform of NSE India Limited) bearing Symbol: DRSDILIP. The following is the Shareholding pattern of the Demerged Company as on 31.03.2023.

Sl. No.	Category of shareholder	No. of shareholders	Total no. of shares held	% of Holding
1.	Promoter & Promoter Group	6	10862355	72.12
2.	Public	161	4200048	27.88
	Total	167	15062403	100

B) DRS. CARGO MOVERS PRIVATE LIMITED, was incorporated under the name and style DRS Labs (India) Private Limited in the state of Telangana, (erstwhile undivided Andhra Pradesh) under the provisions of the Companies Act, 1956 on 12.12.2007 (Twelfth Day of December, Two Thousand and Seven) vide Corporate Identification Number: (CIN): U24232AP2007PTC056660 issued by the Registrar of Companies, Andhra Pradesh. Subsequently, the name of the Company was changed from DRS Labs (India) Private Limited to its present name i.e., "DRS. Cargo Movers Private Limited" by following due procedure laid down under the applicable provisions of the Companies Act, 2013 and a Fresh Certificate of Incorporation consequent on change of name was issued by the Registrar



of Companies, Telangana, Hyderabad on 13th February, 2019 (Thirteenth Day of February, Two Thousand and Nineteen). The present Corporate Identification Number (CIN) of the Company is U24232TG2007PTC-056660. The PAN of the Company is AADCD0069Q.

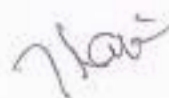
(A copy of the Certificate of Incorporation and Fresh Certificate of Incorporation consequent upon change of name of Resulting Company are annexed hereto and marked as "Annexure-3").

The registered office of the Resulting Company is situated at 306, 3rd Floor, Kabra Complex, 61, M G Road, Secunderabad, Telangana – 500003.

The main objects of the Resulting Company are as follows:

- a) To carry on the business of public carriers, transporters and carriers of goods, passengers, merchandise, commodities, luggage and other products, documents, services to pick up and delivery of documents, parcels, all types of goods and merchandise, door to door/desk to desk service of small, medium, bulk, odd or of any size or type of consignments, whether in India or elsewhere.
- b) To establish, organize, manage, run, charter, conduct, contract, develop, handle, own, operate and to do business as transporters in all its branches for transporting goods, passengers, articles or things on all routes and lines, on national and international levels subject to the laws in force through all sorts of road carriers, whether propelled by petrol, diesel, electricity or any other form of power.
- c) To carry on the business in India or abroad to take on lease, rent, hire and to construct, build, establish, erect, promote, undertake, acquire, own operate, equip, manage, renovate, recondition, turn to account, maintain and to run warehouses, godowns, stores and other similar establishments, to provide facilities for storage of commodities, goods, articles and things, and for the purpose to act as C & F agent, custodian, warehouseman, transportation and distribution agent, stockist, auctioneer, importer, exporter, or otherwise to deal in all sorts of commodities, vegetables, fruits, edibles and similar goods.

(A copy of the Memorandum of Association and Articles of Association of the Resulting Company is annexed hereto and marked as "Annexure-3").



The authorized, issued, subscribed and paid-up share capital of the Resulting Company as on 31.03.2023 is as follows:

Share Capital	Amount in Rs.
Authorized Capital	
12,50,000 Equity Shares of Rs.10/- each	1,25,00,000
Total	1,25,00,000
Issued, Subscribed and Paid-Up Capital	
11,84,300 Equity Shares of Rs.10/- each	1,18,43,000
Total	1,18,43,000

Subsequent to 31.03.2023, there is no change in the authorised, issued, subscribed and paid-up share capital of the Resulting Company. **(Copy of the Audited financial statements as on 31.03.2023 of the Resulting Company is annexed hereto and marked as "Annexure- 4").**

The Resulting Company is the wholly owned subsidiary of the Demerged Company. The following is the extract of the Register of Members of the Resulting Company showing its latest list of the equity shareholders:

S. No.	Name of the shareholder	No. of equity shares	% of Holding
1.	DRS Dilip Roadlines Limited (Demerged Company)	11,84,299	99.99
2.	Mr. Anjani Kumar Agarwal (Nominee of DRS Dilip Roadlines Limited)	1	0.01
	Total	11,84,300	100.00

4) Rationale for the Proposed Scheme:

A) The Board of Directors of the respective Petitioner Companies at their respective meetings held on 08.03.2022 have resolved to enter into a Scheme of Arrangement between DRS Dilip Roadlines Limited ("Demerged Company") and DRS Cargo Movers Private Limited ("Resulting Company"), and their respective Shareholders and Creditors under sections 230 to 232 read with section 66 of the Companies Act, 2013 and all other applicable provisions of the said Act and rules made thereunder.

B) The said Scheme of Arrangement between DRS Dilip Roadlines Limited ("Demerged Company") and DRS. Cargo Movers Private Limited ("Resulting Company"), and their respective Shareholders and Creditors





was approved by the Board of Directors of the Petitioner Companies with the following objectives:

i) The Demerged Company, presently, has two Divisions / undertakings viz. Transport Division and the Warehouse Division. Each of the businesses of the Demerged Company operates in different business environment and is subject to different profitability, growth opportunities, future prospects and risks.

ii) The nature of risk and competition involved in each of these businesses are distinct and consequently nature of considerations, factors and commercial parameters applicable to the business of Transportation of Goods being different and divergent in nature in comparison to that of Warehousing services business. With an endeavor to enhance shareholders value and insulate both the businesses from the risks of each other, it is proposed to reorganize and segregate, by way of Demerger of Warehouse Division.

iii) The Demerger of Warehouse Division from the Demerged Company to the Resulting Company will facilitate the Demerged Company to focus on its remaining prime business and transfer of the Warehouse Division by way of Demerger to the Resulting Company will enable the Resulting Company to focus on ventures with greater profitability, and results in simplification of the Company's structure and cost efficiency of respective companies and greater revenue inflow would be to the benefit of all the stakeholders of both the Demerged and the Resulting Company.

iv) It is therefore, proposed that the Warehouse Division of the Demerged Company be segregated and demerged, pursuant to a Scheme of Arrangement and be transferred to the Resulting Company for achieving independent focus.

C) SCOPE OF THE SCHEME:

i) This Scheme of Arrangement is presented under sections 230 to 232 read with the Sections 52 and 66 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and it provides for the Demerger of the Warehouse Division of the Demerged Company into the Resulting Company. It also provides for Listing of Equity Shares of Resulting Company on NSE Emerge (SME Platform of NSE India Limited). This Scheme of Arrangement also provides for various other matters consequential, supplemental and / or otherwise integrally connected therewith.

ii) The events contemplated under the Scheme are as under:





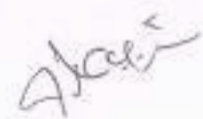
- a) Demerger of the Warehouse Division of the Demerged Company and vesting of the same in the Resulting Company, on a going concern basis.
- b) Cancellation of entire equity share capital of the Resulting Company, (i.e., 1184300 shares) held by the Demerged Company and its nominee in the Resulting Company or in other words, cancellation of investments made by Demerged Company in the share capital of Resulting Company as appearing in the books of Demerged Company. Reduction in the Reserves & Surplus of the Demerged Company and increase in the authorized share capital of the Resulting Company as a part of the Demerger of Demerged Undertaking and vesting of the same in the Resulting Company.
- c) Consequent issue of 75,31,201 Equity Shares of Rs. 10/- each by the Resulting Company to the shareholders of Demerged Company as a consideration pursuant to the provisions of sections 230 to 232 and other relevant provisions of the Companies Act, 2013, when all the shareholders of the Demerged Company as on the Record Date shall become the shareholders of the Resulting Company by virtue of the Demerger.
- d) The Equity Shares to be issued by the Resulting Company to the shareholders of the Demerged Company shall be listed on NSE Emerge (SME Platform of NSE India Limited) in accordance with Listing Regulations and other regulations as prescribed by SEBI, NSE or any other regulatory or statutory authority.
- iii) Further, as an integral part of this Scheme, the Resulting Company shall be converted into a Public Limited Company and the Authorised Capital of the Resulting Company shall be increased without any further approvals from the Board or shareholders.
- iv) Further, the Scheme shall be in compliance with the applicable SEBI (ICDR) Regulations including Listing Regulations, SCRR and the Circular No. CFD/DIL3/CIR/2017/21 dated 10.03.2017 and Master Circular SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated 23.11.2021 any subsequent amendments thereof ("SEBI Circulars").

D) PARTS OF THE SCHEME:

The Scheme is divided into the following parts:

- PART A:** Deals with the Definitions and Compliance with Tax Laws.
- PART B:** Deals with the Demerger of the Warehouse Division of Demerged Company into the Resulting Company.
- PART C:** Deals with General Terms and Conditions.





(E) The significant terms of the Schemes (Clause-wise) are explained in detail vide Page Nos.10 to 20 of this Application.

a) Clause 6, b) Clause 8, c) Clause 9, d) Clause 10, e) Clause 11, f) Clause 12, g) Clause 15, (h) Clause 16, 16) Clause 17, Clause 20 and Clause 21.

5) Board Resolution :

The Board of Directors of the respective Applicant Companies at their respective meetings held on 08.03.2022, approved the Scheme of Arrangement between DRS Dilip Roadlines Limited ("Demerged Company") and DRS Cargo Movers Private Limited ("Resulting Company"), and their respective Shareholders and Creditors.

(Certified true copy of the Board Resolutions passed by the Board of Directors of the Petitioner Companies approving the Scheme are annexed hereto and marked as "Annexure-9 and 10").

6) VALUATION :

The Company has obtained Share Exchange Cum Entitlement Report, dated 25.11.2022, from Mr. V. Gangadhara Rao, B. Com, CA, a IBBI Registered Valuer (IBBI /RV/06/2019/10709), justifying and recommending the Fair Share Exchange Cum Entitlement Ratio as:

"1(one) Equity Share of face value of Rs.10/- (Rupees Ten only) each fully paid up of the Resulting Company shall be issued and allotted by the Resulting Company for every 2(two) fully paid-up equity shares of the face value of Rs.10/- (Rupees Ten only) each held in the Demerged Company".

(A Copy of the Share Exchange cum Entitlement Report is annexed hereto and marked as "Annexure-6.")

7) COMPLIANCE OF ACCOUNTING STANDARD:

The accounting treatment proposed at Clause 11 of Scheme of Arrangement between DRS Dilip Roadlines Limited ("Demerged Company") and DRS Cargo Movers Private Limited ("Resulting Company"), and their respective Shareholders and Creditors, is in conformity with the accounting standards as prescribed under the provisions of Section 133 of the Companies Act, 2013.

(A Copy of the Certificates issued by M/s. Ramanatham & Rao, Chartered Accountants (For M/s. DRS Dilip Roadlines) and M/s. Agarwal Varun & Co., Chartered Accountants (For M/s. DRS. Cargo Movers Private



Limited), confirming the Accounting Treatment proposed in the Scheme are annexed hereto and marked as "Annexure-7 and 8").

8) INTEREST OF DIRECTORS IN THE PROPOSED SCHEME :

The Board of Directors of the Applicant Companies have no material interest in the proposed Scheme of Arrangement between DRS Dilip Roadlines Limited ("Demerged Company") and DRS Cargo Movers Private Limited ("Resulting Company"), and their respective Shareholders and Creditors except as shareholders of their respective companies in general.

9) INTIMATION TO THE STOCK EXCHANGES:

It is submitted by the applicant that the Demerged Company is a Listed Company having its shares listed and traded on NSE Emerge (SME Platform of NSE India Limited). In terms of the SEBI (LODR) Regulations, 2015 and the Circulars issued thereunder from time to time by the Securities Exchange Board of India, the Applicant / Demerged Company had filed an application with the National Stock Exchange of India Limited, Mumbai (NSE) along with a copy of the Scheme for obtaining its Observation(s)/ No Objection to the Scheme.

NSE & SEBI Observations /No Objection:

The NSE, vide its Letter No. NSE/LIST/30426_II, dated 02.12.2022, containing its comments along with that of SEBI's comments has conveyed its No Objection in terms of Regulation 94(2) of SEBI (LODR) Regulations, 2015, so as to enable the Company to file the draft scheme with NCLT. Few of the observations / comments contained in the said letter are listed hereunder:

- a. *Company shall ensure disclosure of all details of ongoing adjudication & recovery proceedings, prosecution initiated, and all other enforcement action taken, if any, against the Company, its promoters and directors, before Hon'ble NCLT and shareholders, while seeking approval of the scheme.*
- b. *Company shall ensure that additional information, if any, submitted by the Company after filing the Scheme with the Stock Exchanges, from the date of receipt of this letter, is displayed on the websites of the listed company and the Stock Exchanges.*
- c. *The entities involved in the scheme shall duly comply with various provisions of the Circular.*



d. Company shall ensure that information pertaining to all the unlisted Companies involved in the scheme, shall be included in the format specified for abridged prospectus as provided in Part E of Schedule VI of the ICDR Regulations, 2018, in the explanatory statement or notice or proposal accompanying resolution to be passed, which is sent to the shareholders for seeking approval.

e. Company shall ensure that the financials in the scheme including financials considered for valuation report are not for period more than 6 months old.

f. Company shall ensure to disclose the details Assets & Liabilities which are being transferred to the demerged undertaking, the details Assets & Liabilities of Resulting Company and the rationale for arriving at the share entitlement ratio, as a part of explanatory statement or notice or proposal accompanying resolution to be passed to be forwarded by the Company to the shareholders while seeking approval u/s 230 to 232 of the Companies Act, 2013, so that public shareholders can make an informed decision in the matter.

g. Company shall ensure that the details of the proposed scheme under consideration as provided to the stock exchange shall be prominently disclosed in the notice sent to the shareholders.

h. Company shall ensure that the proposed equity shares to be issued in terms of the "scheme" shall mandatorily be in a demat form only.

i. Company shall ensure that the "scheme" shall be acted upon subject to the applicant complying with the relevant clauses mentioned in the scheme document.

j. Company shall ensure that no changes to the draft scheme except those mandated by the regulators/ tribunals shall be made without specific written consent of SEBI.

k. Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before NCLT and the company is obliged to bring the observations to the notice of NCLT.

l. Company to comply with the all applicable provisions of the Companies Act, 2013, rules and regulations issued thereunder including obtaining the consent from the creditors for the proposed scheme.

m. It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of



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Companies Act, 2013 to SEBI again for its comments/ observations/ representations.

The following provision shall be incorporated in the Scheme:

- (a) "The shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange."
- (b) "There shall be no change in the shareholding pattern or control in DRS. Cargo Movers Private Limited between the record date and the listing which may affect the status of this approval."

(A copy of Letter No. NSE/LIST/30426_II, dated 02.12.2022, issued by NSE is annexed hereto and marked as "Annexure-11").

10) It is submitted by the Petitioner that the Petitioner Companies had filed a Joint Company Application bearing CA (CAA) No. 6/230/HDB/2023, under sections 230 to 232 of the Companies Act, 2013, before the Hon'ble Tribunal, Bench at Hyderabad, which was approved vide order dated 31st March, 2023 with the following directions:

(1) To order for convening the meeting of the Equity Shareholders of Demerged Company to be held on Saturday, the 13th day of May 2023 at 11:00 AM at the registered office of the Demerged Company and appointed Mr. Govada Venkata Subba Rao, Cost Accountant, as the Chairman and Mr. Ch. Srinivasulu, Advocate as the Scrutinizer for the Meeting of the Equity Shareholders of the Demerged Company.

(2) To dispense with the requirement of convening the meeting of the, Secured Creditors and Trade Creditors of the Demerged Company since they have given their consent to the Scheme and also dispense with the requirement of convening the meeting of the Equity Shareholders, Secured Creditors, Unsecured Creditors of the Resulting Company since they have given their consent to the Scheme.

(A copy of the order dated 31st day of March 2023, passed by this Hon'ble Tribunal is annexed hereto and marked as "Annexure 12").

(3) Notices for convening meeting of the Equity Shareholders of the Applicant Company were sent vide email dated 10th day of April, 2023 to 167 One Hundred Sixty Seven) Equity Shareholders whose email addresses are registered with the Company / Depositories and to 4 (Four) Equity Shareholders through Speed post on 10th day of April, 2023 whose names are recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date i.e. 24th day of March 2023.



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(4) A paper advertisement with regard to the date, time and Venue of the meeting of the Equity Shareholders of the Applicant Company were carried out in accordance with the terms of Rule 7 of Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, in the Financial Express (in English), and Nava Telangana (in Telugu) both in Hyderabad edition on 12th day of April, 2023 and in accordance with the provisions of Rule 8 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 the notice of the Tribunal Convened Meetings of the Equity Shareholders of the Demerged Company have been sent to the Registrar of Companies, the Central Government (Regional Director), Hyderabad, the Income Tax Department and Stock Exchange through email on 11th day of April 2023.

(A copy of the acknowledgment of the Affidavit of Service filed by the Director of the Demerged Company in terms of Rule 12 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, with this Hon'ble Tribunal is enclosed hereto and marked as "Annexure – 13")

11) MEETING OF THE EQUITY SHAREHOLDERS OF DEMERGED COMPANY:

As directed by this Tribunal vide its Order dated 31st day of March 2023, the Chairperson, Mr. Govada Venkata Subba Rao, convened the meeting of the Equity Shareholders of Demerged Company on Saturday, the 13th day of May, 2023, at 11:00 A.M. (IST) at the registered office of the Demerged Company and the Chairman's Report is extracted below for information:

(1) "That I, the Chairman appointed by the Hon'ble National Company Law Tribunal - II, Hyderabad Bench at Hyderabad (the Tribunal), by the order dated March 31, 2023 to convene the meeting of the Equity Shareholders of M/s. DRS Dilip Roadlines Limited (the 'Company' or the 'Demerged Company'), on Saturday, May 13, 2023 at the registered office of the company at 306, 3rd Floor, Kabra Complex 61, MG Road, Secunderabad-500003, India at 11:00 AM. for the purpose of considering, and if thought fit, approving, with or without modification(s), the Scheme of Arrangement between M/s. DRS Dilip Roadlines Limited (the 'Company' or the 'Demerged Company') and M/s. DRS Cargo Movers Private Limited (the 'Resulting Company') and their respective Equity Shareholders and creditors (the Scheme"), do hereby report to this Hon'ble Tribunal as follows:

a) That as per the order of the Hon'ble Tribunal dated 31st day of March, 2023, the notices with regard to the meeting of the Equity Shareholders of the Applicant Company were sent to 167 (One Hundred and Sixty Seven) Equity Shareholders through e-mail through M/s Bigshare Sed and to 4 (Four) Equity Shareholders through Speed Post on 10.04.2023, whose names are recorded in the Register of



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Members / in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date (Friday, 24th day of March, 2023).

b) The notice of the Meeting was uploaded on the portal of NSE (NEAPS) and was also served on The Regional Director, the Registrar of Companies and The Income Tax Department by e-mail on 11.04.2023.

c) That as per the order of the Hon'ble Tribunal, a newspaper advertisement with regard to the date and time of the meeting of the Equity Shareholders of the Applicant Company was carried out in accordance with Rule 7 of Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, in the Financial Express, Hyderabad District edition and in Nava Telangana, Hyderabad District Edition both having circulation in the state of Telangana on 12.04.2023.

(2) It is submitted that as per the directions of the Hon'ble Tribunal, the meeting was held physically at the registered office of the Company. In the said meeting 29 Equity Shareholders were present in person, out of which 25 Equity Shareholders voted during the Meeting using the electronic facility (venue e-voting), 3 Equity Shareholders did not vote in the said Meeting since they had already casted their vote through remote e voting and 1 shareholder did not vote, (neither through remote e-voting nor through venue e-voting) at all. Further, 16 Equity Shareholders voted through remote e-voting, which was closed at 5 P.M. on 12th May, 2023. Thus, total number of shareholders who voted on the resolution stands at 41 (ie., 25 through venue e voting and 16 through remote e voting). The said 41 Equity Shareholders held a total of 1,15,16,771 equity shares of Rs. 10/- each as on 06th May, 2023, being the Cut Off Date. For the purpose of the meeting, Central Depository Services (India) Limited ("CDSL") provided the necessary facility for remote e-voting and voting through electronic means at the venue.

(3) Accordingly, the requirement of 5 (Five) Equity Shareholders, to be present either in person or through proxy, as prescribed under Section 103 of the Companies, Act 2013, and also fixed by the Hon'ble Tribunal for the purpose of proper constitution of the meeting of the Equity Shareholders of the Applicant Company was duly met.

(4) The Scheme of Arrangement was read out and explained by the Company's Officials to the Equity Shareholders of the Company, and the question submitted by me to the said meeting was whether the Equity Shareholders of the company approve the Scheme submitted to the meeting and agreed thereto.

(5) No Queries raised by the Equity Shareholders present at the meeting.

(6) Thereafter, I requested the Equity Shareholders who were present, to cast their vote through E-Voting at the meeting on the resolution as set out in the Notice dated 10.04.2023. Further, I requested the Scrutinizer to submit his report on voting



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(7) Further all the Equity Shareholders who attended the meeting and casted their vote through E-Voting at the meeting and votes casted through Remote E-Voting representing more than 3/4th in value are of the opinion that the scheme of arrangements should be approved and agreed to. The Result of the voting upon the said question was as follows:

The Under-mentioned summary of Equity Shareholders voted in favour of the proposed arrangement being adopted and carried into effect:

	Number of Equity Shareholders	Total number of votes cast	Votes in Favour of the Resolution	% of Total Number of Votes Cast in favour of the resolution
Equity Shareholders who cast their vote at the meeting through e-Voting (while being present in person)	25	66,60,739	66,60,739	57.84
Equity Shareholders who cast their vote through Remote E-Voting	16	48,56,032	48,56,032	42.16
Total	41	1,15,16,771	1,15,16,771	100.00%

(8) Copy of Scrutinizers report issued by Mr. CH. SRINIVASULU, Advocate, who was appointed as Scrutinizer by the Tribunal to Scrutinize and report on the votes cast in connection with the Resolution approving the scheme is enclosed as Annexure I.

(9) The resolution as set out in the Notice of the Meeting dated April, 10, 2023 was passed by the Equity Shareholders with requisite majority in accordance with the provisions of Section 230(6) of the Companies Act, 2013 and rules thereunder".

Hence, from the above result, the Chairperson reported to this Tribunal that the resolution proposed for approval of the Scheme of Arrangement between M/s.DRS Dilip Roadlines Limited (the 'Company' or the 'Demerged Company') and M/s.DRS Cargo Movers Private Limited (the 'Resulting Company') and their respective Shareholders and creditors was approved with requisite majority without any modifications.



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12) DECLARATION BY THE PETITIONER COMPANIES:

- (i) No petition under Sections 241 or 242 of the Companies Act, 2013 has been filed against any of the Petitioner Companies and there has been no material change in the affairs of any of the Petitioner Companies, except for what was done in the normal course of business.
- (ii) There are no proceedings pending under Sections 210 to 227 of Companies Act, 2013, against any of the Petitioner Companies.
- (iii) The Scheme of Arrangement between M/s. DRS Dilip Roadlines Limited (the 'Company' or the 'Demerged Company') and M/s. DRS Cargo Movers Private Limited (the 'Resulting Company') and their respective Shareholders and creditors does not have an adverse effect on any of the shareholders or creditors or other stakeholders of the respective Petitioner Companies in any manner whatsoever.

13) Jurisdiction:

The registered offices of the Applicant Companies are situated in the state of Telangana and hence the subject-matter of this Application is within the jurisdiction of this Hon'ble National Company Law Tribunal, Hyderabad Bench at Hyderabad.

14) Limitation:

The present Application is being filed under Sections 230 to 232 of the Companies Act, 2013, pursuant to the Board Resolutions passed by the Board of Directors of the respective Applicant Companies at their respective meetings held on 08.03.2023 and hence the present application is within the limitation.

15) In response to the observations made by the Regional Director, the Petitioner Companies have given necessary undertakings and clarifications through their reply affidavit filed on 31.07.2023. The observations made by the Regional Director and the clarifications and undertakings given by the Petitioner Companies are summarized in the table below:

Para Nos.	Regional Director's Report/observations dated 18 th July, 2023	Reply Affidavit filed by the Petitioner Companies vide Memo dated 31.07.2023
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Page No.1 @ Para No.2	ROC(H) in his report submits that the Central Government represented by the Regional for South East Region, Ministry of Corporate Affairs, Hyderabad has been served with Copy P(CAA) No. 25/230/HDB/2023 connected with CA (CAA) No. 06/230/HDB/2023, pursuant to On 230-232 of the Companies Act, 2013. The registered offices of the Petitioner Companies situated in the State of Telangana within the jurisdiction of this Hon'ble Tribunal and that the scheme of arrangement and other material papers have been examined and to as under:	That we are the directors/ authorised representatives of the Petitioner Companies in the above matter herein, and we are duly authorised by the aforesaid respective Petitioner Companies to make this affidavit on behalf of the Petitioner Companies herein.
Page No.2 @ Para No.3	That the demerged company is the holding company of the resulting company. Through the present scheme, the warehouse division of the demerged company is getting demerged into the resulting company.	In reply to paras 1, 2, and 3 of the report filed by the Regional Director, it is sub-mitted that the same are facts on record and hence need not be traversed.
Page No.2 (@) Para No.4	This Directorate has received letter No. ROCH/Amal/230-232/ 2023/ 696 dated 05.07.2023 from the Registrar of Companies, Telangana, Hyderabad opining no objection to the proposed Arrangement, but pointed out certain observations as under:- (a) As per Clause 6.3 of the scheme the appointed date is 01.04.2022. The companies	In reply to paras 4 (a) to (d) of the report filed by the Regional Director, it is most humbly submitted that the same are facts on record and hence need not be traversed.



	have filed financial statements up to 31.03.2022. (b) The NCLT dispensed with meetings of creditors of both companies. The Demerged Company has obtained the necessary approval of the scheme through voting in a meeting of members with a requisite majority. The meeting of members of resultant company has been dispensed with by the NCLT. (c) The exchange ratio of 1:2 has been fixed based on the recommendation of the registered valuer. The resulting company is a wholly owned subsidiary company of the Demerged Company & which is listed with NSE, where these shares are traded in SME platform (Emerge) has given NOC. (d) Since the listed company has only 173 shareholders, the issue of shares will not result in violation of section 2(68) of the Act.	
Page No.2 Para No.5	That this office had issued letter to the Additional Commissioner of Income Tax, Hyderabad- 500004, Telangana with regard to demerged company and resulting company. However, till date no reply/ comments in the matter has been submitted to this office. Hon'ble Tribunal may be pleased to direct the	In so far as the observations of the Regional Director are concerned, we the Petitioner Companies, state, affirm, confirm and undertake the following in seriatim respect of (A). Observations of the



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	Petitioner Companies to furnish an undertaking that, if any demand arises in future with respect to Demerged Company and Resulting Company. Resulting Company will pay such dues to the Income Tax Authorities as per law. Hence, this Hon'ble Tribunal may be pleased to consider the above observations and pass such order or orders as deemed fit and proper in the circumstances, after hearing the Income Tax Department.	Registrar of Companies, Telangana, Hyderabad In reply to paras 4 (a) to (d) of the report filed by the Regional Director, it is most humbly submitted that the same are facts on record and hence need not be traversed. In reply to Para-No. 5 of the report filed by the Regional Director, it is most humbly submitted that the same is a fact on record and further the petitioner Companies under-take to comply with all applicable provisions of the Income Tax Act, as well as all tax demands associated with it, as well as to pay all legal demands raised by the Income Tax Department, subject to the outcome of the legal proceedings or orders of the Income Tax Appellate Tribunal or any higher quasi-judicial/judicial authority, if any. In view of the above submissions, it is respectfully prayed that this Hon'ble Tribunal may be pleased to dispose off the Joint Company Petition on
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7/10/23

		merits and pass the orders as prayed for in the Company Petitions.
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16) Hence, from the above report of the RD, it can be understood that there are no tenable objections raised and that the queries posed to the companies were also answered. Hence, the direction as sought for by the Regional Director (RD) would stand complied.

17) The Applicant prays the Hon'ble Tribunal to:

(a) Sanction and confirm the Scheme of Arrangement between M/s. DRS Dilip Roadlines Limited (the 'Company' or the 'Demerged Company') and M/s. DRS Cargo Movers Private Limited (the 'Resulting Company') and their respective Shareholders and creditors and other matters incidental with effect from the appointed date i.e. 01.04.2022 (First Day of April, Two Thousand and Twenty-Two), so as to be binding on the Petitioner Companies and on all the members, employees, creditors of the Petitioner Companies.

(b) That the Petitioner Companies shall submit within 30 (thirty) days after the date of receipt of certified copy of the order of Tribunal, cause a certified copy of the order to be filed with the Registrar of Companies at Hyderabad, in Form INC-28 as specified under Section 232(5) of the Companies Act, 2013.

(c) That the parties to the Scheme or any other person interested shall be at liberty to apply to this Hon'ble Tribunal, Hyderabad Bench for any direction that may be necessary with regard to the carrying out the Scheme.

(d) Pass such other order or orders, as this Hon'ble Tribunal, may deem fit and proper in the circumstances of the case.

18) We have heard the Learned Counsel for the Applicant Companies and perused the material papers on record. Considering the entire facts and circumstances of the case and on perusal of the Arrangement Scheme and the documents produced on record, the Scheme of Arrangement appears to be fair and reasonable and is not contrary to public policy and not violative of any provisions of law. All the statutory compliances have been made under Section 230 to 232 of the Companies Act, 2013.



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ORDER

19) After hearing the Learned Counsel for the Applicant Companies and after considering the material on record, this Adjudicating Authority passed the following order:

- (a) The Scheme of Arrangement as **Annexure - 5** of the Company Petition filed by the Petitioner Companies is hereby sanctioned and confirmed with appointed date as 01/04/2022 and shall be binding on all the members, employees, creditors, concerned statutory, regulatory authorities and all other stakeholders of the Petitioner Companies.
- (b) While approving the Scheme, we make it clear that this order should not be construed as an order in anyway granting exemption from payment of stamp duty, taxes or any other charges, if any, payable, in accordance with law or in respect of any permission/compliance with any other requirement which may be specifically required under any law.
- (c) The whole of the assets, property, rights and Liabilities of the Demerged Company pertaining to the Warehousing Service Business shall be transferred without the requirement of any further act or deed to the Resulting Company.
- (d) We direct the Petitioner companies to comply with all the observations pointed out by the Regional Director, if any.
- (e) We direct the Petitioner Companies to preserve the books of accounts and papers and records and the same shall not be disposed of without the prior permission of the Central Government in terms of provisions of Section 239 of the Companies Act, 2013.
- (f) We direct the Petitioner Companies to ensure statutory compliance of all applicable laws and also on sanctioning of the present Scheme the Petitioner Companies shall not be absolved for any of its statutory liability in any manner.
- (g) We direct the Petitioner Companies involved in the Scheme to comply with Rule 17 (2) of the Companies (Compromise, Arrangement and Amalgamation) Rules, 2013. The Petitioner Companies within 30 days after the date of receipt of certified copy of the order, shall cause



certified copy to be delivered in the Form INC-28 to the Registrar of Companies concerned for registration and on such certified copy being delivered, Registrar of Companies concerned shall take all necessary consequential action in respect of the Petitioner Companies.

- (h) The Petitioner Companies are further directed to take all consequential and statutory steps required in pursuance of the approved Scheme of Arrangement under the provisions of the Companies Act, 2013 and submit necessary compliance and undertaking relating to the objections raised by the Regional Director (SER), MCA, Government of India, Hyderabad.
- (i) The Petitioner Companies are directed to strictly comply with the Accounting Treatment Standards prescribed under Section 133 of the Companies Act, 2013.
- (j) The sanction of the Scheme by this Tribunal shall not forbid the Revenue Authority from taking appropriate recourse for recovering the existing and previous tax liabilities of the Demerged and Resulting Companies.
- (k) The Petitioner Companies shall until the completion of the Scheme of Arrangement, file a statement in such form and within such time as prescribed with the Registrar every year duly certified by the Chartered Accountant or a Cost Accountant or a Company Secretary to the effect that the Scheme of Amalgamation is being complied in accordance with the orders of the Adjudicating Authority as required under Section 232(7) of the Companies Act, 2013.

- (l) All concerned shall act on a copy of this order along with Scheme duly authenticated by the Deputy/Assistant Registrar of this Tribunal.

- (m) Any person shall be at liberty to apply to the Tribunal in the above matter for any directions that may be necessary.

- (n) Accordingly, the Scheme is allowed and the Company Petition bearing No. CP(CAA)No.25/230/HDB/2022 stands disposed of.

CHARAN SINGH
MEMBER (TECHNICAL)

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JUSTICE TELAPROLU RAJANI
MEMBER (JUDICIAL)

Deputy Registrar / Assistant Registrar / Court Officer
National Company Law Tribunal, Hyderabad Bench

प्रमाणित प्रति
CERTIFIED TRUE COPY
केस नंबर
CASE NUMBER: CP(CAA)No.25/230/HDB/2023
निर्णय का मसौदा
DATE OF JUDGEMENT: 17/8/23
प्रति तैयार किया गया तारीख
COPY MADE READY ON: 27/9/23



SCHEME OF ARRANGEMENT

BETWEEN

DRS DILIP ROADLINES LIMITED

(DRS DILIP or DEMERGED COMPANY)

AND

DRS. CARGO MOVERS PRIVATE LIMITED

(DRS. CARGO or RESULTING COMPANY)

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

UNDER SECTIONS 230 TO 232 READ WITH SECTION 66 OF THE COMPANIES ACT, 2013

AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013



1/1/19



1. PREAMBLE:

This Scheme of Demerger ("Scheme") is presented pursuant to the provisions of Sections 230 to 232 read with Section 66 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013, and the rules and regulations issued thereunder read with Sections 2(1B) and 2(19AA) and other applicable provisions of the Income-tax Act, 1961, and applicable Listing Regulations in each case, as amended from time to time and as may be applicable, for:



Supplementary

- (i) Demerger of the Demerged Undertaking (as defined hereunder) of DRS Dilip Roadlines Limited the "Demerged Company") and vesting of the same with and into DRS. Cargo Movers Private Limited (the "Resulting Company"), on a going concern basis; and
- (ii) Listing of Resulting Company on NSE Emerge (SME Platform of NSE India Limited) in accordance with Listing Regulations and other regulations as prescribed by SEBI, NSE or any other regulatory or statutory authority.
- (iii) various other matters consequential to or otherwise integrally connected with the above in the manner provided for in the Scheme.

2. BACKGROUND AND DESCRIPTION OF THE PARTIES TO THIS SCHEME:

- (i) DRS Dilip Roadlines Limited, (hereinafter referred to as "DRS DILIP/ Demerged Company") was originally incorporated as a Private Limited Company under the name and style "DRSDILIP ROADLINES PRIVATE LIMITED" under the provisions of Companies Act, 1956, on 10.07.2009 (Tenth day of July, Two Thousand and Nine), in the State of Telangana (erstwhile undivided Andhra Pradesh) vide Corporate Identity Number (CIN) U60231AP2009PTC0054326, issued by the Registrar of Companies, Andhra Pradesh. Subsequently, the Company was converted into a Public Limited Company and the name of the company was changed to DRS DILIP ROADLINES LIMITED and a Fresh Certificate of Incorporation consequent upon conversion from Private Company to Public Company was issued by the Registrar of Companies, Telangana, Hyderabad, on 06.09.2018 (Sixth Day of September, Two Thousand and Eighteen).

The company is engaged in business of providing logistic services including transportation, packing & moving and renting of warehouses.

The Registered office of the Company is presently situated at 306, 3rd Floor, Kabra Complex, 61, M G Road, Secunderabad- 500003. The CIN of the Company is L60231TG2009PLC064326 and the PAN of the Company is AADCD1865C.

The main objects of the Company are as follows:

- To carry on the business of public carriers, transporters and carriers of goods, passengers, merchandise, commodities, luggage and other products, documents, services to pick up and delivery of documents, parcels, all types of goods and merchandise, door to door/door to desk service of small, medium, bulk, odd craf any size or type of consignments, whether in India or elsewhere.
- To establish, organize, manage, run, charter, conduct, contract, develop, handle, own, operate and to do business as transporters in all its branches for transporting goods, passengers, articles or things on all routes and lines, on national and international levels subject to the laws in force through all sorts of road carriers, whether propelled by petrol, diesel, electricity or any other form of power.
- To carry on the business in India or abroad to take on lease, rent, hire and to construct, establish, erect, promote, undertake, acquire, own operate, equip, manage, renovate, maintain, turn to account, maintain and to run warehouses, godowns, stores and other



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similar establishments, to provide facilities for storage of commodities, goods, articles and things, and for the purpose to act as C & F agent, custodian, warehouseman, transportation and distribution agent, stockist, transporter, importer, exporter, or otherwise to deal in all sorts of commodities, vegetables, fruits, edibles and similar goods

The authorized, issued, subscribed and paid-up share capital of the Demerged Company as on 31st March, 2021 is as follows:

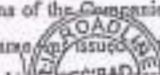
Share Capital	Amount in Rs.
Authorized Capital	
1,70,00,000 Equity Shares of Rs.10/- each	17,00,00,000
Total	17,00,00,000
Issued, Subscribed and Paid-Up Capital	
1,50,62,403 fully paid-up Equity Shares of Rs.10/- each	15,06,24,030
Total	15,06,24,030

Subsequent to 31.03.2021 there has been no change in the authorized, issued, subscribed or paid-up share capital of the Demerged Company.

The Demerged Company is the Holding Company of the Resulting Company. The Equity shares of Demerged Company are listed and traded on the NSE EmERGE (SME Platform of NSE India Limited) bearing Symbol: DRSDILIP. The following is the Shareholding pattern of the Demerged Company as on 31.12.2021.

Sl. No.	Category of shareholder	No. of shareholders	Total no. of shares held	% of Holding
1.	Promoter & Promoter Group	6	10862355	72.12
2.	Public	167	4200048	27.88
	Total	173	15062403	100.00

- (a) DRS. CARGO MOVERS PRIVATE LIMITED, (hereinafter referred to as "DRS. CARGO Resulting Company") was incorporated under the name and style DRS Labs (India) Private Limited in the state of Telangana, (erstwhile undivided Andhra Pradesh) under the provisions of the Companies Act, 1956 on 12.12.2007 (Twelfth Day of December, Two Thousand and Seven) vide Corporate Identification Number: (CIN) U24232AP2007PTC056660 issued by the Registrar of Companies, Andhra Pradesh. Subsequently, the name of the Company was changed from "DRS Labs (India) Private Limited" to its present name i.e., "DRS. Cargo Movers Private Limited" by following due procedure laid down under the applicable provisions of the Companies Act, 2013. Fresh Certificate of Incorporation consequent on change of name was issued by the Registrar.



of Companies, Telangana, Hyderabad on 13th February, 2019 (Thirteenth Day of February, Two Thousand and Nineteen).

The company is engaged in business of providing logistics services including transportation, packing & moving and renting of warehouses.

The Registered office of the Company is situated at 306, 3rd Floor, Kalva Complex, 51, M G Road, Secunderabad-500003. The CIN of the Company is U24232TG2007PTC056666 and the PAN of the Company is AADCD0069Q.

The main objects of the Company are as follows:

- To carry on the business of public carriers, transporters and carriers of goods, passengers, merchandise, commodities, luggage and other products, documents, services to pick up and delivery of documents, parcels, all types of goods and merchandise, door to door/desk to desk service of small, medium, bulk, odd or of any size or type of consignments, whether in India or elsewhere.
- To establish, organize, manage, run, charter, conduct, contract, develop, handle, own, operate and to do business as transporters in all its branches for transporting goods, passengers, articles or things on all routes and lines, on national and international levels subject to the laws in force through all sorts of road carriers, whether propelled by petrol, diesel, electricity or any other form of power.
- To carry on the business in India or abroad to take on lease, rent, hire and to construct, build, establish, erect, promote, undertake, acquire, own operate, equip, manage, renovate, recondition, turn to account, maintain and to run warehouses, godowns, stores and other similar establishments, to provide facilities for storage of commodities, goods, articles and things, and for the purpose to act as C & F agent, custodian, warehouseman, transportation and distribution agent, stockist, auctioneer, importer, exporter, or otherwise to deal in all sorts of commodities, vegetables, fruits, edibles and similar goods.

The authorized, issued, subscribed and paid-up share capital of Resolving Company as on 31.03.2021, is as follows:

Share Capital	Amount in Rs.
Authorized Capital	
12,50,000 Equity Shares of Rs.10/- each	1,25,00,000
Total	1,25,00,000
Issued, Subscribed and Paid-Up Capital	
11,84,300 Equity Shares of Rs.10/- each	1,18,43,000
Total	1,18,43,000



Subsequent to 31.03.2021 there is no change in the authorized, issued, subscribed or paid-up share capital of the Resolving Company.



The Resulting Company is the wholly owned subsidiary of the Demerged Company. The following is the extract of the Register of Members of the Resulting Company showing its latest list of the equity shareholders:

List of Equity Share Holders

S. No.	Name of the shareholder	No. of equity shares	% of Holding
1.	DRS Dilip Roadlines Limited (Demerged Company)	11,84,399	99.99
2.	Mt. Anjali Kumar Agarwal (Nominee of DRS Dilip Roadlines Limited)	1	0.01
	Total	11,84,400	100.00

2(A) Shareholding Pattern

DRS Dilip Roadlines Limited (Demerged Company) and DRS Cargo Movers Private Limited (Resulting Company)

Pre-demerger shareholding pattern of DRS Dilip Roadlines Limited (demerged company) is as under:

The pre demerger shareholding pattern of DRS Dilip Roadlines Limited (Demerged Company) is given below:

Category	No. of shares	% of total paid up capital
Promoter & Promoter Group	1,08,62,355	72.12
Public	41,00,048	27.88
Total	1,50,62,403	100.00

Category	No. of shares	% of total paid up capital
Promoter & Promoter Group		
1. Anjali Kumar Agarwal	2664450	17.69
2. Deyanand Agarwal	6199907	41.16
3. Sanjay Agarwal	1997950	13.26
4. Shashi Kala Agarwal	16	Negligible
5. Sunita Agarwal	16	Negligible
6. Pinky Agarwal	16	Negligible
Total	10862355	72.12

Post-demerger shareholding pattern of DRS Dilip Roadlines Limited (demerged company) will be



The post demerger shareholding pattern of DRS Dilip Roadlines Limited (Demerged Company) is given below:

Category	No. of shares	% of total paid up capital (post demerger)
Promoter & Promoter Group	1,08,62,355	72.12
Public	41,00,048	27.88
Total	1,50,62,403	100.00

Category	No. of shares	% of total paid up capital (post demerger)
Promoter & Promoter Group		
1. Anjani Kumar Agarwal	2654450	17.69
2. Dayansud Agarwal	6199907	41.16
3. Sanjay Agarwal	1997950	13.26
4. Shashi Kala Agarwal	16	Negligible
5. Sunita Agarwal	16	Negligible
6. Pinky Agarwal	16	Negligible
Total	10862355	72.12

Since there is no issue / allotment of shares pursuant to the present Scheme of Arrangement, there is No Change in Pre & Post Shareholding of DRS Dilip Roadlines Limited (demerged company).

Pre-Demerger shareholding pattern of M/s DRS. Cargo Movers Private Limited (Resulting Company)

The pre demerger shareholding pattern of M/s DRS. Cargo Movers Private Limited is given below:

Category	No. of shares	% of pre-demerger paid up capital
Promoter & Promoter Group	11,34,300	100
Public	0	0
Total	11,34,300	100

Category	No. of shares	% of pre-demerger paid up capital
Promoter & Promoter Group		
1. DRS DILIP ROADLINES	11,34,299	



LIMITED (Holding Company)		
2. Anjani Kumar Agarwal (Beneficial interest held by DRS Dilip Roadlines Limited)	1	
Total	11,84,300	100.00

Post-scheme shareholding pattern of DRS, Cargo Movers Private Limited (Resulting company):

The post demerger shareholding pattern of M/s DRS, Cargo Movers Private Limited is given below:

Category	No. of shares	% paid up capital after demerger
Promoter & Promoter Group	54,31,178	72.12
Public	21,00,024	27.88
Total	75,31,202	100.00

Category	No. of shares	% paid up capital after demerger
Promoter & Promoter Group		
1. Anjani Kumar Agarwal	13,32,225	17.69
2. Dayanand Agarwal	30,99,954	41.16
3. Sanjay Agarwal	9,98,975	13.26
4. Shashi Kala Agarwal	08	Negligible
5. Sunita Agarwal	08	Negligible
6. Finky Agarwal	08	Negligible
Total	54,31,178	72.12



In the pre-demerger scenario, the entire share capital of DRS, Cargo Movers Private Limited is being held by its Holding Company, M/s DRS Dilip Roadlines Limited, along with its nominee. Pursuant to this Scheme of Arrangement, the said entire share capital of DRS, Cargo Movers Private Limited which is held by the Holding Company and its nominee shall stand cancelled. Hence, in the post demerger scenario, upon allotment of shares to the shareholders of the Demerged Company, i.e., DRS Dilip Roadlines Limited as contemplated in the Scheme of Arrangement, the shareholding of DRS Dilip Roadlines Limited would stand reduced to zero. Thus, in the post demerger scenario, the shareholding pattern of the resulting Company will comprise shareholdings in the same proportion as in the demerged Company.

Further, notwithstanding the aforesaid, the Resulting Company shall, in case, its public shareholding falls below the threshold limit of 25% upon listing of its securities, it shall increase the public shareholding to at least 25% of its paid up capital within a period of one year from the date of listing.



3. RATIONALE FOR THIS SCHEME:

- 3.1. This Scheme of Demerger and vesting of the Demerged undertaking of the demerged company to the resulting company results in the following:

Demerger:

- i. The Demerged Company, presently, has two Divisions / undertakings viz. Transport Division and the Warehouse Division. Each of the businesses of the Demerged Company operates in different business environment and is subject to different profitability, growth opportunities, future prospects and risks.
- ii. The nature of risk and competition involved in each of these businesses are distinct and consequently nature of considerations, factors and commercial parameters applicable to the business of Transportation of Goods being different and divergent in nature in comparison to that of Warehousing services business. With an endeavor to enhance shareholders value and insulate both the businesses from the risks of each other, it is proposed to reorganize and segregate, by way of Demerger of Warehouse Division.
- iii. The Demerger of Warehouse Division from the Demerged Company to the Resulting Company will facilitate the Demerged Company to focus on its remaining prime business and transfer of the Warehouse Division by way of Demerger to the Resulting Company will enable the Resulting Company to focus on ventures with greater profitability, and results in simplification of the Company's structure and cost efficiency of respective companies and greater revenue inflow would be to the benefit of all the stakeholders of both the Demerged and the Resulting Company.
- iv. It is therefore, proposed that the Warehouse Division of the Demerged Company be segregated and demerged, pursuant to a Scheme of Arrangement and be transferred to the Resulting Company for achieving independent focus.

- 3.2. The management of the respective Companies is of the view that this Scheme is in the interest of the customers, employees, lenders, shareholders and all other stakeholders of the respective Companies. The management of the Demerged Company and the Resulting Company proposes to achieve the above objective pursuant to a Scheme of Arrangement under Sections 230 to 232 read with Sections 52 and 66 the Companies Act, 2013.

4. SCOPE OF THE SCHEME:

- 4.1. This Scheme of Arrangement is presented under sections 230 to 232 read with the Sections 52 and 66 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and it provides for the Demerger of the Warehouse Division of the Demerged Company into the Resulting Company. It also provides for Listing of Equity Shares of Resulting Company on NSE Emerge (SME Platform, NSE India Limited). This Scheme of Arrangement also provides for various other matters supplemental and / or otherwise integrally connected therewith.
- 4.2. The events contemplated under the Scheme are as under:



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- a) Demerger of the Warehouse Division of the Demerged Company and vesting of the same in the Resulting Company, on a going concern basis.
- b) Cancellation of entire equity share capital of the Resulting Company, (i.e., 1184300 shares) held by the Demerged Company and its nominee in the Resulting Company or in other words cancellation of investments made by Demerged Company in the share capital of Resulting Company as appearing in the books of Demerged Company. Reduction in the Reserves & Surplus of the Demerged Company and increase in the authorized share capital of the Resulting Company as a part of the Demerger of Demerged Undertaking and vesting of the same in the Resulting Company.
- c) Consequent issue of 75,11,201 Equity Shares of Rs. 10/- each by the Resulting Company to the shareholders of Demerged Company as a consideration pursuant to the provisions of sections 230 to 232 and other relevant provisions of the Companies Act, 2013. All the shareholders of the Demerged Company as on the Record Date shall become the shareholders of the Resulting Company by virtue of the Demerger.
- d) The Equity Shares to be issued by the Resulting Company to the shareholders of the Demerged Company shall be listed on NSE Emerge (SME Platform of NSE India Limited) in accordance with Listing Regulations and other regulations as prescribed by SEBI, NSE or any other regulatory or statutory authority.

Further, as an integral part of this Scheme, the Resulting Company shall be converted into a Public Limited Company and the Authorised Capital of the Resulting Company shall be increased without any further approvals from the Board or shareholders.

Further, the Scheme shall be in compliance with the applicable SEBI (ICDR) Regulations including Listing Regulations, SCRR and the Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and Master Circular SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021 and any subsequent amendments thereof ("SEBI Circulars").

5. OVERVIEW OF THIS SCHEME:

The Scheme is divided into the following parts:

- PART A:** Deals with the Definitions and Compliance with Tax Laws.
- PART B:** Deals with the Demerger of the Warehouse Division of Demerged Company into the Resulting Company.
- PART C:** Deals with General Terms and Conditions.

DEFINITIONS AND COMPLIANCE WITH TAX LAWS

6. DEFINITIONS:

- 6.1. "Act" means, as the context may admit, the Companies Act, 2013 (as may be notified from time to time) and the rules made thereunder, and shall include any statutory modification or amendment thereof for the time being in force.



- 6.2. "Applicable Law(s)" means all statute, notifications, bye-laws, rules, regulations, guidelines, circulars or common law, policy, code, directives, ordinance, schemes, notices, orders or instructions enacted or issued or sanctioned by any Appropriate Authority including any modification or re-enactment thereof for the time being in force.
- 6.3. "Appointed Date" means 01.04.2022 (First Day of April, Two Thousand And Twenty Two) or such other date as may be approved by the Hon'ble National Company Law Tribunal or such other competent authority having jurisdiction to sanction the Scheme. The Appointed Date shall be the Effective Date and the Scheme shall be deemed to be effective from the Appointed Date.
- 6.4. "Appropriate Authority" means any applicable central, state or local government, legislative body, regulatory, administrative or statutory authority, agency or commission or department or public or judicial body or authority, including but not limited to Registrar of Companies, Official Liquidator, Regional Director, National Company Law Tribunal etc.
- 6.5. "Board of Directors" or "Board" means and includes the respective Board of Directors of Resulting Company, or as the case may be, the Board of Directors of Demerged Company or any committee constituted by such Board of Directors for the purpose of the Scheme.
- 6.6. "Demerger" means the transfer and vesting of the Demerged Undertaking of the Demerged Company into the Resulting Company pursuant to this Scheme, consequent issue of 75,31,201 Equity Shares of Rs.10/- each by the Resulting Company to the shareholders of the Demerged Company.
- 6.7. "Demerged Company" or "DRSDILIP" means DRS Dilip Roadlines Limited, a Company incorporated under the provisions of the Companies Act, 1956, bearing CIN: L60231TG2009PLC064326 and having its Registered Office situated at 305, 3rd Floor, Kabra Complex, 61, M G Road, Secunderabad -500003
- 6.8. "Demerged Undertaking" or "Warehouse Division" means the entire business activities, operations, business division and undertaking pertaining to the Warehouse Business of the Demerged Company and comprising all the assets (movable and immovable) and liabilities, which relate thereto or are necessary thereto and including specifically the following:
- All assets and properties of, or required for the Warehouse Division wherever situated, whether movable or immovable, freehold or leasehold, tangible or intangible, including without limitations freehold land and buildings, whether encumbered or not, and leasehold land and buildings, if any, more particularly described in Schedule I, all funds, cash and bank balances, investments, stocks, inventories, work in progress, trade receivables, plant and machinery, estates, buildings, offices, warehouses, stock yards, machinery, capital work in progress, furniture, fixtures, office equipment, vehicles, power lines, water pipelines and depots.
 - All agreements, contracts, engagements, permits, quotas, rights, registrations, entitlements, industrial and commercial leases, leasehold rights, tenancy rights, sub-leases, licenses, bills, actionable claims, deposits with various government and other parties/entities/departments, various payments made to the concerned departments, authorities or other persons under protest, and grants thereof, municipal permissions, approvals, consents, goodwill, trade names, brands, trade secrets, bank accounts, receivables, powers and liabilities of every kind, nature and description whatsoever, rights to use or avail of telephones.



emails, telexes, facsimile, electric service connections, benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Warehouse Division of the Demerged Company.

- d) All deposits or benefits of any deposits, balances, earnest moneys and/or security deposits paid or received by the Demerged Company directly or indirectly in connection with or relating to the Warehouse Division of the Demerged Company.
- e) All books, records, files, papers, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records, whether in physical form or electronic form in connection with or relating to the Warehouse Division of the Demerged Company; and
- f) All the reserves, debts, duties, obligations, secured loans, unsecured loans, trade payables, current liabilities and all other liabilities (including contingent and prospective liabilities) relating to the Warehouse Division of the Demerged Company.

EXPLANATION:

(i) For the purpose of this Scheme, it is clarified that the liabilities pertaining to the Warehouse Division of the Demerged Company are:

- a) The liabilities which accrue or arise out of the activities or operations of the Warehouse Division of the Demerged Company.
- b) Specific loans and borrowings arisen, incurred and utilized solely for the activities or operations of the Warehouse Division of the Demerged Company.
- c) Liabilities other than those referred to in sub-clauses (a) and (b) above, if any, being the amounts of general or multipurpose borrowings of the Demerged Company, allocated to the Warehouse Division in the same proportion as which the value of the assets transferred under this Scheme bear to the total value of the assets of the Demerged Company as at the end of business on the date immediately preceding the Appointed Date.

- (2) Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the Warehouse Division of the Demerged Company or whether it arises out of the activities or operations of the Warehouse Division of the Demerged Company shall be decided by mutual agreement between the Boards of Directors of the Demerged Company and the Resulting Company.

6.9. "IT Act" means the Indian Income-tax Act, 1961 and the rules, regulations, circulars, notifications and orders issued thereunder including any statutory modifications, re-enactments or amendments thereof for the time being in force.

6.10. "Listing Regulations" means Securities and Exchange Board of India (Listing Obligations and



- 6.11. "National Company Law Tribunal / Tribunal" means the Hon'ble National Company Law Tribunal ("NCLT") as constituted and authorized as per the provisions of the Act for approving any scheme of arrangement, compromise or reconstruction of companies under Sections 230 to 232 of the Companies Act, 2013.
- 6.12. "NSE" means the National Stock Exchange of India Limited.
- 6.13. "Record Date" means the date to be fixed by the Board of Directors of Demerged Company in consultation with the Board of Directors of Resulting Company for the purpose of determining the names of shareholders of Demerged Company who shall be entitled to receive shares of the Resulting Company upon the approval of the Scheme by the Tribunal.
- 6.14. "Registrar of Companies" means the Registrar of Companies at Hyderabad for the State of Telangana.
- 6.15. "Remainder Undertaking" means all the businesses, undertakings, assets, investments, activities, operations and Undertakings of the Demerged Company other than those comprised in the Demerged Undertaking.
- 6.16. "Resulting Company" means DRS, Cargo Movers Private Limited, a company incorporated under the provisions of the Companies Act, 1956, bearing CIN: U24232TG2007PTC056660 and having its registered office situated at 306, 3rd Floor, Kabra Complex, 61, M G Road, Secunderabad - 500003.
- 6.17. "Schedule or Schedules" means Schedule I attached to and forming part of this Scheme.
- 6.18. "Scheme" or "the Scheme" or "this Scheme" means this Scheme of Arrangement in its present form or with any modification(s) as approved or imposed or directed by the Tribunal.
- 6.19. SCRR means Securities Contracts (Regulations) Rules, 1957 as applicable and amended from time to time.
- 6.20. "SEBI" means the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992;
- 6.21. "SEBI Circulars" means (i) Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, (ii) Circular No. CFD/DIL3/CIR/2017/26 dated March 23, 2017, (iii) SEBI Circular No. CFD/DIL3/CIR/2017/105 dated September 21, 2017, (iv) SEBI Circular No. CFD/DIL3/CIR/2018/2 dated January 03, 2018, (v) SEBI Circular No. SEBI/HO/CFD/DIL1/CIR/P/2019/192 dated September 12, 2019 (vi) SEBI Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/215 dated November 03, 2020 and Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021 issued by SEBI or any other circulars issued by SEBI applicable to schemes of arrangement from time to time;
- 6.22. "SEBI (ICDR) Regulations" or SEBI (ICDR) means Securities And Exchange Board Of India (Issue Of Capital And Disclosure Requirements) Regulations, 2018 and as amended from time to time.
- 6.23. "Shareholders of Demerged Companies" means respectively the persons registered as holders of shares of the Demerged Companies concerned.



6.24. "Shares" means equity shares of Rs. 10/- each of the respective Companies unless otherwise specified in the context thereof.

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

7. COMPLIANCE WITH TAX LAWS

7.1. This Scheme, so far as it relates to the Demerger of the Demerged Undertaking of the Demerged Company into the Resulting Company pursuant to this Scheme, has been drawn under Section 230-232 of the Act, read with Section 66 thereof, to comply with the conditions relating to "Demerger" as specified under the tax laws, including Section 2(19AA) of the Income Tax Act, 1961, which include the following:

- i. all the property of the demerged undertaking, being transferred by Demerged Company, immediately before the Demerger, shall become the property of the Resulting Company, by virtue of demerger;
- ii. all the liabilities relating to the Demerged Undertaking, being transferred by Demerged Company, immediately before the Demerger, shall become the liabilities of the Resulting Company, by virtue of demerger;
- iii. the property and the liabilities of the Demerged Undertaking, being transferred by Demerged Company, shall be transferred to the Resulting Company at values appearing in the books of accounts of the Demerged Company immediately before the Demerger;
- iv. the Resulting Company shall issue, in consideration of the demerger, its shares to the shareholders of the Demerged Company (upon giving effect to the Scheme) on a proportionate basis, except where the Resulting Company itself is a shareholder of the Demerged Company, if applicable;
- v. the shareholders holding shares in the Demerged Company shall become the shareholders of the Resulting Company by virtue of the Demerger;
- vi. the transfer of the Demerged undertaking to the Resulting Company shall be on a going concern basis;
- vii. comply with other relevant sections (including Sections 47 and 72A) of the Income Tax Act, 1961 as applicable.



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PART B
DEMURGER OF THE WAREHOUSE DIVISION OF DEMERGED COMPANY INTO
RESULTING COMPANY



5



8. DEMERGER AND VESTING:

8.1. Upon sanction of this Scheme by the Tribunal, the Demerged Undertaking, i.e. the Warehouse Division of the Demerged Company, as defined in the Scheme shall, subject to the provisions of this Clause in relation to the mode of vesting and pursuant to the provisions of Sections 230 to 232 of the Act and all other applicable provisions, if any, of the Act and other applicable provisions of law for the time being in force and pursuant to the orders of the Tribunal and any other appropriate authority sanctioning the Scheme and without any further act, instrument or deed, be transferred to and vested in and/or deemed to be transferred to and vested in the Resulting company, as a going concern, in the following manner.

8.2. The whole of the undertaking and properties, whether moveable or immovable, as aforesaid, of the Warehouse Division shall, without any further act, instrument or deed, be transferred to and be vested in and / or be deemed to be transferred to and be vested in the Resulting company at their book values as appearing in the books of the Demerged Company, as at the close of the business on the day immediately preceding the Appointed Date, so as to vest in Resulting company all the rights, title and interest of Demerged Company therein.

8.3. All investments in the Warehouse Division of the Demerged Company after the Appointed Date and prior to scheme being sanctioned by the Tribunal for the purpose of its business shall also be transferred to and vested in and/or be deemed to be transferred to and vested in the Resulting company upon the coming into effect of this Scheme.

8.4. All debts, liabilities, duties and obligations of every kind, nature and description of the Demerged Company relating to the Warehouse Division shall without any further act or deed, be transferred to and/or deemed to be transferred to the Resulting company so as to become as from the Appointed Date, the debts, liabilities, duties and obligations of the Resulting company and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause.

8.5. The transfer and vesting of the Warehouse Division aforesaid shall be subject to the existing securities, charges and mortgages, if any over or in respect of any of the properties and assets or any part thereof of the Warehouse Division.

8.6. Where any of the liabilities and obligations of the Warehouse Division of the Demerged Company as on the Appointed Date, deemed to be transferred to the Resulting company have been discharged by the Demerged Company after the Appointed Date and prior to the scheme being sanctioned by the Tribunal, such discharge shall be deemed to have been for and on account of the Resulting company and all loans raised and used and all liabilities and obligations incurred by the Demerged Company for the operation of the Warehouse Division after the Appointed Date and prior to the scheme being sanctioned by the Tribunal shall be deemed to have been raised, used or incurred for and on behalf of the Resulting company and to the extent they are outstanding on the date of sanction of the Scheme by the Tribunal, shall also without any further act or deed, stand transferred to the Resulting company and shall become its liabilities and obligations.



9. CONSIDERATION:

In consideration of the transfer and vesting of the Warehouse Division in accordance with this Scheme and as an integral part of this Scheme, the share capital of the Resulting Company shall be increased in the manner set out in this clause.

- 9.1. Upon the sanction of this Scheme by the Tribunal and in consideration of transfer and vesting of the Demerged Undertaking of the Demerged Company into the Resulting Company in terms of provisions of the Scheme, the Resulting Company shall, without any further application or deed, issue and allot Equity Share(s) to the members of the Demerged Company whose names appear in the Register of members as on Record Date, in the following ratio:-

1(one) Equity Share of face value of Rs.10/- (Rupees Ten only) each fully paid up of the Resulting Company shall be issued and allotted by the Resulting Company for every 2(two) fully paid-up equity shares of the face value of Rs.10/- (Rupees Ten only) each held in the Demerged Company.

Fractional entitlements, if any

In the event the aforesaid allotment of equity shares results in fractional entitlements, the Board of Directors of the Resulting Company shall consolidate all such fractional entitlements and thereupon issue and allot whole equity shares in lieu thereof to the Company Secretary of the Resulting Company (or such other person as the Board of Directors of the Resulting Company shall appoint in this behalf), who shall hold such equity shares, in trust on behalf of the shareholders entitled to fractional entitlements, with the express understanding that such Company Secretary (or such other person as the Board of Directors of the Resulting Company appoints in this behalf) shall sell the same within a period of 90 days from the date of allotment of shares, at such price or the prices and to such person or persons as deemed fit and the net sale proceeds thereof (i.e. after deduction therefrom of expenses incurred in connection with the sale) shall be paid to the Resulting Company whereupon the Resulting Company shall distribute such net sale proceeds to the shareholders in proportion to their respective fractional entitlements. The Board of Directors of the Resulting Company, if it deems necessary, in the interests of allottees, approve such other method in this regard as it may, in its absolute discretion, deem fit.

The company shall submit to the Stock Exchange a report from its Audit Committee and the Independent Directors certifying that the Company has compensated the eligible shareholders, within 7 days of compensating the shareholders.

Simultaneous with the issuance and allotment of the equity shares by the Resulting Company in accordance with this Clause, entire existing issued, subscribed and paid-up share capital of the Resulting Company held (beneficially owned) by the Demerged Company, comprising of 11,34,000 equity shares of Rs. 10/- each, aggregating to Rs. 1,13,40,000 shall be cancelled. The share certificates held by DRS DilipRoadlines Limited (the Demerged Company) and its nominee representing the equity shares in the Resulting Company shall be deemed to be cancelled and non-ent and not tradable from and after such cancellation.

The interests in the shares of the Resulting Company, appearing in the books of the Demerged Company shall without any further act or deed, stand cancelled.



- 9.2 Subject to the applicable laws, the equity shares of the Resulting Company to be issued and allotted in terms of this Scheme shall be issued and allotted / credited in dematerialized form.
- 9.3 In respect of the shareholding of the Eligible Shareholders of the Demerged Company, the Equity Shares in the Resulting Company shall, subject to applicable regulations, be issued to them in the dematerialized form pursuant to Clause 9.1 above with such shares being credited to the existing depository accounts of the Shareholders of the Demerged Company entitled thereto, as per records maintained by the National Securities Depository Limited and / or Central Depository Services (India) Limited on the Record Date.
- 9.5 The Board of Directors of the Resulting Company and the Board of Directors of the Demerged Company, in view of the fact that the Resulting Company is a Wholly Owned Subsidiary of the Demerged Company, based on their independent judgment and evaluation have come to the conclusion that the Share Exchange Ratio is fair and reasonable and have approved the same at their respective meeting held on 08.03.2022. In view of para 4 of Master Circular No. SEBI/HK/CFD/DIL/CTR/P/2021/0000900665 dated November 23, 2021 issued by SEBI, Valuation Report from a Registered Valuer is not applicable in the instant case since the resulting Company, into which the demerged undertaking is proposed to be demerged is the Wholly owned subsidiary of the demerged Company and there would be no change in the shareholding pattern of the listed entity (the Demerged Company) or the Resulting Company, as contemplated at para 4 of the said Master Circular.
- 9.6 The Equity shares to be issued in terms of this clause shall be subject to the provisions of the Memorandum and Articles of Association of the Resulting Company. The Equity shares shall rank pari-passu in all respects, including dividend, if any.
- 9.7 Consequent upon the scheme coming into effect the existing authorized share capital of the Resulting Company of Rs. 1,25,00,000 divided into 12,50,000 equity shares of Rs. 10/- each shall stand increased to Rs. 11,25,00,000 divided into 1,12,50,000 equity shares of Rs. 10/- each.

The following clause in the Memorandum and Articles of Association of the Resulting Company shall stand amended to read as under:

Clause V in the Memorandum of Association:

"The Authorized Share Capital of the Company is Rs. 11,25,00,000 divided into 1,12,50,000 equity shares of Rs. 10/- each. The Company shall have power from time to time to increase, reduce or alter its Share capital and issue any shares in original or new capital as equity or preference shares"

For the purpose as aforesaid the Resulting Company shall, and to the extent required, increase its Authorized Capital after this Scheme has been sanctioned by the NCLT but before the issue and allotment of shares. It shall also, if and to the extent required, apply for and obtain the requisite approvals including that of SEBI, Reserve Bank of India and other appropriate authorities concerned for issue and allotment by the Resulting Company to the members of the Demerged Company of the Equity shares in the share capital of the Resulting Company in the ratio as aforesaid.



- 9.8 The equity shares to be issued and allotted by the Resulting Company pursuant to this scheme of arrangement, will be listed and/or admitted to trading on the stock exchange where the Demerged Company's shares are already listed and traded subject to necessary approvals to be obtained from Regulatory authorities and all necessary applications and compliances will be made in this respect by Resulting Company. Presently the equity shares of the Demerged Company are listed and traded on the SME segment of NSE (NSE Emerge).
- 9.9 The members of the Resulting Company, on approval of the Scheme, shall be deemed to have given their approval under section 62 and other applicable provisions of the Companies Act, 2013, for issue of fresh shares to the members of the Demerged Company and the Resulting Company will not be required to pass any further resolution for issue and allotment of shares to the Shareholders of the Demerged Company.
- 9.10 The equity shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the NSE.
- 9.11 There shall be no change in the shareholding pattern or control in DRS Cargo Movers Private Limited between the record date and the listing which may affect the status of this approval.

10. CONVERSION AND CHANGE OF NAME:

- 10.1. Consequent to the Demerger and upon the Scheme becoming effective, the Resulting Company shall, without any further act, deed or thing be converted from a private limited company to a limited company and consequently, the name of the Resulting Company shall be changed from DRS Cargo Movers Private Limited to "DRS Cargo Movers Limited". Clause of the Memorandum of Association shall stand altered accordingly and substituted by the following Clause:

"The Name of the Company is DRS Cargo Movers Limited."

Further, the name of the Company, wherever appearing in the Memorandum of Association or the Articles of Association and on all the letter heads, vouchers and other books of Account of the Company shall also be substituted by DRS Cargo Movers Limited.

- 10.2. The conversion of the Resulting Company into a limited company under Section 14 of the Companies Act, 2013 and the resultant change in its name shall be done as an integral part of the Scheme and the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting the conversion and the resultant change in the name of the Resulting Company and no further resolution(s) under Section 13 or 14 or any other applicable provisions of the Act would be required to be separately passed. The Resulting Company shall file the requisite forms and take necessary steps to give effect to such change of name.

11. ACCOUNTING TREATMENT:

- 11.1 Accounting treatment in the books of the Demerged Company:

- a) All the assets and the liabilities of the Demerged Company relating to the Demerged Undertaking being transferred to the Resulting Company shall be at values appearing in the books of account of the Demerged Company on the appointed date.



- b) The investment made in the Share Capital of the Resulting Company held by the Demerged Company shall stand cancelled. The said investments along with the value of assets over the value of liabilities relating to the Demerged Undertaking transferred pursuant to the Scheme shall be appropriated / reduced against amount standing to the credit of "Reserves and Surplus" of the Demerged Company.
- c) The reduction, as specified in this clause shall be effected as an integral part of the Scheme in accordance with the provisions of Sections 52 and 66 of the Act and the order of the Tribunal sanctioning the Scheme shall be deemed to be also the order under Section 66 of the Companies Act, 2013 for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital.

11.2. Accounting treatment in the books of the Resulting Company:

- a) Upon sanction of this Scheme by the Tribunal, the Resulting Company shall record the assets and liabilities comprised in the Demerged Undertaking transferred to and vested in it pursuant to this Scheme, at the same value as appearing in the books of the Demerged Company as on the appointed date.
- b) The difference, if any, in the value of the assets over the value of the liabilities pertaining to the Demerged Undertaking of the Demerged Company being vested in the Resulting Company pursuant to this Scheme and recorded in the books of account of the Resulting Company shall be recorded as Capital Reserves / Goodwill in the Balance Sheet of the Resulting Company.
- c) The existing shareholding of the Demerged Company in the Resulting Company shall be cancelled as an integral part of this Scheme in accordance with provisions of Section 52 and 66 of the Act and the order of the Hon'ble Tribunal sanctioning the Scheme shall be deemed to be also the order under Section 66 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital. Subsequently, the face value of the shares held by the Demerged Company in the Resulting Company shall be credited to the capital redemption reserve account of the Resulting Company.
- d) The Resulting Company shall abide by the accounting treatment as laid down in the Accounting Standard 14 issued by the Institute of Chartered Accountants of India, subject to provisions of this Scheme.
- e) In case of any differences in accounting policy between the Demerged Company and Resulting Company, the accounting policies followed by Resulting Company will prevail and the difference till the Appointed Date will be quantified and adjusted against Profit and Loss Account, to ensure that the financial statements of Resulting Company reflect the financial position on the basis of consistent accounting policy.

- f) Notwithstanding the above, the Resulting Company in consultation with its Auditor, shall not be liable for any of these balances in any manner, whatsoever if considered appropriate.



12. LEGAL PROCEEDINGS:

- a. On and from the Appointed Date, all suits, claims, actions and legal proceedings instituted and / or arising and / or pending by or against the Demerged Company in relation to the Demerged Undertaking shall be continued and / or enforced until the Date of sanction of the Scheme by the Tribunal as desired by the Resulting Company and on and from the Date of sanction of the Scheme by the Tribunal, shall be continued and / or enforced by or against the Resulting Company as effectually and in the same manner and to the same extent as if the same had been originally instituted and / or arisen and / or were pending by or against the Resulting Company.
- b. On and from the Appointed Date, if any proceedings are taken against the Demerged Company in relation to the Demerged Undertaking, the Demerged Company shall till the date of sanction of the Scheme by the Tribunal defend the same at the cost of the Resulting Company, and the Resulting Company shall reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.
- c. The Resulting Company undertakes to have all legal or other proceedings initiated by or against the Demerged Company transferred to its name on and after the Date of sanction of the Scheme by the Tribunal and to have the same continued, prosecuted and enforced by or against the Resulting Company as the case may be, to the exclusion of the Demerged Company.
- d. Notwithstanding the above, in case the proceedings referred to in this clause cannot be transferred for any reason, or the transfer takes time, till such transfer the Demerged Company shall defend the same in accordance with the advice of the Resulting Company and at the cost of the Resulting Company, and the Resulting Company shall reimburse, indemnify and hold harmless the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.

13. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS:

- 13.1 All contracts, deeds, bonds, agreements, arrangements and other instruments, all permits, right entitlements, licenses including those relating to tenancies, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Demerged Undertaking of the Demerged Company, or to the benefit of which, the Demerged Undertaking may be eligible and which are subsisting or having effect immediately before the sanction of the Scheme by the Tribunal, shall be in full force and effect, against or in favour of the Resulting Company and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary thereto.
- 13.2 All cheques and other negotiable instruments, payment orders received in the name of the Demerged Company but pertaining to the Demerged Undertaking after the sanction of the Scheme by the Tribunal shall be accepted by the Bankers of the Resulting Company and credited to the account of the Resulting Company, if presented by the Resulting Company.

- 13.3 All registrations (including Service Tax, Excise, VAT, CST, GST, Copyright, Trademark, Patents, Technologies, Inventions, etc.) shall be transferred to the Resulting Company.



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brand names, pending applications for patents, copyrights, trade names and trademarks, pertaining to the Demerged Undertaking shall stand transferred to and vested in the Resulting Company.

- 13.4 The Demerged Company and / or the Resulting Company, as the case may be, shall, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, execute deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to the Demerged Undertaking to which the Demerged Company has been a party, in order to give formal effect to the above provisions. The Resulting Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company.

14. TAXES:

- 14.1 All taxes payable (including income tax, sales tax, excise duty, customs duty, service tax, VAT, GST etc.) relating to the Demerged Undertaking, or all or any refunds or claims relating to the Demerged Undertaking shall be treated as the tax liability or refunds / claims, as the case may be, of the Resulting Company as per their respective Undertaking.
- 14.2 Insofar as the tax payments (including without limitation to income tax, sales tax, excise duty, customs duty, service tax, VAT, GST etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Demerged Company in respect of the profits or activities or operations of its business relating to the Demerged Undertaking after the start of business on the Appointed Date are concerned, the same shall be deemed to be the corresponding item paid or payable by the Resulting Company and shall, in all proceedings, be dealt with accordingly.
- 14.3 Upon sanction of this Scheme by the Tribunal, the Demerged Company and the Resulting Company may revise their respective returns pertaining to income tax, GST, service tax, sales tax, VAT, excise duty and other tax returns and claim refunds and / or credits, as applicable, pursuant to the provisions of this Scheme.

15. EMPLOYEES, WORKMEN, STAFF etc:

With effect from the Appointed Date and upon the sanction of the Scheme by the Tribunal, all staff, workmen and employees of the Demerged Company in service and involved in relation to the Demerged Undertaking of the Demerged Company as on the Date of sanction of the Scheme by the Tribunal shall be deemed to have become staff, workmen and employees of the Resulting Company with effect from the Date of sanction of the Scheme by the Tribunal without any break in their service and the terms and conditions of their employment with the Resulting Company shall not be less favorable than those applicable to them with reference to the Demerged Company on the Date of sanction of the Scheme by the Tribunal and such of those labour legislations in so far as they are applicable to the Demerged Company in relation to their workmen and employees shall be applicable to the Resulting Company.



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16. CONDUCT OF BUSINESS:

- 16.1 With effect from the Appointed Date and up to the sanction of the Scheme by the Tribunal, the Demerged Company shall carry on the business pertaining to the Demerged Undertaking with reasonable diligence and in the same manner as it had been doing hitherto, and the Demerged Company shall not alter or substantially expand the business pertaining to the Demerged Undertaking except with the prior written concurrence of the Board of Directors of the Resulting Company.
- 16.2 With effect from the date of sanction of the Scheme by the Tribunal, the Resulting Company shall carry on and shall be authorized to carry on the business pertaining to the Demerged Undertaking.
- 16.3 The Resulting Company 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 for such consents, approvals and sanctions which the Resulting Company may require to own and carry on the business pertaining to the Demerged Undertaking of the Demerged Company.
- 16.4 As and from the date of acceptance of this Scheme by the Board of Directors of the Demerged Company and the Resulting Company and till the date of the sanction of the Scheme by the Tribunal, the Demerged Company shall not alienate, charge, mortgage, encumber or otherwise deal with the assets of the Demerged Undertaking or any part thereof without the prior written concurrence of the Board of Directors of Resulting Company.

17. BUSINESS FOR THE RESULTING COMPANY:

- 17.1 With effect from the Appointed Date and up to the date of sanction of the Scheme by the Tribunal:
- The Demerged Company shall carry on and be deemed to have carried on the business and activities pertaining to the Demerged Undertaking and shall stand possessed of the Demerged Undertaking, in trust for the Resulting Company and shall account for the same to the Resulting Company.
 - Any income or profit accruing or arising to the Demerged Company pertaining to the Demerged Undertaking and all costs, charges, expenses and losses or taxes incurred by the Demerged Company pertaining to the Demerged Undertaking, shall for all purposes be treated as the income, profits, costs, charges, expenses and losses or taxes, as the case may be, of the Resulting Company and shall be available to the Resulting Company for being disposed off in any manner as it thinks fit.
- 17.2 All liabilities, debts, duties and obligations of the Demerged Company pertaining to the Demerged Undertaking which arise or accrue on or after the Appointed Date shall be deemed to be the debts, liabilities, duties and obligations of the Resulting Company.

18. IMPACT OF THE SCHEME ON CREDITORS:



This Scheme, if sanctioned by the Tribunal, shall not have any adverse impact on the creditors whether secured or unsecured, of the Demerged Company or of the Resulting Company.

19. SAVING OF CONCLUDED TRANSACTIONS:

The transfer and vesting of the assets, liabilities and obligations pertaining to the Demerged Undertaking of the Demerged Company shall not affect any transactions or proceedings already completed by the Demerged Company on or before the Appointed Date and till the Date of sanction of the Scheme by the Tribunal and intend that, the Resulting Company accepts all acts, deeds and things done and executed by and / or on behalf of the Demerged Company in relation to the Demerged Undertaking which shall vest in the Resulting Company in terms of this Scheme of Demerger as acts, deeds and things made, done and executed by and on behalf of the Resulting Company.

20. REMAINING BUSINESS OF THE DEMERGED COMPANY:

20.1 The Demerged Company shall continue to carry on the Remaining Business. All the assets, liabilities and obligations pertaining to the Remaining Business arising prior to, on or after the Appointed Date including liabilities other than those transferred to the Resulting Company under Clause 21 of this Scheme shall continue to belong to, be vested in and be managed by the Demerged Company and subject to encumbrances in favor of banks and other lenders, if any. All legal, taxation or other proceedings (including before any statutory or quasi-judicial authority or Tribunal) by or against the Demerged Company 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 shall be continued and enforced by or against the Demerged Company after the Date of sanction of this Scheme by the Tribunal. The Resulting Company shall in no event be responsible or liable in relation to any such legal, taxation or other proceedings against the Demerged Company, which relates to the Remaining Business.

20.2 If proceedings are taken against the Resulting Company in respect of the matters referred to in Clause 20.1 above, it shall defend the same in accordance with the advice of the Demerged Company and at the cost of the Demerged Company, and the latter shall reimburse and indemnify the Resulting Company against all liabilities and obligations incurred by the Resulting Company in respect thereof.

20.3 With effect from the Appointed Date and up to the date of sanction of the Scheme by the Tribunal:

- a) the Demerged Company shall carry on and be deemed to have been carrying on all business and activities relating to the Remaining Business for and on its own behalf;
- b) all profits accruing to the Demerged Company thereon or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Remaining Business shall, for all purposes, be treated as the profits or losses, as the case may be, of the Demerged Company;
- c) all assets and properties acquired by the Demerged Company in relation to the Remaining Business on and after the Appointed Date shall belong to and continue to remain vested in the Demerged Company.



- d) all assets acquired and all liabilities incurred by the Demerged Company after the Appointed Date but prior to the date of sanction of the Scheme by the Tribunal for operation of and in relation to the Warehouse Division shall also without any further act, instrument or deed stand transferred to and vested in or to be deemed to have been transferred to or vested in the Resulting Company upon the coming into effect of the Scheme, subject to the provisions of this Scheme in relation to encumbrances in favour of lenders, or banks, as the case may be.

PART II GENERAL TERMS & CONDITIONS

21. LISTING REGULATIONS AND SEBI COMPLIANCES

- 21.1 On approval of the Scheme by the NCLT, the Resulting Company shall apply for listing and trading permissions of its Equity Shares on the SME segment of NSE (NSE Emerge) and comply with the SEBI (ICDR) Regulations including the Listing Regulations and SCRR in this regard.
- 21.2 The Demerged Company, being a Listed Company shall continue to comply with all the requirements under the Listing Agreement/Regulations and all statutory directives of SEBI in so far as they relate to sanction and implementation of this Scheme.
- 21.3 The Demerged Company in compliance with Listing Agreement/Regulations shall apply for approval of NSE where the shares are listed, before approaching the NCLT for sanction of this Scheme.
- 21.4 New equity shares allotted to the Shareholders of the Demerged Company by the Resulting Company pursuant to the Scheme shall remain frozen in the depositories system until listing /trading permission is granted by the NSE, i.e., between the date of allotment of Equity shares of the Resulting Company to the shareholders of Demerged Company and the date of Listing / Trading permission of Equity shares of the Resulting Company by the NSE.

- 21.5 The Demerged Company shall also comply with the Directives of SEBI contained in Circular No. CND/DIL3/CIR/2017/21, dated March 10, 2017 and Master Circular SEBI/HO/CFD/DIL3/CIR/P/2021/0000000665, dated November 23, 2021.

- 21.6 In terms of Master Circular SEBI/HO/CFD/DIL3/CIR/P/2021/0000000665, dated November 23, 2021, the Resulting Company undertakes that in case, its public shareholding falls below the threshold limit of 25% upon listing of its securities, it shall increase the public shareholding to at least 25% of its paid up capital within a period of one year from the date of listing of its securities. Further, it shall comply with the conditions/ provisions as regards lock-in of share capital as prescribed in the aforesaid Master Circular.

22. APPLICATION TO THE NCLT

- 22.1 The Demerged Company and the Resulting Company shall, with all reasonable dispatch, make and file applications/petitions jointly to the NCLT, under Sections 230 to 232 of the 2013 Act and other applicable provisions of the 2013 Act, seeking orders for dispensing with or convening, holding and conducting of the meetings of the classes of their respective members and / or creditors and for sanctioning this Scheme, with such modifications as may be approved by the NCLT.



- 22.1 Upon this Scheme being approved by the requisite majority of the respective members and creditors of the Demerged Company and the Resulting Company, (as may be directed by the NCLT in the manner specified under clause 22.1) the said Companies shall, with all reasonable dispatch, apply to the NCLT, for sanction of this Scheme under Sections 230 to 232 of the 2013 Act and other applicable provisions of the 2013 Act, and for such other order or orders, as the said NCLT may deem fit for carrying this Scheme into effect.
- 22.2 Upon approval of this Scheme by the Tribunal, the shareholders of the Demerged Company and the Resulting Company shall be deemed to have also accorded their approval under all relevant provisions of the 2013 Act for giving effect to the provisions contained in this Scheme.

23. MODIFICATION OR AMENDMENTS TO THE SCHEME:

- 23.1 The Resulting Company and the Demerged Company represented by its respective Board of Directors, or any person(s) or committee authorized/ appointed by them, in their full and absolute discretion, may assent to any modification or amendment to the Scheme or to any conditions or limitations that the Hon'ble Tribunal, shareholders of the respective Companies and/ or any other competent authority may deem fit to approve/ impose and effect any other modification or amendment which the Boards in the best interests of their respective Companies may consider necessary or desirable and to do all acts, deeds and things as may be necessary, desirable or expedient for carrying the Scheme into effect, in the event that any modification or amendment to the Scheme is unacceptable to any of the Companies for any reason whatsoever, the concerned company shall be at liberty to withdraw from the Scheme at any time.

- 23.2 The Demerged Company and the Resulting Company either individually or together, shall be at liberty to withdraw from this Scheme, either on its own or in case of any condition or alteration imposed by the NCLT or any other authority or any bank or financial institution is unacceptable to them or otherwise if so mutually agreed.

- 23.3 The Demerged Company and the Resulting Company by their respective Board of Directors shall be authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or order of any other authority or otherwise however arising out of or under or by virtue of the Scheme and / or any matter concerned or connected therewith.

- 23.4 If any part or provision of this Scheme hereof is invalid, ruled illegal by any Courts of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the Parties that such part or provision, as the case may be, shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such part or provision, as the case may be, shall cause this Scheme to become materially adverse to any Party, in which case the Parties shall attempt to bring about a modification in the Scheme, as will best preserve for the Parties the benefits and obligations of the Scheme, including but not limited to such part or provision.

24. CONDITIONALITY OF THE SCHEME

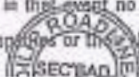


24.1 This Scheme is and shall be conditional upon and subject to:

- i. The requisite consents, approvals or permissions from the Stock Exchange under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and relocation of SEBI under sub rule 7 of Rule 19 of the Securities Contracts (Regulations) Rules, 1957, which by law or otherwise may be necessary for implementation of the Scheme in compliance with the provisions of SEBI Circulars;
- ii. Approval by requisite majority / Special Resolution of the members and creditors of Demerged Company and Resulting Company as may be directed by the NCLT either by way of convening a meeting or by way of a dispensation on production of consent affidavits or no-objection certificates;
- iii. Sanctions and approvals of all authorities concerned including the Registrar of Companies, the Regional Director in respect of any matter relating to or arising out of the Scheme for which such sanction or approval is required under Section 232 of the Act;
- iv. Sanction of the Scheme by the Hon'ble National Company Law Tribunal pursuant to Sections 230 and 232 and other applicable provisions of the Act;
- v. Approval of the scheme by relevant regulatory authorities;
- vi. Certified copies of the orders of the NCLT, sanctioning the Scheme being filed with the Registrar of Companies. Accordingly, it is provided that the Scheme although operative and effective from the Appointed Date, it shall come into effect only upon filing of certified copies of the order sanctioning the same with the Registrar of Companies by the Demerged Company and Resulting Company on such date
- vii. All the other sanctions and orders as are legally necessary or required in respect of the Scheme, being obtained.

24.2 Further, the Scheme is conditional upon it being approved by the PUBLIC shareholders of the Demerged Company through e-voting after disclosure of all material facts in the explanatory statement sent to the shareholders in relation to such resolution in terms of para 9 (a) of Part I of Annexure I of SEBI Circular No. CPD/DIL3/CIR/2017/21, dated 16th March, 2017 and the Scheme shall be acted upon only if votes cast by the Public shareholders in favour of the proposal are more than the number of votes cast by the Public shareholders against it.

24.3 In the event of this Scheme failing to take effect before 31st day of March, 25, or such later date as may be agreed by the respective Boards of Directors of the Resulting Company and the Demerged Company this Scheme shall stand revoked, cancelled and be of no effect and become null and void and in that event no rights and liabilities whatsoever shall accrue to or be incurred inter se the Companies or their shareholders or creditors or employees or any other person. In such



SCHEDULE ISHORT DESCRIPTION OF THE FREEHOLD PROPERTY OF THE DEMERGED COMPANY

The following are the details of the Immovable Properties of Demerged Company being transferred to the Resulting Company pursuant to the Scheme of Arrangement:

Sl.No	Address	Sy. No
1	Jeedipally Village, Toopran Mandal, Medak District	47/2,47/4,47/6,49/1,49/2,49/3,49/4,50/1,50/2,50/3,50/4, 50/4/A,50/5,50/7,50/9,51/1,51/2,51/3,51/4,51/8,51/9,51/10,51/10B, 51/11,61/1,61/3,61/4& 61/5

