NOTICE – SECURED CREDITORS

PRITIKA AUTO INDUSTRIES LIMITED

Registered Office : Plot No. C-94, Phase –VII, Industrial Focal Point, S.A.S Nagar, Mohali, PUNJAB - 160055

Tel. No. : +91 172-5008900 /5008901

CIN : L45208PB1980PLC046738

E-mail : compliance@pritikaautoindustries.com

Website : www.pritikaautoindustries.com

NOTICE OF MEETING OF THE SECURED CRDITORS OF PRITIKA AUTO INDUSTRIES LIMITED AS PER THE DIRECTIONS OF THE NATIONAL COMPANY LAW TRIBUNAL, CHANDIGARH BENCH.

(Convened pursuant to an order dated 29th day of June, 2022 as rectified vide order dated 8th day of July, 2022 passed by the National Company Law Tribunal, Bench at Chandigarh)

MEETING:

Day	:	Saturday
Date	:	10th day of September, 2022
Time	:	2.00 P. M. (1400 hours)
Mode	:	Through Video Conferencing/Other Audio - Visual Means. ("OVAM") deemed to be held at the Registered Office of the Company at Plot No. C-94, Phase –VII, Industrial Focal Point, S.A.S Nagar Mohali, PUNJAB - 160055

REMOTE E-VOTING:

Start Date and	:	Monday, 5th day of September, 2022 at 9.00 a.m. IST (Server Time)
End Date and	:	Friday, 9th day of September, 2022 at 5.00 p.m. IST (Server Time)

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(*) For brevity, the schedules and notes to the financial statements have not been annexed. However, the complete financial statements of Pritika Auto Industries Limited (PAIL) and Pritika Industries Limited (PIL) as at March 31, 2022 are available on the website of the Company at www.pritikaautoindustries.com

FormNo.CAA2

(Pursuant to Section 230(3) of the Companies Act, 2013 and Rules 6 and 7 of the Companies (Compromises, Arrangements and Amalgamations Rules,2016)

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL CHANDIGARH BENCH,

AT CHANDIGARH

CA (CAA) NO. 16 CHD /PB / 2022

And

Supplementary Item No.2 CA No. 157/2022

In the matter of the Companies Act, 2013

AND

In the matter of application under Sections 230 to 232 read with Companies (Compromises, Arrangements and Amalgamation) Rules, 2016

AND

In the matter of Pritika Industries Limited, a company incorporated under the provisions of the Companies Act, 1956

AND

In the matter of Pritika Auto Industries Limited, a company incorporated under the provisions of the Companies Act, 1956

AND

In the matter of Scheme of Arrangement for demerger and vesting of the Automotive/Tractor/Engineering Components Business Undertaking" of Pritika Industries Limited ('the Demerged Company') into Pritika Auto Industries Limited ('the Resulting Company')

Pritika Auto Industries Limited, a company incorporated under the Companies Act, 1956, having its registered office at Plot No. C-94, Phase-VII, Industrial Focal Point, S.A.S. Nagar, Mohali-160055 Punjab.

.... the Resulting Company

NOTICE CONVENING THE MEETING OF THE SECURED CREDITORS OF THE APPLICANT COMPANY

To,

All the Secured Creditors of Pritika Auto Industries Limited (the **"Applicant Company"):**

NOTICE is hereby given that by an Order dated 29th day of June, 2022 as rectified vide order dated 8th day of July, 2022(the **"Orders"),** the Hon'ble National Company Law Tribunal, Chandigarh Bench at Chandigarh **("NCLT")** has directed a meeting to be held of the Secured Creditors of the Applicant Company through Video Conferencing for the purpose of considering, and if thought fit, approving, with or without modification(s), the arrangement embodied in the Scheme of Arrangement between Pritika Industries Limited (PIL) (Demerged Company) and Pritika Auto Industries Limited (PAIL) (Resulting Company) and its Shareholders and Creditors for demerger and vesting of the "Automotive/Tractor/Engineering Components Business Undertaking" of Pritika Industries Limited into Pritika Auto Industries Limited pursuant to Sections 230 to 232 read with other relevant provisions if any of the Companies Act, 2013 **("Scheme").**

TAKE FURTHER NOTICE that in pursuance of the said order and as directed therein, further notice is hereby given that a Meeting of the Secured Creditors of the Applicant Company will be held on Saturday, 10th day of September, 2022 at 2.00 p.m.(IST) ("**Meeting**") through Video Conferencing(**"VC"**)/Other Audio Visual Means (**"OAVM"**) following the operating procedures (with requisite modifications as may be required) referred to in General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020,General Circular No. 22/2020 dated June 15, 2020, General Circular No. 33/2020 dated September 28, 2020, General Circular No. 39/2020 dated December 31, 2020, General Circular No. 10/2021 dated June 23, 2021, General Circular No. 20/2021 dated December8,2021andGeneralCircularNo.3/2022 dated May 5, 2022 issued by the Ministry of Corporate Affairs, Government of India(collectively referred to as "**MCA Circulars**").

TAKE FURTHER NOTICE that the following resolution is proposed under Sections 230 to 232 of the Act and the rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force) and the provisions of the Memorandum of Association and Articles of Association of the Company, for the purpose of considering, and if thought fit, approving the Scheme:

***"RESOLVED THAT** pursuant to the provisions of Sections 230 to 232 of the Companies Act,2013, and any other applicable provisions of the Companies Act,2013 (including any statutory modification(s) or re-enactment thereof , for the time being in force),the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and the rules, circulars and notifications made there under as may be applicable, Sections2(19AA), Section 2(19AAA), Section 2(41A) and other applicable provisions of the Income-taxAct,1961, the Securities and Exchange Board of India(Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time), SEBI circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/215 dated 3rd November, 2020 read with Master circular no.*

*SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22nd December, 2020 and Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23 ,2021 issued by the Securities and Exchange Board of India(**"SEBI"**) and as amended from time to time, read with the observation letters dated January 14, 2022 issued by BSE Limited and the National Stock Exchange of India Limited and relevant provisions of other applicable laws, the provisions of the Memorandum of Association and Articles of Association of the Company, and subject to the approval of the Hon'ble National Company Law Tribunal, Chandigarh Bench(**"NCLT"**)and /or the National Company Law Appellate Tribunal or such other forum or authority as may be vested with the appellate jurisdiction in relation to approval of the Scheme and such other approvals, permissions and sanctions of regulatory and other authorities ,as may be necessary and subject to such conditions and modifications as may be deemed appropriate, at any time and for any reason whatsoever, or which may otherwise be considered necessary, desirable or as may be prescribed or imposed by the NCLT or by any regulatory or other authorities, while granting such approvals ,permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the **"Board"**, which term shall be deemed to mean and include one or more Committee(s) constituted/ to be constituted by the Board or any person(s) which the Board may nominate to exercise its powers including the powers conferred by this resolution),the proposed Scheme of Arrangement between Pritika Industries Limited (PIL) (Demerged Company) and Pritika Auto Industries Limited (PAIL) (Resulting Company) and its Shareholders and Creditors for demerger and vesting of the "Automotive/Tractor/Engineering Components Business Undertaking" of Pritika Industries Limited into Pritika Auto Industries Limited**("Scheme')** placed before this meeting and initialed by the Chairman of the meeting for the purpose of identification (the **"Scheme"**), as per the draft enclosed to this notice, be and is hereby approved;*

***RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution and for removal of any difficulties or doubts, the Board, be and is hereby authorized to do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem desirable, necessary, expedient, usual or proper, and to settle any questions or difficulties or doubts that may arise, including passing of such accounting entries and / or making such adjustments in the books of accounts, transfer /vesting of such assets and liabilities as considered necessary to give effect to the above resolution, settling of any questions or difficulties arising under the Scheme or in regard to and of the meaning or interpretation of the Scheme or implementation thereof or in any matter what so ever connected therewith, or to review the position relating to the satisfaction of various conditions of the Scheme and if necessary, to waive any of those, and to make modifications, amendments, revisions, edits and all other actions as may be required to finalise the Scheme and do all acts, deeds and things as may be necessary, desirable or expedient for carrying the Scheme into effect or to carry out such modifications/directions as may be required and/or imposed and/or permitted by the NCLT while sanctioning the Scheme, or by any governmental authorities, to do and perform and to authorize the performance of all such acts and deeds which are necessary or advisable for the implementation of the Scheme and upon the sanction of the Scheme by, amongst others, the NCLT and/or SEBI and/or any other regulatory/Government authorities, to implement and to make the Scheme effective, without any further approval of the Board or to approve withdrawal (and where applicable, re-filing) of the Scheme at any stage for any reason including in case any changes and/or modifications are suggested/required to be made in the Scheme or any condition suggested, required or imposed, whether by any shareholder and /or creditor of the Company, the SEBI, the NCLT, and/or any other authority, are in its view not acceptable to the Company, and/or if the Scheme cannot be implemented otherwise, and to do all such acts, deeds and things as it may deem necessary and desirable in connection there with and incidental thereto, to approve and authorize execution of any agreements, deeds, documents, declarations, affidavits, writings, etc. (including any alterations or modifications in the documents executed or to be executed), whether or not under the Common Seal of the Company, as may be required from time to time in connection with the Scheme."*

TAKE FURTHER NOTICE that a copy of the Scheme, the Explanatory Statement under Sections 230(3), 232(1), 232(2) and 102 of the Act read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules,2016, along with the enclosures as indicated in the Index, are enclosed herewith. In compliance with the Order and the MCA Circulars, the notice of this Meeting, together with the documents accompanying the same, is being sent through electronic mode to those Secured Creditors of the Company whose e-mail addresses are registered with the Company and by registered post or Speed Post or courier to the Secured Creditors of the Company whose email addresses are not registered with the Company. A copy of this Notice and the accompanying documents will be hosted on the website of the Company at https://www.pritikaautoindustries.com/nclt-meetings.html and will also be available on the website of BSE Limited ("**BSE**")and National Stock Exchange of India Limited("**NSE**")at www.bseindia.com and www.nseindia.com respectively and also on the website of NSDL at https://eservices.nsdl.com.

A copy of the Scheme along with the Explanatory Statement can be obtained free of charge, between11:00 a.m. to 1:00 p.m. on any day (except Saturday, Sunday and public holidays)upto one day prior to the date of the Meeting from the Registered Office of the Company or by sending a request, alongwith details of your outstanding balance amount in the books of the Company, by e-mail at **compliance@pritikaautoindustries.com or** at the office of its Advocates, Mr. Yash Pal Gupta, Advocate (P/406/2008) of Bungalow No. 438 AG, Mohali Hills, EMAAR, Sector 109, SAS Nagar, Mohali - (Punjab) 140306.

NCLT has appointed Mr. Chetan Mittal, Senior Advocate and in his absence, Mr. Praveen Gupta, Advocate to be the Chairman of the said meeting including for any adjournment or adjournments thereof.

The Tribunal has also appointed Mr. Subhash Saini, Practicing Company Secretary, as the Scrutinizer for the Meeting, including for any adjournment(s) thereof.

TAKE FURTHER NOTICE that pursuant to the provisions of:(a) Section230(4)readwithSections108 of the Act; (b) Rule 6 (3)(xi) of the Rules; (c) Rules 20 of the Companies (Management and Administration) Rules, 2014 (including any statutory modification or re-enactment thereof); (d) Regulation 44 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"); and (e) SEBI circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/215 dated 3rd November, 2020 read with Master circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22nd December, 2020 and Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665datedNovember23,2021issued by the Securities and Exchange Board of India ("SEBI"), as amended from time to time and other relevant laws and regulations, as may be applicable, the Company has engaged the services of National Securities Depository Limited ("**NSDL**") for the purpose of providing facility of remote e-voting prior to the Meeting for participation in the Meeting through VC/OAVM Facility and e-voting during the Meeting. Persons entitled to attend and vote may vote through remote e-voting facility made available both prior to as well as during the Meeting through VC/OAVM.

TAKE FURTHER NOTICE that since the physical attendance of Secured Creditors is not required and in view of Para A (x) of the MCA Circular No. 14 / 2020 dated 8th April, 2020 voting through proxy shall not be permitted. However, voting through Authorized representatives is permitted. There is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by Secured Creditors under Section 105 of the Companies Act, 2013 (the" Act") will not be available for the said Meeting and hence, the Proxy Form and Attendance Slip are not annexed to this Notice.

TAKE FURTHER NOTICE that the Secured Creditors shall have the facility and option of voting on the resolution for approval of the Scheme by casting their votes through (a) remote e-voting prior to the Meeting during the period commencing from 9:00 a.m. IST on Monday September 5, 2022 and ending at 5:00 p.m. IST on Friday, September 9, 2022 or (b) vote through e-voting system during the meeting through VC/OAVM, as arranged by the Company. The voting rights of Secured Creditors shall be in proportion to their outstanding balance amount in the books of the Company as on the cut-off date determined as per applicable law ("**Cut-off Date**"). A person, who is not a Secured Creditor as on the Cut-off Date, should treat the Notice for information purpose only. The Secured Creditors opting to cast their votes by remote e-voting or e-voting during the Meeting are requested to read the instructions in the Notes of this Notice for further details on remote e-voting and e-voting during the Meeting. You may opt to exercise your votes only in one mode, i.e., by (a) remote e-voting before the meeting or (b) at the time of the meeting. If you cast your votes by remote e-voting, as aforesaid, you will be entitled to attend the Meeting and participate in the discussions in the Meeting but you will not be entitled to vote again by during the Meeting through VC/ OAVM. If you do so, the votes so cast by you during the Meeting through VC/ OAVM shall be treated as invalid.

The Scheme, if approved in the aforesaid meeting, will be subject to the subsequent approval of NCLT.

Sd/-
Harpreet Singh Nibber
Managing Director

Dated this 1st day of August, 2022
Place :- Mohali

Registered office: Plot No. C-94, Phase –VII,

Industrial Focal Point, S.A.S Nagar Mohali Punjab– 160055

Tel. No:+ +91 172-5008900 /5008901

CIN:L45208PB1980PLC046738

E-mail: **compliance@pritikaautoindustries.com**
Website :- **www.pritikaautoindustries.com**

Notes:

1. Only Secured Creditors of the Company may attend (either in person or by Authorised Representative) the said Meeting of the Secured Creditors of the Company, being conducted through VC/OAVM and vote at the Meeting.

2. Pursuant to the order pronounced on 29th day of June, 2022 as rectified vide order dated 8th day of July, 2022 in Company Application No. CA (CAA) NO. 16 CHD /PB / 2022 and Supplementary Item No. 2 CA. 157 /2022 respectively ("**Order**"), passed by the Hon'ble National Company Law Tribunal,

Chandigarh Bench("**NCLT**"),the meeting of the Secured Creditors of Pritika Auto Industries Limited ("**Tribunal Convened Meeting**" or" **Meeting**")is being convened on Saturday the 10th day of September, 2022 at 2.00 p.m. IST through Video Conferencing ("**VC**") / Other Audio Visual Means ("**OAVM**") without the physical presence of the Secured Creditors at a common venue, at the option of the Company and as per applicable procedure (with requisite modifications as may be required) referred to in General Circular No. 14/2020 dated April 8, 2020, General Circular No.17/2020 dated April 13, 2020, General Circular No.22/2020 dated June 15, 2020, General CircularNo.33/2020 dated September 28, 2020, General Circular No.39/2020 dated December 31, 2020, General CircularNo.10/2021dated June 23, 2021, General Circular No. 20/2021 dated December 8,2021 and General CircularNo.3/2022 dated May 5, 2022 issued by the Ministry of Corporate Affairs, Government of India (collectively referred to as "**MCA Circulars**"),for the purpose of considering, and if thought fit, approving the Scheme of Arrangement between Pritika Industries Limited (PIL) (Demerged Company) and Pritika Auto Industries Limited (PAIL) (Resulting Company) and its Shareholders and Creditors for demerger and vesting of the "Automotive/Tractor/Engineering Components Business Undertaking" of Pritika Industries Limited into Pritika Auto Industries Limited pursuant to Sections 230 to 232 read with other relevant provisions if any of the Companies Act, 2013 **("Scheme").** In accordance with the MCA Circulars, provisions of the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), the Meeting is being held through VC/ OAVM. As per Order and MCA Circulars, since the meeting is held through VC/OAVM, the deemed venue of the Meeting shall be registered office of the Company.

3. Explanatory Statement under Sections 230(3), 232(1), 232(2) and 102 of the Act read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ("**Merger Rules**"), in respect of the business set out in the Notice, is annexed hereto.

4. Secured Creditors attending the Meeting through VC/OAVM will be counted for the purpose of reckoning the quorum and the same shall be 4 in number or 40% in the value of the Secured Creditors. Further, in terms of the Order, in case the required quorum for the Meeting is not present at the commencement of the Meeting, then the meeting shall be adjourned by 30(thirty) minutes and thereafter, the persons present and voting shall be deemed to constitute the quorum.

5. Pursuant to the Order of the NCLT, the Company has opted to convene the Meeting of Secured Creditors by VC/OAVM, and there is no requirement of appointment of proxies as per General Circular No. 14/2020 dated April 8, 2020. Accordingly, the facility of appointment of proxies by Secured Creditors under Section 105 of the Act will not be available for the said Meeting. However, in pursuance of Sections 112 and 113 of the Act read with Rule10 of the Merger Rules, where a body corporate is a Secured Creditor, authorized representatives of the body corporate may be appointed for the purpose of voting through remote e-voting, for participation in the Meeting through VC/ OAVM facility and e-voting during the Meeting provided an authority letter/ power of attorney/ a copy of the resolution passed by its board of directors or other governing body of such corporate authorizing such person to attend and vote at the Meeting through VC/OAVM as its representative and certified to be a true copy by a director, the manager, the secretary, or other authorized officer of such body corporate along with the attested specimen signature of the duly authorized signatory(ies) who are authorized to vote is emailed to the Scrutinizer at subhsaini1@gmail.comwith a copy marked to NSDL at evoting@nsdl.co.in and to the Company at **compliance@pritikaautoindustries.com** not later than 48 (forty eight) hours before the time scheduled for holding the Meeting. Such corporate members are requested to refer 'General Guidelines for Secured Creditors' provided hereinbelow, for more information.

6. The Notice, together with the documents accompanying the same, is being sent to all the Secured Creditors whose names appear in the books of accounts of the Company as on 30th day of June, 2022, through electronic mode to those Secured Creditors of the Company whose e-mail addresses are registered with the Company and by registered post, Speed Post, Courier and / or hand delivery to the Secured Creditors of the Company whose email addresses are not registered with the Company. A copy of this Notice and the accompanying documents will be hosted on the website of the Company at https://www.pritikaautoindustries.com/nclt-meetings.html and will also be available on the website of BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**")at www.bseindia.com and www.nseindia.com respectively and also on the website of NSDL at https://eservices.nsdl.com.

7. The NCLT has appointed Mr. Subhash Saini (Membership No. F7427and CP No. 6911), Practicing Company Secretary, as the Scrutinizer to scrutinize votes cast electronically through remote e-voting and e-voting during the Meeting in a fair and transparent manner. The Scrutinizer shall submit a consolidated report on votes cast to the Chairperson of the Meeting or to the person so authorized by the Chairperson. The Scrutinizer's decision on the validity of the votes cast electronically shall be final.

8. In terms of the directions contained in the Order, the Notice convening the Meeting will be published by Company through common advertisement in the '*Financial Express*' in English language, (Chandigarh Edition) and in the "Deshsewak" in Punjabi Language, (Chandigarh Edition) indicating the day, date, place and time of the Meeting and stating that the copy of the Scheme, the Explanatory Statement required to be furnished pursuant to Sections 230 to 232 of the Act can be obtained free of charge by emailing the Company at compliance@pritikaautoindustries.com .

9. As the Company has opted to convene the Meeting through VC/OAVM, the facility for appointment of proxies by the Secured Creditors is not available for the Meeting and hence, the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice.

10. **Speaker registration/facility for non-speakers:** Any Secured Creditors desirous to express his/her views regarding the Scheme during the Meeting, may register himself/herself as 'Speaker' by sending request to the said effect from his/her registered email address, to the e-mail ID: compliance@pritikaautoindustries.comquoting his/her name, on or before Saturday 3rd September, 2022. The Company reserves the right to restrict the number of questions and/or number of speakers during the Meeting, depending upon availability of time and or smooth conduct of the Meeting. Any Secured Creditor seeking information in relation to the Scheme is requested to write to the Company at least 7 days before the date of the Meeting by sending e-mail to the e-mail ID:compliance@pritikaautoindustries.com

11. In accordance with the provisions of Sections 230 — 232 of the Companies Act, 2013, the Scheme shall be acted upon only if a majority of persons representing three fourth in value of the Secured Creditors of the Applicant Company through or e-voting, agree to the Scheme.

12. Any queries/grievances in relation to the remote e-voting or e-voting during the meeting may be addressed to Mr. C. B. Gupta, Company Secretary of the Applicant Company at Plot No. C-94, Phase –VII, Industrial Focal Point, S.A.S Nagar Mohali Punjab – 160055 or through email to**compliance@pritikaautoindustries.com** . Mr. C. B. Gupta, Company Secretary of the Applicant Company can also be contacted at +91 172-5008900 /5008901. Any query/grievance related to the e-voting may be addressed to the Registrar and Share Transfer Agents, National Securities Depository Limited **("NSDL")** Unit – Pritika Auto Industries **Limited-** https://eservices.nsdl.com.

13. VOTINGTHROUGHELECTRONICMEANS

(i) As per the directions of the NCLT and in terms of the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the Listing Regulations, MCA Circulars and in terms of SEBI circular no.CFD/DIL3/CIR/2017/21 dated March 10, 2017 and SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/215 dated 3rd November, 2020 read with Master circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22nd December, 2020 and *Master Circular No.* SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665*datedNovember23,2021*, the Company is pleased to provide the facility of "e-voting" to its Secured Creditors, to enable them to cast their votes on the resolution proposed to be passed during the Meeting, by electronic means. The Company has engaged the services of National Securities Depository Limited ("**NSDL**"), as the authorized agency to provide e-voting (i.e. remote e-voting and e-voting during the Meeting) facility as well as to enable the Secured Creditors (or its authorized representatives, as the case may be)of the Company to attend and participate in the Meeting through VC/OAVM. The facility of casting votes by the Secured Creditors using remote e-voting system (e-voting from a place other than venue of the Meeting) as well as e-voting during the Meeting will be provided by NSDL. The Secured Creditors opting to cast their votes by remote e-voting or e-voting during the Meeting are requested to read the instructions in the Notes below carefully.

(ii) Secured Creditors having an outstanding balance amount in the books of the Company as on 30th day of June, 2022, being the cutoff date will be entitled to exercise their right to vote on the above resolution.

(iii) The cut-off date to determine the eligibility to attend and vote by remote e-voting or e-voting during the Meeting shall be as per applicable law ("**Cut-off Date**"). Only those Secured Creditors who will be present at the Meeting through VC/OAVM facility and have not cast their vote by remote e-voting prior to the Meeting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the Meeting.

(iv) The voting rights of the Secured Creditors shall be in proportion to their outstanding balance amount in the books of the Company as on the Cut-off Date. Any person who is not a Secured

Creditor of the Company as on the said date should treat this Notice for information purposes only.

(v) Each Secured Creditor can opt for only one mode of voting i.e.(a) remote e-voting prior to Meeting; or (b) vote through e-voting system during the Meeting through VC/OAVM as arranged by NSDL on behalf of the Company. The Secured Creditors of the Applicant Company attending the meeting who have not cast their vote through e-voting shall be entitled to exercise their vote through e-voting system during the meeting. The Secured Creditors who have cast their votes by remote e-voting prior to the Meeting will be eligible to participate at the Meeting but shall not be eligible to cast their vote during the Meeting.

(vi) The procedure for e-voting on the day of the Meeting is identical to remote e-voting instructions as outlined below.

(vii) Once the vote on a resolution is cast, the Secured Creditor shall not be allowed to change the same subsequently.

14. PROCESS AND MANNER FOR REMOTEE-VOTING AND ACCESS TO MEETING, IS AS UNDER:

Secured Creditors are requested to follow the instructions given below to cast their vote through e-voting and to access the Video Conference facility at the Meeting:

A. The remote e-voting period begins on Monday, 5th September, 2022, at 9:00 a.m. (IST) (Server time) and ends on Friday, 9th September, 2022 at 5:00 p.m. (IST) (Server time). During this period, Secured Creditors having an outstanding balance amount in the books of the Company, as on the 'Cut-off Date' i.e. Thursday, 30th day of June, 2022, may cast their vote electronically by logging to NSDL website at https://www.evoting.nsdl.com/. The e-voting module shall be disabled by NSDL for voting thereafter.

B. Detailed steps on the process and manner for remote e-voting/e-voting at the Meeting and to access the VC facility at the Meeting, is given below:

The procedure to vote electronically on NSDL e-voting system consists of "Two Steps" which are outlined below:

C. The User ID and/or Password for joining the Meeting through VC/OAVM and casting votes by e-voting is being sent by the Company along with the Notice through E-mail to the secured creditors, whose E-mail address is registered with the Company and at the registered address available with the Company to the secured creditors, whose E-mail address is not registered with the Company. The secured creditors are requested to refer to the Cover Letter to the Notice for User ID and Password. The details of the process and manner for remote e-voting or e-voting at the Meeting are outlined below:

D. **Step 1: Access to NSDL e-voting system**

(i) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a personal computer or on a mobile.

(ii) Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder / Member/Creditor' section.

(iii) A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

(iv) After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.

(v) Now, you will have to click on “Login” button.

(vi) After you click on the “Login” button, home page of e-Voting will open.

E. Step 2: Cast your vote electronically/ join virtual Meeting on NSDL e-voting system

(i) After successful login at Step 1, you will be able to see the EVEN of the Company.

(ii) Click on “EVEN” of the Company to cast your vote.

(iii) Now you are ready for e-Voting as the Voting page opens.

(iv) Cast your vote by selecting appropriate options i.e. assent or dissent, and click on “Submit” and also “Confirm” when prompted.

(v) Upon confirmation, the message “Vote cast successfully” will be displayed.

(vi) You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

(vii) Once you confirm your vote on the resolution, you will not be allowed to modify your vote

F. Instructions for secured creditors for e-voting on the day of the Meeting are as under:

(i) The procedure for e-Voting on the day of the Meeting is same as the instructions mentioned above for remote e-voting.

(ii) Only those secured creditors, who will be present in the Meeting through VC/ OAVM facility and have not cast their vote on the resolution through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the Meeting.

<u>GENERAL GUIDELINES FOR SECURED CREDITORS</u>

(a) Secured Creditors are requested to join the Meeting through their Laptop/Desktop with good internet speed or use a Wi-Fi or LAN connection to avoid any disturbance or fluctuation in the network during the Meeting.

(b) Secured Creditors can attend the Meeting through VC/OAVM after following the steps for Login as out lined above. After successful Login, Secured Creditors will be able to see the VC/OAVM link placed under ‘Join meeting’ menu against the Company’s name. Secured Creditors are requested to click on the VC/OAVM link placed under ‘Join meeting’ menu.

(c) Institutional Secured Creditors (i.e. other than individuals, HUF, NRI, etc.) are required to send legible scan copy (PDF/JPG format) of the authority letter/power of attorney by the board of directors or a certified copy of the resolution passed by its board of directors or other governing body of such corporate authorizing their representative(s)to vote at the Meeting through VC/OAVM, to the Scrutinizer by e-mail to subhsaini1@gmail.com or to the Company at **compliance@pritikaautoindustries.com.** not later than 48 (forty-eight) hours before the time scheduled for holding the Meeting. Institutional Secured Creditors (i.e. other than individuals, HUF, NRI etc.) can also upload their board resolution / power of attorney / authority letter etc. by clicking on "**Upload Board Resolution / Authority Letter**" displayed under "**e-Voting**" tab in their login.

(d) It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled after five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "**Forgot User Details/Password**" or "**Physical User Reset Password**" option available on www.evoting.nsdl.com to reset the password.

(e)) In case of any queries, you may refer the Frequently Asked Questions (FAQs) and e-voting user manual available in the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Mr. Anubhav Saxena at evoting@nsdl.co.in.

15. DECLARATION OF RESULTSON THE RESOLUTION

(a) The Scrutinizer shall, after the conclusion of the Meeting, submit a consolidated Scrutinizer's report of the total votes cast in favour and against the resolution and invalid votes, if any and submit the same to the chairperson of the Meeting or a person authorized by chairperson in writing who shall countersign the same.

(b) The result of the voting shall be announced by the Chairperson of the Meeting or a person authorized by the Chairperson in writing within 2 (two) working days from the conclusion of the Meeting upon receipt of the Scrutinizer's report. The results declared, along with the Scrutinizer's report, shall be displayed at the noticeboard of registered office of the Company and hosted on the Company's website at: **www.pritikaautoindustries.com** and on the website of NSDL at https://evoting.nsdl.com/ immediately after the result is declared. The Company shall also simultaneously forward the results along with the scrutinizer's report to BSE Limited and National Stock Exchange of India Limited, the stock exchanges where the Company's equity shares are listed.

16. Subject to the receipt of requisite majority of votes in favour of the Scheme, the resolution shall be deemed to be passed on the date of the Meeting, i.e., on Saturday 10th September, 2022

Encl: As Above

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL CHANDIGARH BENCH,

AT CHANDIGARH

CA (CAA) NO. 16 CHD /PB / 2022

And

Supplementary Item No.2 CA No. 157/2022

In the matter of the Companies Act, 2013

AND

In the matter of application under Sections 230 to 232 read with Companies (Compromises, Arrangements and Amalgamation) Rules, 2016

AND

In the matter of Pritika Industries Limited, a company incorporated under the provisions of the Companies Act, 1956

AND

In the matter of Pritika Auto Industries Limited, a company incorporated under the provisions of the Companies Act, 1956

AND

In the matter of Scheme of Arrangement for demerger and vesting of the Automotive/Tractor/Engineering Components Business Undertaking" of Pritika Industries Limited ('the Demerged Company') into Pritika Auto Industries Limited ('the Resulting Company')

Pritika Auto Industries Limited, a company
incorporated under the Companies Act, 1956, having
its registered office at Plot No. C-94, Phase-VII,
Industrial Focal Point, S.A.S. Nagar, Mohali-160055
Punjab.

.... the Resulting Company

EXPLANATORY STATEMENT UNDER SECTIONS 230(3), 232(1) AND (2) AND 102 OF THE COMPANIES ACT, 2013 READ WITH RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016

1. Pursuant to the order dated 29th day of June, 2022, as rectified vide order dated 8th day of July, 2022passed by the Hon'ble National Company Law Tribunal, Bench at Chandigarh (the **"NCLT"),** Company Scheme Application CA(CAA) No. 16/CHD/PB/2022 and Supplementary Item No. 2 CA NO. 157 /2022 respectively **("Order"),** a meeting of the Secured Creditors of Pritika Auto Industries Limited (hereinafter referred to as the **"Applicant Company"** or the **"Resulting Company"** or **"PAIL"** as the context may admit) is being convened through Video Conferencing on Saturday, the 10thday of September, 2022 at 2.00 p.m. for the purpose of considering, and if thought fit, approving, with or without modification(s),the arrangement embodied in the Scheme of Arrangement between Pritika Industries Limited (PIL) (Demerged Company) and Pritika Auto Industries Limited (PAIL) (Resulting Company) and its Shareholders and Creditors for demerger and vesting of the "Automotive/Tractor/Engineering Components Business Undertaking" of Pritika Industries Limited into Pritika Auto Industries Limited pursuant to Sections 230 to 232 read with other relevant provisions if any of the Companies Act, 2013 **("Scheme"). PIL and PAIL** are together referred to as the **"Companies".** A copy of the Scheme, which has been, inter alia, as approved by the Board of Directors of the Applicant Company at their meeting held on 14thday of August, 2021, is enclosed as **Annexure 1.** Capitalized terms used herein but not defined shall have the meaning assigned to them in the Scheme, unless otherwise stated.

2. In terms of the said Order, the quorum for the aforesaid meeting of the Secured Creditors of the Applicant Company shall be 4 in number or 40% in the value of the Secured Creditors. Further in terms of the said Order, NCLT, has appointed Mr. Chetan Mittal, Senior Advocate and in his absence, Mr. Praveen Gupta, Advocate as the Chairman of the meeting of the Applicant Company including for any adjournment or adjournments thereof.

3. This statement is being furnished as required under Sections 230(3), 232(1) and (2) and 102 of the Companies Act, 2013 (the **"Act")** read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (the "Rules").

4. As stated earlier, NCLT by its said Order has, inter alia, directed that a meeting of the Secured Creditors of the Applicant Company shall be convened and held on Saturday, the 10th day of September, 2022 at 2.00 p.m. for the purpose of considering, and if thought fit, approving, with or without modification(s), the arrangement embodied in the Scheme.

5. In addition, the Applicant Company is seeking the approval of its Secured Creditors to the Scheme by way of voting through e-voting.

   NCLT, by its Order, has, inter alia, held that since the Applicant Company is directed to convene a meeting of its Secured Creditors and the voting in respect of the Secured Creditors, is through e-voting, the same is in sufficient compliance.

6. In accordance with the provisions of Sections 230 - 232 of the Companies Act, 2013, the Scheme shall be acted upon only if a majority of persons representing three fourth in value of the outstanding balance amount of the Secured Creditors in the books of the Applicant Company attending the Meeting and exercise their vote during the Meeting or remote e-voting, agree to the Scheme.

7. In terms of the Order dated 29th day of June, 2022, as rectified vide order dated 8th day of July, 2022 passed by the NCLT, Company Scheme Application CA (CAA) No. 16/Chd/Pb/2022, and Supplementary Item No. 2 CA NO. 157/ 2022 if the entries in the books /register of the Applicant Company in relation to the number or value, as the case may be, of the outstanding balance amount of Secured Creditors in the books of the Company are disputed, the Chairman of the meeting shall determine the number or value, as the case may be, for the purposes of the said meeting and his decision in that behalf would be final.

Particulars of PRITIKA AUTO INDUSTRIES Limited (PAIL)

8. The Company (PAIL) was initially incorporated on April 11, 1980 under the Companies Act, 1956 (No.1 of 1956) in the State of Maharashtra as "Hariganga Machineries and Engineering Services Limited" and received the 'Certificate of Incorporation' bearing number 22506 of 1980 from the Registrar of Companies ("**ROC**"), Maharashtra, Bombay.

The Company had also received Certificate for Commencement of Business from ROC, Maharashtra on 25th April, 1980. The CIN of the Company was L45208MH1980PLC022506.

The name of the Company changed from "Hariganga Machineries and Engineering Services Limited" to i.e. "Shivkrupa Machineries and Engineering Services Limited" on 5th August, 2015 and a fresh certificate of incorporation consequent on change of name was obtained from ROC, Maharashtra, Mumbai.

The Equity Shareholders have passed a special resolution through Postal Ballot on 7th March, 2017 for change of name from "Shivkrupa Machineries and Engineering Services Limited" to its present name i.e. Pritika Auto Industries Limited and a fresh certificate of incorporation dated 16th March, 2017 consequent on change of name was obtained from ROC, Maharashtra, Mumbai.

The Hon'ble Regional Director (WR) Mumbai, vide his order dated 9th June, 2017 has sanctioned a Petition for shifting of the Registered Office of the company from the State of Maharashtra to the State of Punjab. Accordingly, the company, upon registration of the said order, obtained a fresh certificate of incorporation from the Registrar of Companies, Chandigarh.

There has been a change in the name of PAIL in the last five (5) years as mentioned hereinabove.

The Corproate Identification (CIN) of PAIL is L45208PB1980PLC046738

The Permanent Account Number (PAN) of PAIL is AAACH4698C.

The shares of PAIL are listed on BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE).

9. The Registered office of the PAIL / Resulting Company is presently situated at Plot No. C-94, Phase VII, Industrial Focal Point, S.A.S. Nagar, Mohali – 160 055, Punjab.

There has been a change in the registered office address of PAIL in the last five (5) years as mentioned hereinabove.

The e-mail address of PAIL is **compliance@pritikaautoindustries.com**.

10. The objects for which PAIL has been established are set out in its Memorandum of Association.

The main objects of PAIL are as follows:

- To carry on business of Manufacturers, Designers, Planners, Engineers, Consultants, Contractors, Fabricators, Assemblers, Processor, Patentees, Dealers, and Traders, Importers and Exporters of Industrial and Non-Industrial Plants Machineries, equipments, tools stores and spares and to promote develop and provide design plans, layout and technical knowledge, processes, turnkey consultancy, engineering and allied services within and outside India.

- To carry on the business as manufacturers, buyers, sellers, assembling or distributing processors, founders, forgers, converters, fabricators, assemblers, importers, exporters, agents, buyers, and sellers of all types of metal, alloys, castings, automobile parts, machine tools, tractor parts, all types of machinery, plant equipment, component, spares, tools, engineering goods and accessories including zigs and fixtures, bolts and nuts, screws of any size and design for motor vehicles, or components parts thereof, chassis motors, buses lorries, omnibuses, engines, locomotives; scooters, tracks, tractors and other vehicle and component or motor vehicle parts, Tools, implements, spare parts, accessories, materials and allied products of automobiles industry for use as original equipment or otherwise and processing, assembling, jobbing, fabricating, manufacturing and marketing and dealers of automobile accessories and spares, automotive parts connect therewith.

The object clause of PAIL was altered by adding sub clause 1(A) by the shareholders by passing Special Resolution through Postal Ballot held on 6thday of March, 2017 and Certificate of registration of Special Resolution confirming Alteration of Object Clause was issued by the Registrar of Companies, Maharashtra, Mumbai on 9th day of March, 2017.

There has been a change in the object clause of PAIL in the last 5 years as mentioned hereinabove.

11. The brief description of some of the major businesses being carried out by PAIL along with its subsidiaries, joint ventures and associates are as under:

a) The Resulting Company (PAIL) is engaged in the business of manufacturing, buying, selling, assembling all types of metals, alloys, castings, automobile parts, tractor parts, and accessories including zigs and fixtures, bolts and nuts, or component's part thereof.

b) Pritika Engineering Components Ltd. is a wholly owned subsidiary of Pritika Auto Industries Ltd. The company is engaged in the manufacturing of auto and tractor components and parts.

c) Meeta Castings Limited has been incorporated as wholly owned subsidiary of Pritika Engineering Components Ltd. and is a step-down subsidiary of Pritika Auto Industries Ltd. The company is under process of setting up its unit for manufacturing, castings for automotive, tractor parts and construction /engineering equipments.

d) The Demerged Company (PIL) is a closely held company. PIL is engaged in various businesses including manufacturing of auto and tractor components and also carrying on the healthcare business including OPD services, diagnostic labs and investment in securities including shares, Mutual funds etc. and trading activity.

e) Pritika Industries Limited (PIL) the Demerged Company and Pritika Auto Industries Limited (PAIL) the Resulting Company are group companies and under the same management. Both companies are independent of each other except common promoter shareholders and Directors.

The Demerged Company (PIL) holds 2,48,74,208 Equity Shares of Rs.2/- each constituting 28.05% of the total issued, subscribed and paid-up capital in the Resulting Company(PAIL).

12. The Authorized, Issued, Subscribed and Paid-Up Share Capital of PAIL / the Resulting Company as per the Latest Audited Balance Sheet as at 31st March, 2022 is as under:

PARTICULARS	AMOUNT IN RS.
AUTHORISED SHARE CAPITAL	
18,25,00,000 Equity Shares of Rs. 2/- each	36,50,00,000
TOTAL	**36,50,00,000**
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	
8,86,72,500 Equity Shares of Rs. 2/- each	17,73,45,000
TOTAL	17,73,45,000

Subsequent to 31st March, 2022, there is no change in the Authorised, issued, subscribed and paid-up share capital of PAIL.

Particulars of PRITIKA INDUSTRIES LIMITED (PIL)

13. The Demerged Company (PIL) was incorporated on 1st July, 1997 under the Companies Act, 1956 (No.1 of 1956) as "Pritika Industries Private Limited" and received the 'Certificate of Incorporation' bearing number 55-88273 of 1997-98 from the Registrar of Companies ("**ROC**"), NCT of Delhi & Haryana.

The name of the Demerged Company was changed from Pritika Industries Private Limited to Pritika Industries Limited and obtained a fresh certificate of incorporation consequent upon change of name on conversion to Public Limited Company dated 12th June, 2012 from the Registrar of Companies, National Capital Territory of Delhi and Haryana.

The Hon'ble Regional Director (NR) New Delhi, vide his order dated 26th November, 2013 has sanctioned a Petition for shifting of the Registered Office of the company from the State of Delhi to the State of Punjab. Accordingly, the company, upon registration of the said order, obtained a fresh certificate of incorporation from the Registrar of Companies, Punjab and Chandigarh.

The Demerged Company (PIL) holds 2,48,74,208 Equity Shares of Rs.2/- each constituting 28.05% of the total issued, subscribed and paid-up capital in the Resulting Company (PAIL) and the said shares shall continue to remain in the remaining business / retained undertaking of the Demerged Company and will not be cancelled.

There has been no change in the name of PIL in the last five (5) years.

The Corproate Identification (CIN) of the Demerged company (PIL) is U85100PB1997PLC038216

The Permanent Account Number (PAN) of the Demerged Company (PIL) is AAACP9500B.

The equity shares of PIL are not listed on any stock exchanges.

14. The Registered Office of PIL is situated at Plot No. C-94, Phase VII, Industrial Focal Point, S.A.S. Nagar, Mohali, Punjab – 160 055.

There has been no change in the registered office address of PIL in last five (5) years.

The e-mail address of PIL is cs@pritikagroup.com.

15. The objects of the PIL are as set out in its Memorandum and Articles of Association are inter alia as follows: -

- To acquire and takeover the business of M/s Pritika Industries, a Partnership firm situated at 31-p/1 Gali No. 4-D, Anand Parbat Indl. Area, New Rohtak Road, New Delhi on such terms and condition as may be agreed upon. The said firm shall cease after such takeover.

- To carry on the business of manufacturing, buying selling, exchange, altering, improving, assembling, or distributing, and dealing in Tractor parts, Machine, Tools, and Machine Tools accessories including zings and fixtures , bolts, and nuts, screws of any size and design for Motor vehicles of components parts thereof, chassis, Motors, buses, lorries, omnibuses, engines, locomotives, scooters, tracks, tractors and other vehicle and component or motor vehicle parts, tools, implements, spare parts, accessories, materials and allied products of automobiles industry for use as original equipment or otherwise.

- To carry on the business of processing, assembling, jobbing, fabricating, manufacturing and marketing, and dealers of automobile accessories and spares, auto motive parts, connected therewith.

- To carry on the trade or business of engineers, fitters, founders, smiths, machinists, manufacturers and patentees of production for automobile industry and importers, exporters and distributors of motor parts.

- To establish, maintain, operate, run, manage or administer, purchase, lease or otherwise acquire/take multispecialty clinics, hospitals, medicare, health care, diagnostic, health aid, research centers and to take their franchises.

The object clause of PIL was altered by adding sub clause 5 in Clause 3 (A) by the shareholders by passing Special Resolution in their Extra Ordinary General Meeting held on 4th day of March, 2019 and Certificate of registration of Special Resolution confirming Alteration of Object Clause was issued by the Registrar of Companies, Chandigarh on 7th day of March, 2019.

There has been a change in the object clause of PIL in the last 5 years as mentioned hereinabove.

16. The Demerged Company (PIL) is engaged in various businesses including manufacturing of auto and tractor components and also carrying on the healthcare business including OPD services, diagnostic labs and investment in securities including shares, Mutual funds etc. and trading activity.

The Demerged Company holds 2,48,74,208 Equity Shares of Rs.2/- each constituting 28.05% of the total issued, subscribed and paid-up capital in the Resulting Company and the said shares shall continue to remain in the remaining business / retained undertaking of the Demerged Company and will not be cancelled

17. The Authorized, Issued, Subscribed and Paid-Up Share Capital of PIL / the Demerged Company as per the Latest Audited Balance Sheet as at 31st March, 2022 is as under:

PARTICULARS	AMOUNT IN RS.
AUTHORISED SHARE CAPITAL:	
1,10,00,000 Equity Shares of Rs.10/- each	11,00,00,000
TOTAL	**11,00,00,000**
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL:	
98,15,900 Equity Shares of Rs.10/- each	9,81,59,000
TOTAL	**9,81,59,000**

Subsequent to 31st March, 2022, there is no change in the Authorized, issued, subscribed and paid-up share capital of PIL.

Description and Objective of the Scheme

18. The Scheme provides for, inter alia,

I. the transfer by way of a Demerger of the Demerged Undertaking i.e. 'Automotive/Tractor/Engineering Components Business Undertaking' of the Demerged Company (PIL) to the Resulting Company (PAIL)

II. consequent issue of equity shares by the Resulting Company (PAIL) to the shareholders of the Demerged Company (PIL)

III. listing of equity shares by PAIL on BSE and NSE

IV. Various other matters consequential to or otherwise integrally connected with the above.

The proposal is to be implemented in terms of the Scheme under Sections 230 - 232 of the Companies Act, 2013.

19. The objective is stated in Clause C of the Scheme **(Annexure 1)** and is as under:

The Demerged Company is engaged in various businesses and owns the following two business undertakings.

- Automotive/Tractor/Engineering Components Business undertaking
- Healthcare and investment business undertaking.

The Demerged company would demerge Automotive/Tractor/Engineering Components Business undertaking (hereinafter referred to as "Demerged Undertaking") to the Resulting company and it would continue to run and operate the healthcare and investment business undertaking (hereinafter referred to as the "Remaining Business / Retained Undertaking"). The underlying business rationale and objectives are as follows.

a) With the complete integration of the Demerged Undertaking with Resulting Company, the manufacturing and machining capacity of the Resulting Company will stand enhanced. Since, PIL fulfils its raw material supply (i.e., Raw Castings) needs from PAIL, the Demerger would eliminate the inter dependence and shall be a forward integration of manufacturing and machining activities of PAIL which in turn add to efficiency, economy in operations and ultimately add to shareholders wealth.

b) PIL and PAIL are in the same line of business and cater the needs of same customers (i.e. OEMs). The Scheme of Arrangement would consolidate and synchronize the business structure and eliminate the unnecessary competition and conflict of interest within the group which will create transparency and confidence with the investors and the market.

c) The Demerged Company currently has business interest in diverse businesses such as Manufacturing, Healthcare and Investment & Financing activities and other allied activities. With a view to achieve greater management focus in other business activities, Demerged Company proposes to demerge its business interest in the Demerged Undertaking and vest the same in the Resulting Company.

d) The consolidation of operations of the Manufacturing Business of Demerged Company and the Resulting Company by merging the Demerged Undertaking into Resulting Company, will lead to a more efficient utilisation of capital, administrative and operational rationalization and promote organisational efficiencies. It will help achieve cost efficiency that will enhance the financial efficiencies and help achieve economies of scale, reduction in overheads and improvement in various other operating parameters.

e) The Demerged undertaking and remaining undertaking have their own set of strengths and dynamics in the form of nature of risks, competition, challenges, opportunities and business methods leading to different growth potentials. Hence segregation of the two undertakings would enable a focused management to explore the potential business opportunities effectively and efficiently.

f) The demerger would result in achieving efficiency in operational process by designing and implementing independent strategies specifically designed for the two businesses and in optimising profitability. This would in turn enhance the shareholders wealth.

g) Targeting and attracting new investors with specific focus and expertise in the two businesses thereby providing the necessary funding impetus to the long-term growth strategy of the two businesses.

h) Integration would result in maximising overall shareholder value, improvising the competitive position and enabling to unlock the economic value of both the entities.

i) Improved organisational capability and leadership, arising from the pooling of human capital who have the diverse skills, talent and vast experience to compete successfully in an increasingly competitive industry.

j) Cost savings are expected to flow from more focused operational efforts, rationalization, standardisation and simplification of business processes, and the elimination of duplication, and rationalization of administrative expenses.

In view of the aforesaid, the Board of Directors of the Demerged Company and the Resulting Company have considered it desirable and expedient to demerge the Demerged Undertaking of the Demerged Company and vest the same with the Resulting Company, in order to benefit the stakeholders of both the companies.

Major Developments / Actions post announcement of the Scheme

20. There are no major developments / actions taken place since announcement of the scheme.

Corporate Approvals

21. The proposed Scheme was placed before the Audit Committee of PAIL at its meeting held on 14th day of August, 2021. The Audit Committee of PAIL took into account the Scheme. The Audit Committee of PAIL based on the aforesaid, inter alia, recommended the Scheme to the Board of Directors of PAIL.

22. The Scheme alongwith the Valuation Report was placed before the Board of Directors of PAIL, at its meeting held on 14th day of August, 2021. The report of the Audit Committee was also submitted to the Board of Directors of PAIL. Based on the aforesaid, the Board of Directors of PAIL approved the Scheme. The meeting of the Board of Directors of PAIL, held on 14th day of August, 2021, was attended by all the six directors (namely, Mr. Raminder Singh Nibber, Mr. Harpreet Singh Nibber, Mr. Ajay Kumar, Mr. Yudhisthir Lal Madan, Mr. Subramaniyam Bala and Mrs. Neha). None of the Directors of PAIL who attended the meeting voted against the Scheme. Thus, the Scheme was approved unanimously by the Directors of PAIL who attended and voted at the meeting.

23. The proposed Scheme was placed before the Audit Committee of PIL at its meeting held on 14th day of August, 2021. The Audit Committee of PIL took into account the Scheme. The Audit Committee of PIL based on the aforesaid, inter alia, recommended the Scheme to the Board of Directors of PIL.

24. The Scheme alongwith the Valuation Report was placed before the Board of Directors of PIL, at its meeting held on 14th day of August, 2021. The Board of Directors of PIL approved the Scheme. The meeting of the Board of Directors of PIL, held on 14th day of August, 2021, was attended by all the five directors (namely, Mr. Raminder Singh Nibber, Mr. Harpreet Singh Nibber, Mr. Ajay Kumar, Mr. Subramaniyam Bala and Mrs. Neha). None of the Directors of PIL who attended the meeting voted against the Scheme. Thus, the Scheme was approved unanimously by the Directors of PIL who attended and voted at the meeting.

Approvals and actions taken in relation to the Scheme

25 For the purposes of the Scheme, a report in relation to the Share Exchange Ratio (hereinafter referred to as "**Valuation Report**") for issuance and allotment of shares of PAIL to the shareholders of PIL pursuant to and in consideration of the Demerger, on 14th August, 2021, was

issued by FCA Payal Gada, Proprietor; Payal Gada & Co, Chartered Accountants (Registered Valuer Registration No. IBBI Registration No.: IBBI/RV/06/2019/11170) describing, *inter alia*, the methodologies adopted by her in arriving at the Share Exchange Ratio and setting out the detailed computation of the Share Exchange Ratio for the proposed Demerger. The Valuation Report has been enclosed as **Annexure 2**.

In the Valuation Report, the valuer has understood that upon the Scheme being effective and in consideration of transfer and vesting of the Undertaking (as defined under the Scheme) from PIL to PAIL in terms of the Scheme, PAIL shall issue and allot equity shares to the shareholders of PIL in accordance with the Share Exchange Ratio. As such, 63 (Sixty-three) equity shares of PAIL ("Resulting Company") of INR 2/- each fully paid up be issued to equity shareholders of PIL ("Demerged Company"), in addition to, not substitution of, for every 10(ten) equity shares of INR 10/- each fully paid of PIL ("Demerged Company") as consideration for Demerger.

In compliance with SEBI circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/215 dated 3rd November, 2020 read with Master circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22nd December, 2020 and *Master Circular No. SEBI/HO/CFD/DIL1/ CIR/P/2021/0000000665 dated November 23, 2021* **("SEBI Circular")** issued by the Securities and Exchange Board of India **("SEBI"),** a Fairness Opinion dated 14th August, 2021 has been issued by Systematix Corporate Services Limited, a Category-1 Merchant Banker, Mumbai (SEBI Registration No. INM000004224) ("**Fairness Opinion**") on the Share Exchange Ratio as recommended in the Valuation Report. The Fairness Opinion has been enclosed as **Annexure 3**.

The recommendation of the Share Exchange Ratio has been approved by the audit committee and board of directors the PAIL and the audit committee and the board of directors of PIL.

26. BSE has been appointed as the designated stock exchange by PAIL for the purpose of coordinating with the SEBI, pursuant to the SEBI Circular. PAIL has received observation letters regarding the Scheme from BSE and NSE, dated 14th day of January, 2022 and 14thday of January, 2022 respectively. In terms of the observation letters of BSE and NSE, dated 14thday of January, 2022 and 14thday of January, 2022 respectively, BSE and NSE, inter alia, conveyed their no adverse observations/no objection for filing the Scheme with the Hon'ble National Company Law Tribunal. Copies of the observation letters, dated 14th day of January, 2022 and 14th day of January, 2022 received from BSE and NSE, respectively, are enclosed as **Annexure 4** and **5.**

27. As required by the SEBI Circular, PAIL had filed the complaints report dated 8th day of November, 2021 and 15th day of November, 2021 with both BSE and NSE, respectively. This report indicates that PAIL received nil complaints. A copy of the complaints report submitted by PAIL to BSE and NSE, dated 8th day of November, 2021 and 15thday of November, 2021 are enclosed as **Annexure 6 and Annexure 7.**

28. The Companies or any of them would obtain such necessary approvals/sanctions/no objection(s) from the regulatory or other governmental authorities in respect of the Scheme in accordance with law, if so required.

29. The joint applications along with the annexure thereto (which includes the Scheme) were filed by the Companies with the NCLT, on 28th day of March, 2022.

30. This notice convening Meeting of the Secured Creditors of the Applicant Company along with aforesaid documents are placed on the website of the Company viz. www.pritikaautoindustries.com and being sent to Securities and Exchange Board of India and BSE Limited and National Stock Exchange of India Limited (NSE) for placing on their website.

Salient extracts of the Scheme

31. The salient extracts of the Scheme are as Under:

DEFINITIONS

A. **"Appointed Date"** would mean1st April, 2021 or such other date as may be fixed or approved by the National Company Law Tribunal, Chandigarh Bench, Chandigarh.

B. **"Demerged Undertaking"** means the 'Automotive/Tractor/Engineering Components Business Undertaking' of the Demerged Company, which shall include business, activities and operations pertaining to the 'Automotive/Tractor/Engineering Components (hereinafter also referred to as 'Automotive/Tractor/Engineering Components Business Undertaking')of the Demerged Company on a going concern basis, and shall mean and include, without limitation:

All assets and properties of the 'Automotive/Tractor/Engineering Components Business Undertaking' including all assets whether situated in India or abroad, (whether movable or immovable), related liabilities pertaining thereto including contingent liabilities, liabilities not accrued, not recognized or not provided for in the books of accounts of the Demerged Company.

Without prejudice to the generality of the above, the Demerged Undertaking shall include in particular:

i. all immovable properties i.e. land together with the buildings and structures standing thereon (whether freehold, leasehold, leave and licensed, right of way, tenancies or otherwise) including offices, structures, workshop, benefits of any rental agreement for use of premises, marketing offices, share of any joint assets, etc., which immovable properties are currently being used exclusively and solely for the purpose of and in relation to the 'Automotive/Tractor/Engineering Components Business Undertaking' and all documents (including panchnamas, declarations, receipts) of title, rights and easements in relation thereto and all rights, covenants, continuing rights, title and interest in connection with the said immovable properties;

ii. all assets, as are movable in nature and exclusively and solely pertaining to and in relation to the 'Automotive/Tractor/Engineering Components Business Undertaking', whether present or future or contingent, tangible or intangible including goodwill, whether recorded in the books or not, in possession or reversion, including electrical fittings, furniture, fixtures, appliances, accessories, power lines, office equipments, computers, communication facilities, installations, tools, plants, vehicles, inventory and stock in trade, wherever lying, actionable claims, current assets, earnest monies and sundry debtors, financial assets, outstanding loans and advances recoverable in cash or in kind or for value to be received, provisions, receivables, funds, cash and bank balances and deposits including accrued interest thereto with Government, semi-Government, local and other authorities and bodies, banks, customers and other Persons, insurances, the benefits of any bank guarantees, performance guarantees and letters of credit;

iii. all permits, licenses, permissions, approvals, clearances, consents, benefits, registrations, rights, entitlements, credits, certificates, awards, sanctions, allotments, quotas, no objection certificates, exemptions, concessions, subsidies, liberties and advantages including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereto that pertain exclusively and solely to the 'Automotive/Tractor/Engineering Components Business Undertaking';

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

v. all applications (including hardware, software, licenses, source codes, and scripts), registrations, licenses, trade names, service marks, trademarks, copyrights, patents, domain names, designs, intellectual property rights (whether owned, licensed or otherwise, and whether registered or unregistered), trade secrets, research and studies, technical knowhow, confidential information and all such rights of whatsoever description and nature that in each case pertain exclusively and solely to the 'Automotive/Tractor/Engineering Components Business Undertaking' including, without limitation, the intellectual properties of the Demerged Company;

vi. all rights to use and avail telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interests held in trusts, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, easements, liberties and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in control of or vested in or granted in favour of or enjoyed by the Demerged Company and exclusively and solely pertaining to or in connection with the 'Automotive/Tractor/Engineering Components Business Undertaking' and all other interests of whatsoever nature belonging to or in the ownership, power, possession or control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Demerged Company and exclusively and solely pertaining to the 'Automotive/Tractor/Engineering Components Business Undertaking';

vii. all tax related assets, all the credits for taxes such as sales tax, MAT tax credit, service tax, CENVAT, GST, tax deduction at source, accumulated losses and unabsorbed depreciation as per books if any as well as per the IT Act enjoyed by the Demerged Company pertaining to the 'Automotive/Tractor/Engineering Components Business Undertaking';

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

ix. all debts, liabilities, duties, taxes and obligations of the Demerged Company pertaining to the 'Automotive/Tractor/Engineering Components Business Undertaking', namely:

a. the debts of the Demerged Company which arises out of the activities or operations of the - 'Automotive/Tractor/Engineering Components Business Undertaking';

b. specific loans and borrowings raised, incurred and utilized for the activities or operations of or pertaining to 'Automotive/Tractor/Engineering Components Business Undertaking';

c. general and multipurpose borrowings of the Demerged Company shall be allocated to 'Automotive/Tractor/Engineering Components Business Undertaking' in the same proportion which the value of the assets transferred under this Scheme bears to the total value of assets of Demerged Company immediately before the demerger;

x. all liabilities (including contingent liabilities, liabilities not accrued, not recognized or provided for in the books of accounts of the Demerged Company), present liability as accounted in the books of the Demerged Company whether secured or unsecured, pertaining to the Demerged Undertaking;

xi. all employees of the Demerged Company employed/engaged exclusively and solely in the 'Automotive/Tractor/Engineering Components Business Undertaking' as on the Effective Date; and

xii. all legal or other proceedings of whatsoever nature relating to the 'Automotive/Tractor/Engineering Components Business Undertaking'.

(**Note 1:** - For the purposes of this Scheme, a statement of account of the 'Automotive/Tractor/Engineering Components Business Undertaking' of the Demerged Company is drawn up as on the Appointed Date which gives details of assets and liabilities of the Demerged undertaking.*)*

(**Note 2**: - In case of any question that may arise as to whether any particular asset or liability and/or employee pertains or does not pertain exclusively and solely to the 'Automotive/Tractor/Engineering Components Business Undertaking' or whether it arises out of the activities or operations of the 'Automotive/Tractor/Engineering Components

Business Undertaking', the same shall be decided by mutual agreement between the Board of Directors of the Demerged Company and the Resulting Company.)

C. **"Effective Date"** means the later of the dates on which the certified copies of the orders sanctioning this Scheme, passed by the National Company Law Tribunal or such other competent Authority, as may be applicable, are filed with the Registrar of Companies, at Punjab & Chandigarh by PIL and PAIL.

D. **Transfer of Assets**

- With effect from the Effective Date the Demerged Undertaking (including all the estate, assets, rights including claims, title, interest and authorities including accretions and appurtenances of the Demerged Undertaking) shall, subject to the provisions of Clause **Error! Reference source not found.** of Part II of the Scheme in relation to the mode of transfer and vesting and pursuant to the provisions of Section 232(3) of the Act, without any further act or deed, be demerged from the Demerged Company and be transferred to and vested in and shall be deemed to be demerged from the Demerged Company and transferred to and vested in the Resulting Company as a going concern so as to become as and from the Appointed Date, the estate, assets, rights, claims, title, interest and authorities of the Resulting Company, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/or financial institutions.

- In respect of such of the assets of the Demerged Undertaking as are movable in nature or are otherwise capable of transfer by delivery or possession or by endorsement and delivery, the same shall stand so transferred by the Demerged Company upon the coming into effect of the Scheme, and shall become the property of the Resulting Company as an integral part of the Demerged Undertaking with effect from the Appointed Date pursuant to the provisions of Section 232 of the Act without requiring any deed or instrument of conveyance for transfer of the same, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/or financial institutions.

- In respect of such of the assets belonging to the Demerged Undertaking other than those referred to in sub-clause 5.2 above, the same shall, without any further act, instrument or deed, be demerged from the Demerged Company and transferred to and vested in and/or be deemed to be demerged from the Demerged Company and deemed to be transferred to and vested in the Resulting Company upon the coming into effect of Part II of the Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act.

E. Transfer Of Contracts, Agreements, Deeds, MOU, Permits, Quotas And Licenses Etc. Of Demerged Undertaking.

- Upon the coming into effect of the Scheme, and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, Schemes, arrangements and other instruments of whatsoever nature in relation to the Demerged Undertaking, to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, and which are subsisting or have effect immediately before the Effective Date shall continue in full force and effect on or against or in favour, as the case may be, 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 or obligee thereto or there under.

- Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Demerged Undertaking occurs by virtue of this Scheme itself, the Resulting Company may, at any time after the coming into effect of the Scheme, in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme.

- Without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of the Scheme, all consents, permissions, licenses, approvals, certificates, insurance covers, clearances, authorities given by, issued to or executed in favour of the Demerged Company in relation to the Demerged Undertaking shall stand transferred to the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the Resulting Company shall be bound by the terms thereof, the obligations and duties there under, and the rights and benefits under the same shall be available to the Resulting Company.

- Without prejudice to the aforesaid, it is clarified that if any assets (including estate, claims, rights, title, interest in or authorities relating to any asset) or any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Demerged Undertaking which the Demerged Company owns or to which the Demerged Company is a party to, cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Company shall hold such assets, contracts, deeds, bonds, agreements, Schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Resulting Company, insofar as it is permissible so to do, till such time as the transfer is effected.

F. Transfer Of Liabilities And Related Securities /Charges

- Upon the coming into effect of the Scheme, all loans raised and used, debts, liabilities, duties and obligations (including the liabilities which arise out of the activities or operations of the Demerged Undertaking) of the Demerged Company as on the Appointed Date and relatable to the Demerged Undertaking shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Resulting Company to the extent that they are outstanding as on the Effective Date and shall become the loans, debts, liabilities, duties and obligations of the Resulting Company.

- All loans raised and used and all debts, liabilities, duties and obligations incurred by the Demerged Company for the operations of the Demerged Undertaking after the Appointed Date and prior to the Effective Date, subject to the terms of this Scheme, 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 Effective Date, shall also without any further act or deed be and stand transferred to and be deemed to be transferred to the Resulting Company and shall become the loans, debts, liabilities, duties and obligations of the Resulting Company.

- In so far as the existing Encumbrance in respect of the loans, borrowings, debts, liabilities, is concerned, such Encumbrance shall, without any further act, instrument or deed be modified and shall be extended to and shall operate only over the assets comprised in the Demerged Undertaking which have been Encumbered in respect of the such loans, borrowings, debts, liabilities as transferred to the Resulting Company pursuant to this Scheme. Provided that if any of the assets comprised in the Demerged Undertaking which are being transferred to the Resulting Company pursuant to this Scheme have not been Encumbered in respect of such loans, borrowings, debts, liabilities, such assets shall remain unencumbered and the existing Encumbrance referred to above shall not be extended to and shall not operate over such assets. The absence of any formal amendment which may be required by a lender or third party shall not affect the operation of the above.

- For the avoidance of doubt, it is hereby clarified that in so far as the assets comprising the Remaining Business are concerned, the Encumbrance over such assets relating to such loans, borrowings, debts, liabilities shall, as and from the Effective Date without any further act, instrument or deed be released and discharged from the obligations and encumbrance relating to the same. The absence of any formal amendment which may be required by a lender or third party shall not affect the operation of the above. Further, in so far as the assets comprised in the Demerged Undertaking are concerned, the Encumbrance over such assets relating to any loans, borrowings or other debts which are not transferred pursuant to this Scheme (and which shall continue with the Demerged Company), shall without any further act or deed be released from such Encumbrance and shall no longer be available as security in relation to such liabilities.

- Without prejudice to the provisions of the foregoing Clauses and upon the effectiveness of this Scheme, the Demerged Company and the Resulting Company shall execute any instrument/s and/or document/s and/or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the Registrar of Companies to give formal effect to the above provisions, if required.

- Upon the coming into effect of this Scheme, the Resulting Company alone shall be liable to perform all obligations in respect of the Transferred Liabilities, which have been transferred to it in terms of this Scheme, and the Demerged Company shall not have any obligations in respect of such Transferred Liabilities.

G. Employee Matters

- Upon the coming into effect of this Scheme, all Employees of the Demerged Undertaking shall become the employees of the Resulting Company with effect from the Appointed Date, and, subject to the provisions hereof, on terms and conditions not less favourable than those on which they are engaged by the Demerged Company in relation to the Demerged Undertaking and without any interruption of or break in service as a result of the transfer of the Demerged Undertaking. For the purpose of payment of any compensation, gratuity and other terminal benefits, the immediate past services of such Employees with the Demerged Company shall also be taken into account, and paid by the Resulting Company as and when the same become payable.

- In so far as the provident fund and gratuity fund and any other funds or benefits if any created by the Demerged Company inter alia for the Employees are concerned (collectively referred to as the

"Funds"), the funds and such investments made by the Funds which are referable to the Employees in terms of sub-Clause 8.1 above shall be transferred to the Resulting Company and shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. In the event that the Resulting Company does not have its own Funds in respect of any of the above, the Resulting Company may, subject to necessary approvals and permissions, continue to contribute to the relevant Funds of the Demerged Company, until such time that the Resulting Company creates its own Funds, at which time the funds and the investments and contributions pertaining to the Employees shall be transferred to the Funds created by the Resulting Company.

- In relation to any other fund created or existing for the benefit of the Employees being transferred to the Resulting Company, the Resulting Company shall stand substituted for the Demerged Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said funds in accordance with the provisions of such Scheme, funds, bye laws, etc. in respect of such Employees.

H. Legal, Taxation And Other Proceedings

- Upon the coming into effect of this Scheme, 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 any time thereafter and, in each case, relating to the Demerged Undertaking shall be continued and enforced by or against the Resulting Company with effect from the Effective Date. Except as otherwise provided herein, the Demerged Company shall in no event be responsible or liable in relation to any such legal, taxation or other proceedings against the Resulting Company. The Resulting Company shall be replaced/ added as party to such proceedings and shall prosecute or defend such proceedings at its own cost, in co-operation with the Demerged Company.

- If any proceedings are taken against the Demerged Company in respect of the matters referred to in sub-Clause 9.1 of the Scheme, it shall defend the same in accordance with any reasonable and prudent advice provided by the Resulting Company at the cost of the Resulting Company, and the latter shall reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.

- The Resulting Company undertakes to have all legal, taxation or other proceedings initiated by or against the Demerged Company in relation to Demerged Undertaking referred to in sub-Clause 9.1 of the Scheme transferred to its name as soon as is reasonably possible after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company. Both companies shall make relevant applications in that behalf.

I. Conduct of Business

The Demerged Company, with effect from the Appointed Date and up to and including the Effective Date:

- shall be carrying on and be deemed to have been carrying on all business and activities relating to the Demerged Undertaking and shall hold and stand possessed of and shall be deemed to hold and stand possessed of all the estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions of the Demerged Undertaking for and on account of, and in trust for, the Resulting Company;

- all profits and income accruing or arising to the Demerged Company from the Demerged Undertaking, and losses and expenditure arising or incurred by it (including taxes, if any, accruing or paid in relation to any profits or income) relating to the Demerged Undertaking for the period commencing from the Appointed Date shall, for all purposes, be treated as and be deemed to be the profits, income, losses or expenditure, as the case may be, of the Resulting Company;

- any of the rights, powers, authorities, privileges, attached, related or pertaining to the Demerged Undertaking exercised by the Demerged Company shall be deemed to have been exercised by the Demerged Company for and on behalf of, and in trust for and as an agent of the Resulting Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Demerged Undertaking that have been undertaken or discharged by the Demerged Company shall be deemed to have been undertaken for and on behalf of and as an agent for the Resulting Company;

- With effect from the effective Date, the Resulting Company shall be duly authorized to carry on the business of the Demerged Undertaking previously carried on by the Demerged Company. The Resulting Company agrees and undertakes to pay, discharge and satisfy all the liabilities and obligations of the Demerged Undertaking with effect from the Appointed Date, in order to give effect to the foregoing provisions.

- To avoid any undue hardship to the Demerged company or the Resulting Company on account of disruption of business post the effective date, the Resulting Company shall be entitled to use all the business authorizations, including licenses, contracts etc. having the name of the Demerged company in connection with the Demerged Undertaking, till such authorizations are issued afresh / transferred / renewed in the name of the Resulting Company.

- On and from the Effective date and till such time that the name of the bank accounts of the Demerged Company, in relation to or in connection with the Demerged Undertaking, have been replaced with that of the Resulting Company, the Resulting Company shall be entitled to maintain and operate the bank account of the Demerged Company pertaining to the Demerged Undertaking, in the name of the Demerged Company for such time as may be determined to be necessary by the Resulting Company. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Demerged Company, in relation to or in connection with the Demerged Undertaking after the effective date 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 and

- the Demerged Company shall carry on the Remaining Business in terms of Section 3 of Part II of this Scheme distinctly and as a separate business from the Demerged Undertaking.

J. Remaining Business / Retained Undertaking

The Remaining Business and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company.

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 (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Business) shall be continued and enforced by or against the Demerged Company after the Effective Date. 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.

If proceedings are taken against the Resulting Company in respect of the matters referred to in sub-Clause 9.1 of the Scheme, 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.

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

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 acquired and all liabilities incurred by the Demerged Company after the Appointed Date but prior to the Effective Date for operation of and in relation to the Demerged Undertaking 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

K. CONSIDERATION

- Upon the Scheme coming into effect, in consideration of the transfer of the Demerged Undertaking by the Demerged Company to the Resulting Company, in terms of this Scheme, the Resulting Company shall, without any further act or deed, issue and allot to every member of the Demerged Company holding fully paid up equity shares in the Demerged Company and whose names appear in the Register of Members of the Demerged Company on the Demerger Record Date in respect of every 10 (Ten) Equity Shares of the face value of Rs. 10/- (Rupees Ten) each fully paid up held by him / her / it in the Demerged Company, 63 (Sixty-Three) new Equity shares of the Resulting Company of the face value of Rs.2/- (Rupees Two) each fully paid up.

- The equity shares issued and allotted by the Resulting Company in terms of this Scheme shall rank *pari passu* in all respects with the existing equity shares of the Resulting Company.

- The issue and allotment of new equity shares by the Resulting Company to the Shareholders of the Demerged Company pursuant to Clause 16 of the Scheme is an integral part of this Scheme.

- Fraction shares will be ignored.

- The shares issued pursuant to Clause of Part II of the Scheme ("New Shares"), shall be issued to the shareholders of the Demerged Company in demat form, i.e. dematerialized shares unless otherwise notified in writing by a shareholder of the Demerged Company to the Resulting Company on or before such date as may be determined by the Board of Resulting Company. In the event that such notice has not been received by Resulting Company in respect of any of the shareholders of Demerged Company, the equity shares, shall be issued to such shareholders in dematerialized form provided that the shareholders of Demerged Company shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. In the event that Resulting Company has received notice from any shareholder that the equity shares are to be issued in physical form or if any shareholder has not provided the requisite details relating to his/ her/ its account with a depository participant or other confirmations as may be required or if the details furnished by any shareholder do not permit electronic credit of the shares of Resulting Company, then the Resulting Company shall issue the equity shares in physical form to such shareholder or shareholders.

- Unless otherwise determined by the Board of Directors or any committee thereof of the Demerged Company and the Resulting Company, allotment of shares in terms of Clause 16 of Part II of the Scheme shall be done within 45 days from the Demerger Record Date.

- The New Shares allotted and issued in terms of Clause 16 of Part II of the Scheme, shall be listed and/or admitted to trading on the Stock Exchanges after obtaining the requisite approvals. The Resulting Company shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with Applicable Laws for complying with the formalities of the Stock Exchanges.

- The equity shares of the Resulting Company allotted pursuant to the Scheme shall remain frozen in the depositories system till listing / trading permission is given by the designated stock exchange.

- Till the listing of the equity shares of the Resulting Company, there will be no change in the pre-arrangement capital structure and shareholding pattern or controls in the Resulting Company which may affect status of the approval of the stock exchanges to this Scheme.

- Approval of the Scheme by the shareholders of Pritika Auto Industries Limited (PAIL) shall be deemed to be due compliance of the provisions of section 42, 62 if any and other relevant or applicable provisions of the Companies Act, 2013 and Rules made thereunder for the issue and allotment of the Equity shares by PAIL to the shareholders of PIL as provided hereinabove.

L. Accounting Treatment In The Books Of The Demerged Company

The Demerged Company shall account for Demerger of Demerged Undertaking in its books as per the applicable accounting principles prescribed under the relevant IND – AS. It shall inter alia include the following:

- The Demerged Company shall in its books of accounts reduce the respective carrying values of the assets and liabilities of the Demerged Undertaking being transferred to and vested in the Resulting Company at values appearing in Books of Accounts of the Demerged Company as on the Appointed Date.

- The aggregate of the net assets (i.e. difference between the carrying value of assets and liabilities related to the Demerged Undertaking) standing in the books of accounts of the Demerged company transferred to the Resulting Company on the appointed date, shall be either debited or credited to Goodwill or Capital Reserve as the case may be.

- The investment of the Demerged Company into the Equity share Capital of the resulting Company as on the effective date shall not stand reduced or cancelled and the same will continue to hold by the Demerged Company.

- Notwithstanding anything above, the Board of Directors of the Demerged Company in consultation with their statutory auditors is authorized to account for any of the above-mentioned transactions or any matter not dealt with under this clause in accordance with the applicable Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 and generally accepted accounting principles.

M. Accounting Treatment In The Books Of The Resulting Company

The Resulting Company shall account for the Demerger of Demerged Undertaking using pooling of interest method in accordance with Appendix C- "Business Combinations of entities under common control" of Ind - As 103- "Business Combinations". It shall inter alia include the following

- The Resulting Company shall record all the assets and liabilities of the Demerged Undertaking transferred to it in pursuance of this Scheme at their respective carrying values appearing in the books of accounts of the Demerged Company as on the Appointed date which are set forth in the closing balance sheet of the Demerged Company as of the close of business hours on the date immediately preceding the Appointed Date

- The Resulting Company shall credit its share Capital account, with the aggregate face value of the new equity shares issued to the shareholders of the Demerged company pursuant to the demerger of the Demerged Undertaking

- To the extent there are intercompany balance(s) and transactions between the Resulting company and the Demerged Undertaking if any the rights and obligations in respect thereof will stand cancelled.

- The difference between the book value of assets and book value of liabilities so recorded in the books of the Resulting Company in accordance with 27.2 as reduced by the amount credited as share capital in accordance with clause 27.3, shall be recorded either as Goodwill or Capital Reserve as the case may be.

- In case of any difference in accounting policy followed by Demerged company in respect of Demerged Undertaking vis a vis the accounting policy followed by the Resulting Company, the impact of the same till the Appointed Date will be quantified and adjusted in Reserves of the Resulting Company, to ensure that upon coming into effect of this Scheme, the financial statements of the Resulting company reflect the financial position on the basis of a consistent accounting policy.

- Notwithstanding anything above, the Board of Directors of the Resulting Company in consultation with their statutory auditors, is authorized to account for any of the above-mentioned transactions or any matter not dealt with under this clause in accordance with the applicable Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 and generally accepted accounting principles.

N. Treatment Of Taxes

- With effect from the Appointment Date and upon the Scheme becoming effective, all taxes and duties (including but not limited to Income Tax, Goods and Services Tax etc.) paid or payable by Demerged Company and relating to the operations of the Demerged Undertaking, including all advance tax payments, tax deducted at source, credits for minimum alternate tax, shall for all purposes be treated as tax, duty or cess liability, advance tax payments, tax deducted at source, credits for minimum alternate tax as the case may be of the Resulting Company.

- Upon the Scheme becoming effective, the Demerged Company and the Resulting Company shall be permitted to revise from the Appointed Date, their respective financial statements and returns along with prescribed forms, filings and annexures under the Income Tax Act 1961, Goods and Services Tax Laws, Custom Law and other tax Laws and to claim refunds and / or credit for taxes paid (including minimum alternate tax, tax deducted at source etc.) and for matters incidental thereto, if required to give effect to the provisions of the Scheme and to claim refunds / credits, pursuant to provisions of this Scheme.

- Upon the Scheme becoming effective, the Demerged Company and the Resulting Company would undertake appropriate filings under the Goods and Service Tax Rules, to facilitate claim of refunds and / or transfer of credit for taxes paid and for matters incidental thereto in relation to the Demerged Undertaking available with the Demerged Company.

- All disallowances under Section 43 B of the Income Tax Act, 1961 in the hands of the Demerged Company, in relation and pertaining to the Demerged Undertaking shall be claimed as a deduction under Section 43 B of the Income Tax Act, 1961 by the Resulting company when the payment is made by the Resulting Company against such expenses.

- Any refunds or credits (including credit for minimum alternate tax, advance tax and tax deducted at source under the provisions of Income Tax Act, 1961), benefit or carry forward losses and other statutory benefits under the Income Tax Act, 1961. Service Tax laws, Central sales tax, Goods and Services Tax, applicable State Value Added Tax Laws or other applicable laws / regulations dealing with taxes / duties /levies due to the Demerged Company, relating to Demerged Undertaking including refunds, benefits or credits consequent to the assessment made on the Demerged Company (including any refund for which no credit is taken in the accounts of the Demerged Company) as on the date immediately preceding the Appointed Date shall also belong to and be received by the Resulting Company upon the Scheme becoming effective.

- Further any tax deducted at source by the Demerged Company with respect to the Demerged Undertaking on transactions with the Resulting Company, if any (from the Appointed Date to the Effective Date) shall be deemed to be advance tax paid by the Resulting company and shall in all proceedings, be dealt with accordingly and vice versa.

- Upon the Scheme coming into effect any obligation of tax deduction at source on any payment made by or to be made by the Demerged Company relating to the Demerged Undertaking shall be made or deemed to have been made and duly complied with the Resulting Company.

O. Scheme Conditional On

This Scheme is conditional upon and subject to:

- The requisite consents, no-objections and approvals of the Stock Exchanges and SEBI to the Scheme in terms of the SEBI Circular and under Regulation 37 of SEBI(LODR) Regulations, 2015, on terms acceptable to the Demerged Company and the Resulting Company.

- the Scheme being agreed to by the respective requisite majorities of the various classes of members and creditors of the Demerged Company and the Resulting Company as required under the Act and the requisite order of the National Company Law Tribunal, Chandigarh Bench, Chandigarh being obtained.

- As para 9 of SEBI Circular No. CFD/ DIL3 / CIR /2017 / 21 dated 10th March, 2017 and circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/215 dated 3rd November, 2020 read with Master circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22nd December, 2020 as amended from time to time is applicable to this Scheme; therefore, it is provided in the Scheme that the Resulting Company will provide voting by the public shareholders through e-voting and will disclose all material facts in the explanatory statement to be sent to the shareholders in relation to the said Resolution.

- As para 9 of SEBI Circular No. CFD/ DIL3 / CIR /2017 / 21 dated 10th March, 2017 and circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/215 dated 3rd November, 2020 read with Master circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22nd December, 2020 as amended from time to time is applicable to this Scheme, the Scheme shall be acted upon only if the votes cast by the public shareholders of the Resulting Company in favour of the Scheme are more than the number of votes cast by the public shareholders against it. The term "Public" shall carry the same meaning as defined under Rule 2 of Securities Contracts (Regulations) Rules, 1957

- such other sanctions and approvals as may be required by law in respect of this Scheme being obtained; and

- the Certified copies of the NCLT Order referred to in this Scheme being filed with the Registrar of Companies, Punjab and Chandigarh by the Demerged Company and the Resulting Company.

P. DIVIDENDS

- The Demerged Company and the Resulting Company shall be entitled to declare and pay dividends in normal course, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date, as applicable.

- The Equity shares of the Resulting Company to be issued and allotted to the Equity shareholders of the Demerged Company as provided in Clause 16 of the Scheme shall be entitled to dividends from the date of allotment.

- The holders of the shares of the Demerged Company and the Resulting Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective articles of association including the right to receive dividends.

- It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of the Demerged Company and/or the Resulting Company to demand or claim any dividends which, subject to the provisions of the said Act, shall be entirely at the discretion of the boards of directors of the Demerged Company and the Resulting Company respectively, and subject to the approval, if required, of the shareholders of the Demerged Company and the Resulting Company respectively.

Q. The Demerged Company and the Resulting Company may, after the Scheme becomes effective, for the sake of good order, execute amended and restated arrangements or confirmations or other writings if required for the ease of the Demerged Company, the Resulting Company and the counter party concerned in relation to the remaining business and / or the Demerged Undertaking, without any obligations to do so and without modification of any commercial terms or provisions in relation thereto.

R. Application To National Company Law Tribunal

- The Demerged Company and the Resulting Company shall make necessary applications / petitions before the National Company Law Tribunal, Chandigarh Bench, Chandigarh for the sanction of this Scheme under Sections 230 to 232 and other applicable provisions of the Act.

- The Resulting Company shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority and all agencies, departments and Appropriate Authorities concerned as are necessary under any law, for such consents, approvals and sanctions which the Resulting Company may require to own and operate the Demerged Undertaking.

S. Saving Concluded Transactions

The transfer and vesting of the assets, liabilities and obligations of the Demerged Undertaking shall not in any manner affect any transaction or proceedings, contracts and deeds already concluded by the Demerged Company (in respect of Demerged Undertaking) on or before the Appointed Date and after the Appointed Date till the Effective Date, to the end and intent that the Resulting Company accepts and adopts all such acts, deeds and things done and executed by and / or on behalf of the Demerged Company as acts, deeds and things done and executed by and on behalf of the Resulting Company.

T. Treatment Of The Scheme For The Purposes Of It Act

The Scheme has been drawn up to comply with the conditions relating to “Demerger” as specified under Section 2(19AA) of the IT Act. If any of the terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said section at a later date including resulting from an amendment of Applicable Law or for any other reason whatsoever, the provisions of the said section shall prevail and the Scheme shall stand modified to the extent necessary to comply with the Section 2(19AA) of the IT Act. Such modification will however not affect other parts of the Scheme. The power to make such modifications / amendments as may become necessary, shall vest with the Board of Directors of the Demerged Company and Resulting Company which can exercise the power at any time and shall be exercised in the best interest of the Demerged company and the Resulting Company.

U. Modifications Of Scheme

- The Demerged Company and the Resulting Company through their Board of Directors may consent on behalf of all persons concerned to any modifications or amendments of this Scheme or to any conditions which the SEBI/ Hon'ble NCLT and/or any other authorities under law may deem fit to approve of or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for carrying out the Scheme and do all acts, deeds and things as may be necessary, desirable or expedient for putting this Scheme into effect.

- However, no modifications and / or amendments to the Scheme can be carried out or effected by the Board of Directors without approval of the SEBI / NCLT or any other Authorities and the same shall be subject to powers of the respective authorities.

- For the purpose of giving effect to this Scheme or to any modifications thereof, the Directors of the Demerged Company and the Resulting Company are authorized to give such directions and/or to take such steps as may be necessary or desirable including any directions for settling any question or doubt or difficulty whatsoever that may arise.

- The Demerged Company and Resulting Company shall take such other steps as may be necessary or expedient to give full and formal effect to the provisions of this Scheme.

V. Severability

If any provision of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the mutual agreement of the Demerged Company and the Resulting Company in writing, affect the validity or implementation of the other provisions of this Scheme. If any provision of this Scheme hereof is invalid, ruled illegal by any court or tribunal of competent jurisdiction or unenforceable under present or future Applicable Laws, then it is the intention of the Parties that such provision shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such provision 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 such Parties the benefits and obligations of the Scheme, including but not limited to such provision.

W. Effect Of Non-Receipt Of Approvals

- In the event of any of the said sanctions and approvals not being obtained and/or the Scheme not being sanctioned by the Tribunal, and/or the order or orders not being passed as aforesaid on or before 15 (fifteen) months from the date of approvals of the Scheme by respective Boards of the Parties or within such extended period as may be mutually agreed upon between the Demerged Company and the Resulting Company through their respective Boards or their authorized representatives, this Scheme shall become null and void and each party shall bear and pay its respective costs, charges and expenses for and/ or in connection with this Scheme.

- In the event of revocation/withdrawal of the Scheme, no rights and liabilities whatsoever shall accrue to or be incurred inter se the Demerged Company and the Resulting Company or their respective shareholders or creditors or employees or any other person, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or in accordance with the Applicable Law and in such case, each party shall bear its owns costs, unless otherwise mutually agreed.

X. Revocation Of Scheme

- The Demerged Company and the Resulting Company acting jointly through their respective Boards shall each be at liberty to withdraw from this Scheme prior to the effective date at any time and the same shall not be construed as any non-compliance of the Act,

- The Demerged Company and/or Resulting Company acting through their respective Boards shall each be at liberty to withdraw from this Scheme in case the Demerged Company or the Resulting Company is declared insolvent.

- In the event any of the conditions are imposed by the SEBI/ Hon'ble NCLT or any authorities, which the Board of Directors of the Demerged Company and the Resulting Company find unacceptable for any reason, the Demerged Company and the Resulting Company shall be at liberty to withdraw this Scheme.

Y. Mutation Of Property

Upon the Scheme coming into effect and with effect from the Appointed Date, the title to the immovable properties, of the Demerged Undertakings shall be deemed to have been mutated and recognized as that of the Resulting Company and the mere filing of the certified true copy of the vesting order of the Tribunal sanctioning the Scheme with the appropriate Registrar or Sub-registrar of Assurances or with the relevant Government agencies shall suffice as record of continuing title of the immovable properties of the Demerged Undertakings with the Resulting Company pursuant to the Scheme becoming effective and shall constitute a deemed mutation and substitution thereof.

Z. Sequence Of Coming Into Effects Of This Scheme

On the sanction of the Scheme and upon the Scheme becoming effective, the following shall be deemed to become effective and operative in the sequence and order mentioned hereunder**.**

- Demerger of the Demerged Undertaking from Demerged Company to Resulting Company

- Issue and allotment of Equity shares by the Resulting Company to the shareholders of the Demerged Company in consideration of Demerger as aforesaid.

AA. Costs

Upon the sanction of this Scheme by the NCLT all costs, charges, taxes (including but not limited to stamp duty, registration charges, etc.) levies and all other expenses if any (save as expressly otherwise agreed) on any deed, documents, instruments or Hon'ble NCLT Order arising out of and in carrying out and implementing this scheme and matters incidental to the completion of arrangement in relation to the Demerger shall be borne and paid by the Demerged Company and Resulting Company as mutually agreed upon.

BB. Miscellaneous

The Scheme does not contain or provide for any compromise with the Creditors of the Demerged Company and the Resulting Company. Further, the Scheme has not been drawn to accommodate any corporate debt restructuring. The Scheme also does not come under the purview of the Competition Commission of India.

You are requested to read the entire text of the Scheme to get fully acquainted with the provisions thereof. The aforesaid are only some of the salient extracts thereof.

Other matters

32. Summary of the Valuation Report including the basis of valuation is enclosed as **Annexure 8.**

33. Under the Scheme, an arrangement is sought to be entered into between PAIL and its equity shareholders (Promoter shareholders and non- Promoter shareholders). Upon the effectiveness of the Scheme, PAIL shall allot equity shares, based on the share entitlement ratio and in the manner stipulated in clause 16 of the Scheme, to the equity shareholders of PIL.

    As far as the Equity shareholders of PAIL are concerned (promoter shareholders as well as non-Promoter shareholders), there will be dilution in their shareholding.

    In respect of the Scheme, there is no arrangement with the creditors, either secured or unsecured of PAIL. No compromise is offered under the Scheme to any of the creditors of PAIL. The liability of the creditors of PAIL, under the Scheme, is neither being reduced nor being extinguished.

    As on date, PAIL has no outstanding towards any public deposits and therefore, the effect of the Scheme on any such public deposit holders does not arise. As on date, PAIL has not issued any debentures. In the circumstances, the effect of the Scheme on the debenture trustee does not arise.

    Under the Scheme, no rights of the Employees of PAIL are being affected. The services of the Employees of PAIL, under the Scheme, shall continue on the same terms and conditions on which they were engaged by PAIL. Under clause 8 of the Scheme, on and from the effective date PAIL undertakes to engage the employees of PIL, engaged in or in relation to the Demerged Undertaking, on the same terms and conditions on which they are engaged by PIL without any interruption of service and in the same manner provided in clause 8 of the Scheme. In the circumstances, the rights of the employees of PIL engaged in or in relation to the Demerged Undertaking, would in no way be affected by the Scheme.

    There is no effect of the Scheme on the key managerial personnel and/or the Directors of PAIL. Further no change in the Board of Directors of the company is envisaged on account of the Scheme.

    Further, none of the Directors, the Key Managerial Personnel (as defined under the Act and rules framed thereunder) of PAIL and their respective relatives (as defined under the Act and rules framed thereunder) have any interest in the Scheme except to the extent of the equity shares held by them in

PAIL and/or to the extent that the said Director(s) are common director(s) of the Companies and/or to the extent the said Director(s) are holding shares in PIL and/or to the extent that the said Director(s), Key Managerial Personnel and their respective relatives are the directors, members of the companies that hold shares in the respective Companies. Save as aforesaid, none of the said Directors or the Key Managerial Personnel has any material interest in the Scheme. The shareholding of the Company Secretary and Chief financial Officer of the Company and their respective relatives is less than 2% of the paid-up share capital of each of the Companies.

34. Under the Scheme, an arrangement is sought to be entered into between PIL and its equity shareholders (Promoter shareholders and non-Promoter shareholders). Upon the effectiveness of the Scheme, PAIL shall allot equity shares, based on the share entitlement ratio and in the manner stipulated in clause 16 of the Scheme, to the equity shareholders of PIL.

In respect of the Scheme, there is no arrangement with the creditors, either secured or unsecured of PIL. No compromise is offered under the Scheme to any of the creditors of PIL. The liability of the creditors of PIL, under the Scheme, is neither being reduced nor being extinguished.

As on date, PIL has no outstanding towards any public deposits and therefore, the effect of the Scheme on any such public deposit holders does not arise. As on date, PIL has not issued any debentures. In the circumstances, the effect of the Scheme on the debenture trustee does not arise.

Under Clause 8 of the Scheme, on and from the Effective Date, PAIL undertakes to engage the Employees of PIL, engaged in or in relation to the Demerged Undertaking, on the same terms and conditions on which they are engaged by PIL without any interruption of service and in the manner provided under Clause 8of the Scheme.

In the circumstances, the rights of the Employees of PIL would in no way be affected by the Scheme.

There is no effect of the Scheme on the key managerial personnel and/or the Directors of PIL. Further no change in the Board of Directors of the company is envisaged on account of the Scheme.

Further, none of the Directors, the Key Managerial Personnel (as defined under the Act and rules framed thereunder) of PIL and their respective relatives (as defined under the Act and rules framed thereunder) have any interest in the Scheme except to the extent of the equity shares held by them in PAIL and/or to the extent that the said Director(s) are common director(s) of the Companies and/or to the extent the said Director(s) are holding shares in PIL and/or to the extent that the said Director(s), Key Managerial Personnel and their respective relatives are the directors, members of the companies that hold shares in the respective Companies. Save as aforesaid, none of the said Directors or the Key Managerial Personnel has any material interest in the Scheme.

35. The Scheme does not involve any capital or debt restructuring and therefore the requirement to disclose details of capital or debt restructuring is not applicable.

36. In compliance with the provisions of Section 232(2)(c) of the Act, the Board of Directors of PAIL and PIL have in their separate meetings held on 14thday of August, 2021 and 14th day of August, 2021 respectively, have adopted a report, inter alia, explaining effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders amongst others. Copy of the Reports adopted by the respective Board of Directors of PAIL and PIL are enclosed as **Annexure 9**and **Annexure 10** respectively.

37. No investigation proceedings have been instituted or are pending in relation to the Companies under Sections 210 to 229 of Chapter XIV of the Act or under the corresponding provisions of the Act of 1956. Further, no proceedings are pending under the Act or under the corresponding provisions of the Act of 1956 against any of the Companies.

38. To the knowledge of the Companies, no winding up proceedings have been filed or are pending against them under the Act or the corresponding provisions of the Act of 1956.

39. The copy of the proposed Scheme has been filed by the respective Companies before the concerned Registrar of Companies, Chandigarh.

40. The extract of audited Accounting Statement of PAIL and PIL for the year ended 31st March, 2022 are enclosed as **Annexure 11** and **Annexure 12,** respectively.

41. The accounting treatment as proposed in the Scheme is in conformity with the accounting standards prescribed under Section 133 of the Act. The certificates issued by the respective Statutory Auditors of the Companies are enclosed as **Annexure 13 and Annexure 14.**

42. As per the books of accounts (as on 31st March, 2022) of PAIL and PIL, the amount due to the secured creditors is Rs. 58.14 crores and Rs.27.83 crores respectively.

43. As per the books of accounts (as on 31st March, 2022) of PAIL and PIL, the amount due to the unsecured creditors is Rs.37.49 crores and Rs. 64.77 crores respectively.

44. The name and addresses of the Promoters of Pritika Auto Industries Limited including their shareholding in the Companies as on 22nd July, 2022are as under:

Sr. No.	Name and address of Promoters and Promoter Group	PAIL		PIL	
		No. of Shares of Rs.2/- each	%	No. of Shares of Rs.10/- each	%
PROMOTERS					
1.	Mr. Raminder Singh Nibber House No. 1021, Phase-IV, S.A.S. Nagar, Mohali, Punjab 160059	59,20,002	6.68	21,21,214	21.61
2.	Mr. Harpreet Singh Nibber House No. 1021, Phase-IV, S.A.S. Nagar, Mohali, Punjab 160059	1,02,74,670	11.59	75,01,136	76.42
3.	Mr. Gurkaran Singh Nibber House No. 1021, Phase-IV, S.A.S. Nagar, Mohali, Punjab 160059	11,55,790	1.30	1,88,875	1.92
4.	Mrs. Rishi Mangat House No. 1021, Phase-IV, S.A.S. Nagar, Mohali, Punjab 160059	2,21,165	0.25	0	0
5.	Ms. Pavit Nibber House No. 1021, Phase-IV,	2,28,320	0.26	1,395	0.01

	S.A.S. Nagar, Mohali, Punjab 160059				
6.	Pritika Industries Limited Plot No. C-94, Phase-VII, Industrial Focal Point, S.A.S. Nagar Mohali, Punjab, 160055	2,48,74,208	28.05	0	0

45. The name and addresses of the Promoters of PIL including their shareholding in the Companies as on 22nd July, 2022 are as under:

Sr.NO.	Name and address of Promoters and Promoter Group	PAIL		PIL	
		No. of Shares of Rs.2/- each	%	No. of Shares of Rs.10/- each	%
PROMOTERS					
1.	Mr. Raminder Singh Nibber House No. 1021, Phase-IV, S.A.S. Nagar, Mohali, Punjab 160059	59,20,002	6.68	21,21,214	21.61
2.	Mr. Harpreet Singh Nibber House No. 1021, Phase-IV, S.A.S. Nagar, Mohali, Punjab 160059	1,02,74,670	11.59	75,01,136	76.42
3.	Mr. Gurkaran Singh Nibber House No. 1021, Phase-IV, S.A.S. Nagar, Mohali, Punjab 160059	11,55,790	1.30	1,88,875	1.92
4.	Ms. Pavit Nibber House No. 1021, Phase-IV, S.A.S. Nagar, Mohali, Punjab 160059	2,28,320	0.26	1,395	0.01

46. The details of the Directors of PAIL as on 22nd July,2022 are as follows:

Sr. no.	Name of Director	Address	DIN
1	Mr. Harpreet Singh Nibber	House No. 1021, Phase-IV, S.A.S. Nagar, Mohali, Punjab 160059	00239042
2	Mr. Raminder Singh Nibber	House No. 1021, Phase-IV, S.A.S. Nagar, Mohali, Punjab 160059	00239117
3	Mr. Subramaniyam Bala	H. No. 430, Sector 9, Panchkula, Haryana, 134113	00461697
4	Mr. Ajay Kumar	H. No. 252, Sector 80 S.A.S. Nagar, Mohali, 140308	02929113
5	Mrs. Neha	H. No. 04, Nehra Farm House, Kansal Enclave Road, Village Khuda Alisher, Chandigarh, 160011	08109734
6	Mr. Yudhisthir Lal Madan	Flat 1101, Tower 10, Vipul Belmonte, Sector 53, Golf Course Road	05123237

		Gurgaon-122002	

47. The details of the Directors of PIL as on 22nd July, 2022 are as follows:

Sr. No.	Name of Director	Address	DIN
1	Mr. Harpreet Singh Nibber	House No. 1021, Phase-IV, S.A.S. Nagar, Mohali, Punjab 160059	00239042
2	Mr. Raminder Singh Nibber	House No. 1021, Phase-IV, S.A.S. Nagar, Mohali, Punjab 160059	00239117
3	Mr. Subramaniyam Bala	H. No. 430, Sector 9, Panchkula, Haryana, 134113	00461697
4	Mr. Ajay Kumar	H. No. 252, Sector 80 S.A.S. Nagar, Mohali, 140308	02929113
5	Mrs. Neha	H. No. 04, Nehra Farm House, Kansal Enclave Road, Village Khuda Alisher, Chandigarh, 160011	08109734

48. The details of the shareholding of the Directors and the Key Managerial Personnel of PAIL in PAIL and PIL as on 22nd July, 2022 are as follows:

Name of Director and KMP	Position	Equity Shares held in PAIL	Equity shares in PIL
Mr. Harpreet Singh Nibber	Managing Director	1,02,74,670	75,01,136
Mr. Raminder Singh Nibber	Whole Time Director	59,20,002	21,21,214
Mr. Subramaniyam Bala	Independent Director	0	0
Mr. Ajay Kumar	Whole Time Director	9,850	1,375
Mrs. Neha	Independent Director	0	0
Mr. Yudhisthir Lal Madan	Independent Director	0	0
Mr. Narinder Kumar Tyagi	Chief Financial Officer	38,941	0
Mr. Chander Bhan Gupta	Company Secretary	0	0

49. The details of the shareholding of the Directors and the Key Managerial Personnel of PIL in PIL and PAIL as on 22nd July, 2022 are as follows:

Name of Director and KMP	Position	Equity Shares held in PIL	Equity Shares held in PAIL
Mr. Harpreet Singh Nibber	Director	75,01,136	1,02,74,670
Mr. Raminder Singh Nibber	Managing Director	21,21,214	59,20,002
Mr. Subramaniyam Bala	Independent Director	0	0

Mr. Ajay Kumar	Director	1,375	9,850
Mrs. Neha	Independent Director	0	0
Ms. Manmeet Kaur Sihota	Company Secretary	0	11,055

50. The Pre-Arrangement shareholding pattern of PIL as on 22nd July, 2022 and the Pre- and Post-Arrangement (expected) shareholding pattern of PAIL are as under:

Pre-Arrangement shareholding pattern of PIL as on 22nd July, 2022:

Sr. NO	Category	No. of fully paid-up equity shares held	Shareholding as a % of total no. of shares
(A)	Promoter and Promoter Group		
(1)	Indian		
(a)	Individuals/Hindu undivided family	98,12,620	99.97
(b)	Body Corporate	0	0
	Sub-Total (A)(1)	98,12,620	99.97
(2)	Foreign		
(a)	Body Corporate (through GDRs)	0	0
	Sub-Total (A)(2)	0	0
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1) + (A)(2)	98,12,620	99.97
(B)	Public Shareholding		
(1)	Institutions	0	0
(a)	Mutual Funds	0	0
(b)	Foreign Portfolio Investors	0	0
(c)	Financial Institutions/ Banks	0	0
(d)	Insurance Companies	0	0
	Sub Total (B) (1)	0	0
(2)	Central Government/State Government(s)/ President of India	0	0
	Sub Total (B)(2)	0	0
(3)	Non-Institutions		
(a)	i. Individual shareholders holding nominal share capital up to Rs.2 lakhs	3,280	0.03
	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs	0	0
(b)	NBFCs Registered with RBI	0	0
(c)	Overseas Depositories (Holding GDRs)	0	0
(d)	Any Other		
	Trusts	0	0

	Overseas Corporate Bodies	0	0
	Non Resident Indians	0	0
	Clearing Members	0	0
	Firms	0	0
	HUF	0	0
	Trusts	0	0
	Bodies Corporate	0	0
	Sub Total (B)(3)	3,280	0.03
	Total Public Shareholding (B)= (B)(1) + (B)(2) + (B)(3)	3,280	0.03
	Total Shareholding (A+B)	98,15,900	100

Pre-Arrangement shareholding pattern of PAIL as on 22[nd]day of July, 2022:

Sr. NO	Category	No. of fully paid-up equity shares held	Shareholding as a % of total no. of shares
(A)	Promoter and Promoter Group		
(1)	Indian		
(a)	Individuals/Hindu undivided family	1,77,99,947	20.07
(b)	Body Corporate	2,48,74,208	28.05
	Sub-Total (A)(1)	**4,26,74,155**	**48.13**
(2)	Foreign		
(a)	Body Corporate (through GDRs)	0	0
	Sub-Total (A)(2)	**0**	**0**
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1) + (A)(2)	**4,26,74,155**	**48.13**
(B)	Public Shareholding		
(1)	Institutions	0	0
(a)	Mutual Funds	0	0
(b)	Foreign Portfolio Investors	97,73,021	11.02
(c)	Financial Institutions/ Banks	0	0
(d)	Insurance Companies	0	0
(e)	Foreign Institutional Investors (FII's)	0	0
	Sub Total (B) (1)	**97,73,021**	**11.02**
(2)	Central Government/State Government(s)/ President of India	0	0
	Sub Total (B)(2)	**0**	**0**
(3)	Non-Institutions		
(a)	i. Individual shareholders holding nominal share capital up to Rs.2 lakhs	1,67,60,794	18.90
	ii. Individual shareholders holding nominal share capital in excess of	84,28,673	9.51

	Rs. 2 lakhs		
(b)	NBFCs Registered with RBI	0	0
(c)	Overseas Depositories (Holding GDRs)	0	0
(d)	Any Other		
	Overseas Corporate Bodies	0	0
	Non-Resident Indians	87,42,380	9.86
	Clearing Members	1,94,927	0.22
	Bodies Corporate	13,29,142	1.50
	Firms	98,951	0.11
	HUF	6,15,514	0.69
	Trusts	54,943	0.06
	Sub Total (B)(3)	**3,62,25,324**	**40.85**
	Total Public Shareholding (B)= (B)(1) + (B)(2) + (B)(3)	**45998345**	**51.87**
	Total Shareholding (A+B)	**8,86,72,500**	**100.00**

Post Arrangement (expected) shareholding pattern of PAIL as on 22nd day of July, 2022:

Sr. NO	Category	No. of fully paid-up equity shares held	Shareholding as a % of total no. of shares
(A)	Promoter and Promoter Group		
(1)	Indian		
(a)	Individuals/Hindu undivided family	7,96,19,451	52.90
(b)	Body Corporate	2,48,74,208	16.53
	Sub-Total (A)(1)	**10,44,93,659**	**69.43**
(2)	Foreign		
(a)	Body Corporate (through GDRs)	0	0
	Sub-Total (A)(2)	**0**	**0**
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1) + (A)(2)	**10,44,93,659**	**69.43**
(B)	Public Shareholding		
(1)	Institutions	0	0
(a)	Mutual Funds	0	0
(b)	Foreign Portfolio Investors	97,73,021	6.49
(c)	Financial Institutions/ Banks	0	0
(d)	Insurance Companies	0	0
(e)	Foreign Institutional Investors (FII's)	0	0
	Sub Total (B) (1)	**97,73,021**	**6.49**
(2)	Central Government/State Government(s)/ President of India	0	0
	Sub Total (B)(2)	**0**	**0**
(3)	Non-Institutions		

(a)	i. Individual shareholders holding nominal share capital up to Rs.2 lakhs	1,67,81,457	11.15
	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs	84,28,673	5.60
(b)	NBFCs Registered with RBI	0	0
(c)	Overseas Depositories (Holding GDRs)	0	0
(d)	Any Other		
	Overseas Corporate Bodies	0	0
	Non-Resident Indians	87,42,380	5.81
	Clearing Members	1,94,927	0.13
	Bodies Corporate	13,29,142	0.88
	Firms	98,951	0.06
	HUF	6,15,514	0.41
	Trusts	54,943	0.04
	Sub Total (B)(3)	**3,62,45,987**	**24.08**
	Total Public Shareholding (B)= (B)(1) + (B)(2) + (B)(3)	**4,60,19,008**	**30.57**
	Total Shareholding (A+B)	**15,05,12,667**	**100.00**

51. The pre arrangement capital structure of PIL will be as follows (assuming the continuing capital Structure as on 22nd July, 2022):

PRE-ARRANGEMENT

PARTICULARS	**AMOUNT IN RS.**
AUTHORISED SHARE CAPITAL:	
1,10,00,000 Equity Shares of Rs.10/- each	11,00,00,000
TOTAL	**11,00,00,000**
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL:	
98,15,900 Equity Shares of Rs.10/- each	9,81,59,000
TOTAL	**9,81,59,000**

52. The pre and post-Arrangement (expected) capital structure of PAIL will be as follows (assuming the continuing capital Structure as on 22nd July, 2022):

PRE-ARRANGEMENT

PARTICULARS	**AMOUNT IN RS.**
AUTHORISED SHARE CAPITAL	
18,25,00,000 Equity Shares of Rs. 2/- each	36,50,00,000
TOTAL	**36,50,00,000**
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	
8,86,72,500 Equity Shares of Rs. 2/- each	17,73,45,000

TOTAL	17,73,45,000

POST ARRANGEMENT (EXPECTED)

Particulars	Amount (Rs.)
AUTHORISED SHARE CAPITAL	
18,25,00,000 Equity Shares of Rs. 2/- each	36,50,00,000
TOTAL	**36,50,00,000**
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL:	
15,05,12,667 Equity Shares of Rs. 2/- each	30,10,25,334
TOTAL	**30,10,25,334**

53. In the event that the Scheme is withdrawn in accordance with its terms, the Scheme shall stand revoked, cancelled and be of no effect and null and void.

54. Electronic copy of following documents will be available for inspection in the "Investors" section of the website of the Company: www.Pritikaautoindustries.comtill the date of the meeting:

(i) Copy of the final order passed by NCLT in Joint Company Application CA(CAA) No.16/Chd/Pb/ 2022dated 29thday of June, 2022as rectified vide order dated 8th day of July, 2022 in Supplementary Item No.2 CA No. 157 /2022 directing PAIL to, inter alia, convene the meeting of its equity shareholders, Secured Creditors and Unsecured Creditors.

(ii) Copy of the final order passed by NCLT in Joint Company Application CA(CAA) No.16/Chd/Pb/ 2022 dated 29th day of June, 2022 as rectified vide order dated 8th day of July, 2022 in Supplementary Item No.2 CA No. 157 /2022directing PIL to, inter alia, to dispense the meeting of its equity shareholders and Unsecured Creditors and convene the meeting of Secured Creditors.

(iii) Copy of the Memorandum and Articles of Association of PAIL and PIL respectively;

(iv) Copy of the annual reports of PAIL and PIL for the financial years ended 31st March 2020 and 31st March 2021and Audited Financial Statements for the year ended on 31st March, 2022;

(v) Copy of Valuation report dated 14thday of August, 2021submitted by M/s. Payal Gada Chartered Accountants and Registered Valuer

(vi) Copy of the Fairness Opinion, dated 14thday of August, 2021 issued by Systematix Corporate Services Limited to the Board of Directors of PAIL

(vii) Copy of the Audit Committee Report, dated 14th day of August, 2021 of PAIL and PIL

(viii) Copy of the Statutory Auditors' certificate on Accounting Treatment dated 14th day of August, 2021 issued by M/s. Sunil Kumar Gupta & Co. Chartered Accountants to PAIL

(ix) Copy of the Statutory Auditors' certificate on accounting treatment dated 14thday of August, 2021 issued by M/s. A. K. Sood & Associates Chartered Accountants to PIL

(x) Copy of the complaints report, dated 8thday of November, 2021 and 15thday of November, 2021 submitted by PAIL to BSE and NSE;

(xi) Copy of the no adverse observation / objection letter issued by BSE and NSE, dated14th day of January, 2022 and 14th day of January, 2022 respectively, to PAIL

(xii) Summary of the Valuation Report including the basis of valuation;

(xiii) Copy of Form No. GNL-1 filed by the respective Companies with the concerned Registrar of Companies Chandigarh along with challan evidencing filing of the Scheme;

(xiv) Copy of the Scheme; and

(xv) Copy of the Reports dated 14th day of August, 2021 and 14th day of August, 2021 adopted by the Board of Directors of PAIL and PIL respectively, pursuant to the provisions of section 232(2)(c) of the Act.

55. This statement may be treated as an Explanatory Statement under Sections 230(3), 232(1) and (2) and 102 of the Act read with Rule 6 of the Rules. A copy of the Scheme, Explanatory Statement shall be furnished by Pritika Auto Industries Limited (PAIL) to its Secured Creditors, free of charge, within one (1) day (except Saturdays, Sundays and public holidays) on a requisition being so made for the same by the Secured Creditors of PAIL.

56. After the Scheme is approved, by the Secured Creditors of PAIL it will be subject to the approval/sanction by NCLT.

Sd/-
Harpreet Singh Nibber
Managing Director

Dated this 1st day of August, 2022
Place :- Mohali

Registered office: Plot No. C-94, Phase –VII,

Industrial Focal Point, S.A.S Nagar Mohali, Punjab – 160055

Tel. No:+ +91 172-5008900 /5008901

CIN:L45208PB1980PLC046738

E-mail:compliance@pritikaautoindustries.com
Website :- www.pritikaautoindustries.com

Annexure - 1

SCHEME OF ARRANGEMENT

UNDER SECTION 230 to 232 AND OTHER RELEVANT PROVISIONS

OF THE COMPANIES ACT, 2013

BETWEEN

PRITIKA INDUSTRIES LIMITED ("PIL")

... DEMERGED COMPANY

AND

PRITIKA AUTO INDUSTRIES LIMITED ("PAIL")

... RESULTING COMPANY

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

PREAMBLE

A) This Scheme of Arrangement (herein after referred to as" Scheme") has been propounded for demerger and vesting of the "Automotive/Tractor/Engineering Components Business Undertaking" (as defined hereinafter) of Pritika Industries Limited (PIL) (Demerged Company) as a going concern to Pritika Auto Industries Limited (PAIL) (Resulting Company) pursuant to Sections 230 to 232 read with other relevant provisions if any of the Companies Act, 2013 and rules made thereunder and also read with Section 2(19AA), Section 2(19AAA), Section 2(41A) and other applicable provisions of the Income Tax Act, 1961.

Further this Scheme also provides for various other matters consequential or otherwise integrally connected with.

After the effectiveness of this Scheme, the shares issued by the Resulting Company to the shareholders of the Demerged Company as consideration in terms of 16 of the Scheme shall be listed on the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) in accordance with SEBI Circular No. circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/215 dated 3rd November, 2020 read with Master circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22nd December, 2020 as amended from time to time.

B) BACKGROUND OF COMPANIES

I.PRITIKA INDUSTRIES LIMITED (PIL) (Demerged Company)

The Company (PIL) was incorporated on 1st July, 1997 under the Companies Act, 1956 (No.1 of 1956) as "Pritika Industries Private Limited" and received the 'Certificate of Incorporation' bearing number 55-88273 of 1997-98 from the Registrar of Companies ("**ROC**"), NCT of Delhi & Haryana.

The name of the Company was changed from Pritika Industries Private Limited to Pritika Industries Limited and obtained a fresh certificate of incorporation consequent upon change of name on conversion to Public Limited Company dated 12th June, 2012 from the Registrar of Companies, National Capital Territory of Delhi and Haryana.

The Hon'ble Regional Director (NR) New Delhi, vide his order dated 26th November, 2013 has sanctioned a Petition for shifting of the Registered Office of the company from the State of Delhi to the State of Punjab. Accordingly, the company, upon registration of the said order, obtained a fresh certificate of incorporation from the Registrar of Companies, Punjab and Chandigarh.

The registered office of PIL is situated at Plot No. C-94, Phase VII, Industrial Focal Point, S.A.S. Nagar, Mohali, Punjab – 160 055.

The Corporate Identification (CIN) of the Demerged company is U85100PB1997PLC038216 and the Permanent Account Number (PAN) of the Demerged Company is AACP9500B.

The Demerged Company has not changed its name and registered office address during the last five years except change in object clauses.

The Demerged Company (PIL) is engaged in various businesses including manufacturing of auto and tractor components and also carrying on the healthcare business including OPD services, diagnostic labs and investment in securities including shares, Mutual funds etc. and trading activity.

The shares of the demerged /company are not listed on any stock exchanges.

The Demerged Company holds 2,47,06,690 Equity Shares of Rs.2/- each constituting 27.86% of the total issued, subscribed and paid-up capital in the Resulting Company and the said shares shall continue to remain in the remaining business / retained undertaking of the Demerged Company and will not be cancelled.

II. PRITIKA AUTO INDUSTRIES LIMITED (PAIL) (Resulting Company)

The Company (PAIL) was initially incorporated on April 11, 1980 under the Companies Act, 1956 (No.1 of 1956) in the State of Maharashtra as "Hariganga Machineries and Engineering Services Limited" and received the 'Certificate of Incorporation' bearing number 22506 of 1980 from the Registrar of Companies ("**ROC**"), Maharashtra, Bombay.

The Company had also received Certificate for Commencement of Business from ROC, Maharashtra on 25th April, 1980. The CIN of the Company was L45208MH1980PLC022506.

The name of the Company changed from "Hariganga Machineries and Engineering Services Limited" to i.e. "Shivkrupa Machineries and Engineering Services Limited" on 5th August, 2015 and a fresh certificate of incorporation consequent on change of name was obtained from ROC, Maharashtra, Mumbai.

The Equity Shareholders have passed a special resolution through Postal Ballot on 7th March, 2017 for change of name from "Shivkrupa Machineries and Engineering Services Limited" to its present name i.e. Pritika Auto Industries Limited and a fresh certificate of incorporation dated 16th March, 2017 consequent on change of name was obtained from ROC, Maharashtra, Mumbai.

The Hon'ble Regional Director (WR) Mumbai, vide his order dated 9th June, 2017 has sanctioned a Petition for shifting of the Registered Office of the company from the State of Maharashtra to the State of Punjab. Accordingly, the company, upon registration of the said order, obtained a fresh certificate of incorporation from the Registrar of Companies, Chandigarh.

The Corporate Identification (CIN) of the Resulting Company is L45208PB1980PLC046738 and the Permanent Account Number (PAN) of the Resulting Company is AAACH4698C.

The Resulting Company has changed its name and objects and shifted Registered Office from the State of Maharashtra to the State of Punjab during the last five years.

The Resulting Company (PAIL) is engaged in the business of manufacturing, buying, selling, assembling all types of metals, alloys, castings, automobile parts, tractor parts, and accessories including zigs and fixtures, bolts and nuts, or component's part thereof.

The shares of the Resulting Company are listed on BSE Limited and National Stock Exchange of India Limited and Calcutta Stock Exchange Limited.

C) RATIONALE AND OBJECT OF THE SCHEME

The Demerged Company is engaged in various businesses and owns the following two business undertakings.

- Automotive/Tractor/Engineering Components Business undertaking
- Healthcare and investment business undertaking.

The Demerged company would demerge Automotive/Tractor/Engineering Components Business undertaking (hereinafter referred to as "Demerged Undertaking") to the Resulting company and it would continue to run and operate the healthcare and investment business undertaking (hereinafter referred to as the "Remaining Business / Retained Undertaking"). The underlying business rationale and objectives are as follows.

a) With the complete integration of the Demerged Undertaking with Resulting Company, the manufacturing and machining capacity of the Resulting Company will stand enhanced. Since, PIL fulfils its raw material supply (i.e., Raw Castings) needs from PAIL, the Demerger would eliminate the inter dependence and shall be a forward integration of manufacturing and machining activities of PAIL which in turn add to efficiency, economy in operations and ultimately add to shareholders wealth.

b) PIL and PAIL are in the same line of business and cater the needs of same customers (i.e. OEMs). The Scheme of Arrangement would consolidate and synchronize the business structure and eliminate the unnecessary competition and conflict of interest within the group which will create transparency and confidence with the investors and the market.

c) The Demerged Company currently has business interest in diverse businesses such as Manufacturing, Healthcare and Investment & Financing activities and other allied activities. With a view to achieve greater management focus in other business activities, Demerged Company proposes to demerge its business interest in the Demerged Undertaking and vest the same in the Resulting Company.

d) The consolidation of operations of the Manufacturing Business of Demerged Company and the Resulting Company by merging the Demerged Undertaking into Resulting Company, will lead to a more efficient utilisation of capital, administrative and operational rationalization and promote organisational efficiencies. It will help achieve cost efficiency that will enhance the financial efficiencies and help achieve economies of scale, reduction in overheads and improvement in various other operating parameters.

e) The Demerged undertaking and remaining undertaking have their own set of strengths and dynamics in the form of nature of risks, competition, challenges, opportunities and business methods leading to different growth potentials. Hence segregation of the two undertakings would enable a focused management to explore the potential business opportunities effectively and efficiently.

f) The demerger would result in achieving efficiency in operational process by designing and implementing independent strategies specifically designed for the two businesses and in optimising profitability. This would in turn enhance the shareholders wealth.

g) Targeting and attracting new investors with specific focus and expertise in the two businesses thereby providing the necessary funding impetus to the long-term growth strategy of the two businesses.

h) Integration would result in maximising overall shareholder value, improvising the competitive position and enabling to unlock the economic value of both the entities.

i) Improved organisational capability and leadership, arising from the pooling of human capital who have the diverse skills, talent and vast experience to compete successfully in an increasingly competitive industry.

j) Cost savings are expected to flow from more focused operational efforts, rationalization, standardisation and simplification of business processes, and the elimination of duplication, and rationalization of administrative expenses.

In view of the aforesaid, the Board of Directors of the Demerged Company and the Resulting Company have considered it desirable and expedient to demerge the Demerged Undertaking of the Demerged Company and vest the same with the Resulting Company, in order to benefit the stakeholders of both the companies.

Accordingly, the Board of Directors of the Demerged Company and the Resulting Company have formulated this Scheme of Arrangement for the transfer and vesting of the Demerged Undertaking with and into the Resulting Company pursuant to the provisions of Section 230 to Section 232 and other relevant provisions of the Act.

D) PARTS OF THE SCHEME

This Scheme of Arrangement is divided into the following parts

(a) **Part I deals** with the definitions and share capital;

(b) **Part II** deals with Demerger of 'Automotive/Tractor/Engineering Components Business Undertaking' of PIL**;**

(c) **Part III** deals with the general terms and conditions applicable to this Scheme.

PART 1

DEFINITIONS AND SHARE CAPITAL

1. **DEFINITIONS**

In this Scheme (as defined hereunder), unless inconsistent with the subject or context, the following expressions shall have the following meaning:

1.1"Act" or "The Act" means the Companies Act, 2013 or any statutory modification or re-enactment thereof for the time being in force.

1.2"Accounting Standards" means the applicable accounting standards in force in India from time to time, consistently applied during the relevant period, including the generally accepted accounting principles and standards, Indian Accounting Standards ("Ind -AS") and all pronouncements including the guidance notes and other authoritative statements of the Institute of Chartered Accountants of India and / or the National Financial Reporting Authority.

1.3 **"Appropriate Authority"** means any national, state, provincial, local or similar governmental, statutory, regulatory, administrative authority, agency, commission, departmental or public body or authority, board, branch, tribunal or court or other entity authorized to make laws, rules, regulations, standards, requirements, procedures or to pass directions or orders in each case having the force of law, or any non-governmental regulatory or administrative authority, body or other organization to the extent that the rules, regulations and standards , requirements, procedures or orders of such authority, body or other organization have the force of law, including the Registrar of Companies, Regional director, Hon'ble NCLT, Securities and Exchange Board of India, stock Exchanges and such other regulations or authorities as may be applicable.

1.4 "**Applicable Law**" means (a) all applicable statutes, enactments, acts of legislature or parliament, laws, ordinances, rules, bye-laws, regulations, listing agreements, notifications, guidelines or policies of any applicable country and/ or jurisdiction; (b) writ, injunction, directions, directives, judgment, arbitral award, decree, orders or approvals of, or agreements with, any Governmental Authority or recognized stock exchange.

1.5 **"Appointed Date"** would mean1st April, 2021 or such other date as may be fixed or approved by the National Company Law Tribunal, Chandigarh Bench, Chandigarh.

1.6 **"Assets"** shall mean and include without limitation, assets or properties of every kind, nature, character and description whether moveable, immoveable, tangible, intangible including mutual fund investment, patent and trademark, whether owned or leased or otherwise acquired or possessed.

1.7 **"Board of Directors"** or "**Board"** in relation to each of the Demerged Company and the Resulting Company, as the case may be, means the board of directors of such company, and shall include a committee duly constituted and authorized for the purposes of matters pertaining to the Demerger, the Scheme and/or any other matter relating thereto.

1.8 "**BSE**" means BSE Limited.

1.9 **"CSE"** means The Calcutta Stock Exchange Limited

1.10 **"CIN"** means Corporate Identity Number

1.11 **"Demerged Company"** means **Pritika Industries Limited**, a company incorporated under the Companies Act, 1956 and having its registered office at Plot No. C-94, Phase VII, Industrial Focal Point, S.A.S. Nagar, Mohali, Punjab – 160 055.

1.12 **"Demerged Undertaking"** means the 'Automotive/Tractor/Engineering Components Business Undertaking' of the Demerged Company, which shall include business, activities and operations pertaining to the 'Automotive/Tractor/Engineering Components (hereinafter also referred to as

‘Automotive/Tractor/Engineering Components Business Undertaking’)of the Demerged Company on a going concern basis, and shall mean and include, without limitation:

All assets and properties of the ‘Automotive/Tractor/Engineering Components Business Undertaking’ including all assets whether situated in India or abroad, (whether movable or immovable), related liabilities pertaining thereto including contingent liabilities, liabilities not accrued, not recognized or not provided for in the books of accounts of the Demerged Company.

Without prejudice to the generality of the above, the Demerged Undertaking shall include in particular:

i. all immovable properties i.e. land together with the buildings and structures standing thereon (whether freehold, leasehold, leave and licensed, right of way, tenancies or otherwise) including offices, structures, workshop, benefits of any rental agreement for use of premises, marketing offices, share of any joint assets, etc., which immovable properties are currently being used exclusively and solely for the purpose of and in relation to the ‘Automotive/Tractor/Engineering Components Business Undertaking’ and all documents (including panchnamas, declarations, receipts) of title, rights and easements in relation thereto and all rights, covenants, continuing rights, title and interest in connection with the said immovable properties;

ii. all assets, as are movable in nature and exclusively and solely pertaining to and in relation to the ‘Automotive/Tractor/Engineering Components Business Undertaking’, whether present or future or contingent, tangible or intangible including goodwill, whether recorded in the books or not, in possession or reversion, including electrical fittings, furniture, fixtures, appliances, accessories, power lines, office equipments, computers, communication facilities, installations, tools, plants, vehicles, inventory and stock in trade, wherever lying, actionable claims, current assets, earnest monies and sundry debtors, financial assets, outstanding loans and advances recoverable in cash or in kind or for value to be received, provisions, receivables, funds, cash and bank balances and deposits including accrued interest thereto with Government, semi-Government, local and other authorities and bodies, banks, customers and other Persons, insurances, the benefits of any bank guarantees, performance guarantees and letters of credit;

iii. all permits, licenses, permissions, approvals, clearances, consents, benefits, registrations, rights, entitlements, credits, certificates, awards, sanctions, allotments, quotas, no objection certificates, exemptions, concessions, subsidies, liberties and advantages including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereto that pertain exclusively and solely to the ‘Automotive/Tractor/Engineering Components Business Undertaking’;

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

v. all applications (including hardware, software, licenses, source codes, and scripts), registrations, licenses, trade names, service marks, trademarks, copyrights, patents, domain names, designs, intellectual property rights (whether owned, licensed or otherwise, and whether registered or unregistered), trade secrets, research and studies, technical knowhow, confidential information and all such rights of whatsoever description and nature that in each case pertain exclusively and solely to the 'Automotive/Tractor/Engineering Components Business Undertaking' including, without limitation, the intellectual properties of the Demerged Company;

vi. all rights to use and avail telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interests held in trusts, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, easements, liberties and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in control of or vested in or granted in favour of or enjoyed by the Demerged Company and exclusively and solely pertaining to or in connection with the 'Automotive/Tractor/Engineering Components Business Undertaking' and all other interests of whatsoever nature belonging to or in the ownership, power, possession or control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Demerged Company and exclusively and solely pertaining to the 'Automotive/Tractor/Engineering Components Business Undertaking';

vii. all tax related assets, all the credits for taxes such as sales tax, MAT tax credit, service tax, CENVAT, GST, tax deduction at source, accumulated losses and unabsorbed depreciation as per books if any as well as per the IT Act enjoyed by the Demerged Company pertaining to the 'Automotive/Tractor/Engineering Components Business Undertaking';

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

ix. all debts, liabilities, duties, taxes and obligations of the Demerged Company pertaining to the 'Automotive/Tractor/Engineering Components Business Undertaking', namely:

a. the debts of the Demerged Company which arises out of the activities or operations of the - 'Automotive/Tractor/Engineering Components Business Undertaking';

b. specific loans and borrowings raised, incurred and utilized for the activities or operations of or pertaining to 'Automotive/Tractor/Engineering Components Business Undertaking';

c. general and multipurpose borrowings of the Demerged Company shall be allocated to 'Automotive/Tractor/Engineering Components Business Undertaking' in the same proportion which the value of the assets transferred under this Scheme bears to the total value of assets of Demerged Company immediately before the demerger;

x. all liabilities (including contingent liabilities, liabilities not accrued, not recognized or provided for in the books of accounts of the Demerged Company), present liability as accounted in the books of the Demerged Company whether secured or unsecured, pertaining to the Demerged Undertaking;

xi. all employees of the Demerged Company employed/engaged exclusively and solely in the 'Automotive/Tractor/Engineering Components Business Undertaking' as on the Effective Date; and

xii. all legal or other proceedings of whatsoever nature relating to the 'Automotive/Tractor/Engineering Components Business Undertaking'.

(**Note 1:** - For the purposes of this Scheme, a statement of account of the 'Automotive/Tractor/Engineering Components Business Undertaking' of the Demerged Company is drawn up as on the Appointed Date which gives details of assets and liabilities of the Demerged undertaking.*)*

(**Note 2**: - In case of any question that may arise as to whether any particular asset or liability and/or employee pertains or does not pertain exclusively and solely to the 'Automotive/Tractor/Engineering Components Business Undertaking' or whether it arises out of the activities or operations of the 'Automotive/Tractor/Engineering Components Business Undertaking', the same shall be decided by mutual agreement between the Board of Directors of the Demerged Company and the Resulting Company.)

1.13 **"Demerger"** means the transfer by way of demerger of the Demerged Undertaking to the Resulting Company and the consequent issue of equity shares by the Resulting Company to the Shareholders of the Demerged Company as set out in this Scheme.

1.14 **"Demerger Record Date"** means in respect of demerger of 'Automotive/Tractor/Engineering Components Business Undertaking' of PIL, the date to be fixed by the Board of Directors of PIL in consultation with the Board of Directors of PAIL for the purpose of issue and allotment of shares by PAIL to the shareholders of PIL accordance with Clause **Error! Reference source not found.** of this Scheme.

1.15 **"Effective Date"** means the later of the dates on which the certified copies of the orders sanctioning this Scheme, passed by the National Company Law Tribunal or such other competent Authority, as may be applicable, are filed with the Registrar of Companies, at Punjab & Chandigarh by PIL and PAIL.

1.16 **“Employees”** mean all the permanent employees of the Demerged Company employed/engaged in the Demerged Undertaking as on the Effective Date.

1.17 **“Encumbrance”** means any options, pledge, mortgages, liens, securities, interests, claims, charges, pre-emptive rights, easement, limitation, attachment, restraint or any other encumbrance of any kind or nature whatsoever; and the term **"Encumbered"** shall be construed accordingly.

1.18 **“Governmental Approvals”** means any consent, approval, authorization, waiver, permit, permission, clearance, license, exemption, no objection certificate, registration, with, of or from any Governmental Authority.

1.19 **“IT Act”** means the Income-tax Act, 1961 and shall include any statutory modifications, re-enactments or amendments thereof for the time being in force.

1.20 **“Liability(ies)”** means liabilities of every kind, nature and description (including contingent liabilities, liabilities not accrued, not recognized or provided for in the books of accounts of the Demerged Company) and includes secured loan, unsecured loans, borrowings, statutory liabilities, contractual liabilities and guarantees

1.21 **“NCLT”** means the Hon’ble National Company Law Tribunal, Chandigarh Bench, Chandigarh having jurisdiction in relation to the Demerged Company and the Resulting Company or such other forum or authority as may be vested with any of the powers for approving any scheme of arrangement, compromise or reconstruction of a company under Sections 230 to 232 of the Act of the above-mentioned tribunal under the Act.

1.22 **“NCLT Order”** means all order(s) passed by the NCLT sanctioning the Scheme and includes any orders passed by NCLT or any other Governmental Authority’s order(s) for extension of time or condonation of delay in filing of the requisite forms with the Registrar of Companies in relation to this Scheme, if applicable.

1.23 **“NSE”** means National Stock Exchange of India Limited.

1.24 **“Parties”** shall mean collectively the Demerged Company and the Resulting Company, and “Party” shall mean each of them, individually.

1.25 **“Person”** means any individual or other entity, whether a corporation, firm, company, joint venture, trust, association, organization, partnership or proprietorship, including any governmental agency or regulatory body.

1.26 **“Registrar of Companies”** means the Registrar of Companies, Punjab & Chandigarh having jurisdiction over the Demerged Company and the Resulting Company.

1.27 “**Remaining Business / Retained Undertaking”** with respect to the Demerged Company means the business, employees, assets and liabilities of the Demerged Company other than comprised in the Demerged Undertaking.

1.28 **"Resulting Company"** means Pritika Auto Industries Limited, a Company incorporated under the Companies Act, 1956 and having its registered office at Plot No. C-94, Phase VII, Industrial Focal Point, S.A.S. Nagar, Mohali, Punjab – 160 055.'.

1.29 **"Rupees" or "Rs." or "INR"** means the lawful currency of India

1.30 **"Scheme"** or **"the Scheme"** or **"this Scheme"** means this Scheme of Arrangement in its present form or with any modification(s) approved or imposed or directed by the NCLT or any other Governmental Authorities.

1.31 **"SEBI"** means the Securities and Exchange Board of India.

1.32 **"SEBI Circular"** 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) circular No. CFD/ DIL3/CIR/2017/105 dated September 21, 2017, (iv) circular No. CFD/DIL3/CIR/2018/2 dated January 3, 2018 issued by SEBI as amended (v) circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/215 dated 3rd November, 2020 read with (vi) Master circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22nd December, 2020 issued by SEBI or any circulars issued by SEBI from time to time

1.33 **"SEBI LODR Regulations"** mean the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and any amendments thereof

1.34 **"Stock Exchanges"** means BSE Limited **("BSE"**), National Stock Exchange of India Limited (**"NSE"**);

1.35 **"Tax"** or **"Taxes"** means and include any tax, whether direct or indirect, including income tax (including MAT Tax, Tax deducted at Source (TDS) withholding tax, dividend distribution tax), GST, excise duty, VAT, CST, service tax, octroi, local body tax and customs duty, duties, charges, fees, levies or other similar assessments by or payable to Governmental Authority, including in relation to (i) income, services, gross receipts, premium, immovable property, movable property, assets, profession, entry, capital gains, municipal, interest, expenditure, imports, wealth, gift, sales, use, transfer, licensing, withholding, employment, payroll and franchise taxes, and (ii) any interest, fines, penalties, assessments, or additions to Tax resulting from, attributable to or incurred in connection with any proceedings or late payments in respect thereof.

2. INTERPRETATION

2.1 In addition to the above terms, certain terms may be defined elsewhere in this Scheme and wherever such terms are used in this Scheme, they shall have the meaning so assigned to them.

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

2.3 All references in this Scheme to statutory provisions shall be construed as meaning and including references to:

2.3.1 any statutory modification, consolidation or re-enactment made after the date of approval this Scheme by the Board of Directors of the Demerged Company and the Resulting Company and for the time being in force;

2.3.2 all subordinate legislation made from time to time under that provision (whether or not amended, modified, reenacted or consolidated);

2.3.3 all statutory instruments or orders made pursuant to a statutory provision;

2.3.4 any statutory provisions of which these statutory provisions are a consolidation, re-enactment or modification.

2.4 References to clauses, recitals and schedules, unless otherwise provided, are to clauses, recitals and schedules of and to this Scheme.

2.5 Headings, subheadings, titles, subtitles to clauses, sub-clauses, sections and paragraphs are for information only and shall not form part of the operative provisions of this Scheme or the schedules hereto and shall be ignored in construing the same.

2.6 References to clauses, and schedules are, unless the context otherwise requires, references to clauses, and schedules to this Scheme.

2.7 Reference to days, months and years are to calendar days, calendar months and calendar years, respectively.

2.8 Any reference to "writing" shall include printing, typing, lithography and other means of reproducing words in visible form.

2.9 The words "include" and "including" are to be construed without limitation.

2.10 The singular shall include the plural and vice versa; and references to one gender include all genders.

2.11 Any phrase introduced by the terms including in particular or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

3. DATE OF TAKING EFFECT

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the NCLT or by any Governmental Authority shall be effective from the Appointed Date but shall be operative from the Effective Date.

4. SHARE CAPITAL

4.1 DEMERGED COMPANY:

The share capital of the Demerged Company as on March 31, 2021 is as follows:

PARTICULARS	AMOUNT IN RS.
AUTHORISED SHARE CAPITAL:	
1,10,00,000 Equity Shares of Rs.10/- each	11,00,00,000
TOTAL	**11,00,00,000**
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL:	
98,15,900 Equity Shares of Rs.10/- each	9,81,59,000
TOTAL	**9,81,59,000**

Subsequent to the above date and till the date of the Scheme being approved by the Board of Directors of the Demerged Company, there has been no change in the authorized, issued, subscribed and paid-up capital of the Demerged Company.

4.2RESULTING COMPANY

The share capital of the Resulting Company as on March 31, 2021 is as follows:

PARTICULARS	AMOUNT IN RS.
AUTHORISED SHARE CAPITAL	
3,65,00,000 Equity Shares of Rs. 10/- each	36,50,00,000
TOTAL	**36,50,00,000**
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	
1,77,34,500 Equity Shares of Rs. 10/- each	17,73,45,000
TOTAL	17,73,45,000

The Equity Shareholders of the Company have passed an Ordinary Resolution for the sub-division of equity shares from the face value of Rs 10/- per share to Rs. 2/- per share i.e. sub division of one equity share of Rs. 10/- into five equity shares of Rs. 2/- each fully paid up and also passed an Ordinary Resolution for alteration of the Capital clause in the Memorandum of Association of the company i.e. changing the Authorized Share Capital of the Company from existing Rs 36,50,00,000/- divided into 3,65,00,000 Equity Shares of Rs 10/- each to Rs 36,50,00,000/- divided into 18,25,00,000 equity shares of Rs 2/- each.

Thus, the Present Authorised, issued, subscribed and paid-up capital of the Resulting Company is as under.

PARTICULARS	AMOUNT IN RS.
AUTHORISED SHARE CAPITAL	
18,25,00,000 Equity Shares of Rs. 2/- each	36,50,00,000
TOTAL	**36,50,00,000**
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	
8,86,72,500 Equity Shares of Rs. 2/- each	17,73,45,000
TOTAL	17,73,45,000

Subsequent to the above date and change and till the date of the Scheme being approved by the Board of Directors of the Resulting Company, there has been no change in the authorized, issued, subscribed and paid-up capital of the Resulting Company.

PART II – DEMERGER

SECTION 1 - TRANSFER AND VESTING OF THE 'AUTOMOTIVE/TRACTOR/ENGINEERING COMPONENTS BUSINESS UNDERTAKING' (DEMERGED UNDERTAKING) OF PRITIKA INDUSTRIES LIMITED (PIL) (DEMERGED COMPANY) INTO PRITIKA AUTO INDUSTRIES LIMITED (PAIL) (RESULTING COMPANY)

Upon this Scheme becoming effective and with effect from the Appointed Date and pursuant to Sections 230 to 232 and other applicable provisions, if any of the Act and pursuant to the Orders of the Hon'ble NCLT or other Appropriate Authority or forum, if any, sanctioning the Scheme without any further act, instruments, deed, matter and thing, the Demerged Undertaking shall stand demerged and transferred and be vested in the Resulting Company as a going concern, together with all its properties, assets, liabilities, obligations, rights, titles, benefits and interest therein.

5 TRANSFER OF ASSETS

5.1 With effect from the Effective Date the Demerged Undertaking (including all the estate, assets, rights including claims, title, interest and authorities including accretions and appurtenances of the Demerged Undertaking) shall, subject to the provisions of Clause **Error! Reference source not found.** of Part II of the Scheme in relation to the mode of transfer and vesting and pursuant to the provisions of Section 232(3) of the Act, without any further act or deed, be demerged from the Demerged Company and be transferred to and vested in and shall be deemed to be demerged from the Demerged Company and transferred to and vested in the Resulting Company as a going concern so as to become as and from the Appointed Date, the estate, assets, rights, claims, title, interest and authorities of the Resulting Company, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/or financial institutions.

5.2 In respect of such of the assets of the Demerged Undertaking as are movable in nature or are otherwise capable of transfer by delivery or possession or by endorsement and delivery, the same shall stand so transferred by the Demerged Company upon the coming into effect of the Scheme, and shall become the property of the Resulting Company as an integral part of the Demerged Undertaking with effect from the Appointed Date pursuant to the provisions of Section 232 of the Act without requiring any deed or instrument of conveyance for transfer of the same, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/or financial institutions.

5.3 In respect of such of the assets belonging to the Demerged Undertaking other than those referred to in sub-clause 5.2 above, the same shall, without any further act, instrument or deed, be demerged from the Demerged Company and transferred to and vested in and/or be deemed to be demerged from the Demerged Company and deemed to be transferred to and vested in the Resulting Company upon the coming into effect of Part II of the Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act.

5.4All assets, rights, title, licenses, interest and investments of the Demerged Company in relation to the Demerged Undertaking shall also, without any further act, instrument or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Resulting Company upon the coming into effect of the Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act.

5.5Without prejudice to the generality of the foregoing, upon the coming into effect of the Scheme, all the rights, title, interest and claims of the Demerged Company in any leasehold properties (including in each case, any applications made therefore) of the Demerged Company in relation to the Demerged Undertaking, shall, pursuant to Section 232 of the Act, without any further act or deed, be transferred to and vested in or be deemed to have been transferred to and vested in the Resulting Company with effect from the Appointed Date.

6 **TRANSFER OF CONTRACTS, AGREEMENTS, DEEDS, MOU, PERMITS, QUOTAS AND LICENSES ETC. OF DEMERGED UNDERTAKING.**

6.1 Upon the coming into effect of the Scheme, and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, Schemes, arrangements and other instruments of whatsoever nature in relation to the Demerged Undertaking, to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, and which are subsisting or have effect immediately before the Effective Date shall continue in full force and effect on or against or in favour, as the case may be, 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 or obligee thereto or there under.

6.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Demerged Undertaking occurs by virtue of this Scheme itself, the Resulting Company may, at any time after the coming into effect of the Scheme, in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. The Demerged Company will, if necessary, also be a party to the above. The Resulting Company shall, under the provisions of this Scheme, be deemed to be authorised 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 to be carried out or performed.

6.3 Without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of the Scheme, all consents, permissions, licenses, approvals, certificates, insurance covers, clearances, authorities given by, issued to or executed in favour of the Demerged Company in relation to the Demerged Undertaking shall stand transferred to the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the Resulting

Company shall be bound by the terms thereof, the obligations and duties there under, and the rights and benefits under the same shall be available to the Resulting Company.

6.4 Without prejudice to the aforesaid, it is clarified that if any assets (including estate, claims, rights, title, interest in or authorities relating to any asset) or any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Demerged Undertaking which the Demerged Company owns or to which the Demerged Company is a party to, cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Company shall hold such assets, contracts, deeds, bonds, agreements, Schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Resulting Company, insofar as it is permissible so to do, till such time as the transfer is effected.

7 TRANSFER OF LIABILITIES AND RELATED SECURITIES /CHARGES

7.1 Upon the coming into effect of the Scheme, all loans raised and used, debts, liabilities, duties and obligations (including the liabilities which arise out of the activities or operations of the Demerged Undertaking) of the Demerged Company as on the Appointed Date and relatable to the Demerged Undertaking shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Resulting Company to the extent that they are outstanding as on the Effective Date and shall become the loans, debts, liabilities, duties and obligations of the Resulting Company.

7.2 Where any of the loans raised and used, debts, liabilities, duties and obligations of the Demerged Company as on the Appointed Date deemed to be transferred to the Resulting Company have been discharged by the Demerged Company on or after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company.

7.3 All loans raised and used and all debts, liabilities, duties and obligations incurred by the Demerged Company for the operations of the Demerged Undertaking after the Appointed Date and prior to the Effective Date, subject to the terms of this Scheme, 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 Effective Date, shall also without any further act or deed be and stand transferred to and be deemed to be transferred to the Resulting Company and shall become the loans, debts, liabilities, duties and obligations of the Resulting Company.

7.4 In so far as the existing Encumbrance in respect of the loans, borrowings, debts, liabilities, is concerned, such Encumbrance shall, without any further act, instrument or deed be modified and shall be extended to and shall operate only over the assets comprised in the Demerged Undertaking which have been Encumbered in respect of the such loans, borrowings, debts, liabilities as transferred to the Resulting Company pursuant to this Scheme. Provided that if any of the assets comprised in the Demerged Undertaking which are being transferred to the Resulting Company pursuant to this Scheme have not been Encumbered in respect of such loans, borrowings, debts,liabilities, such assets shall remain unencumbered and the existing Encumbrance referred to above shall not be extended to and shall not operate over such assets. The absence of any formal amendment which may be required by a lender or third party shall not affect the operation of the above.

7.5 For the avoidance of doubt, it is hereby clarified that in so far as the assets comprising the Remaining Business are concerned, the Encumbrance over such assets relating to such loans, borrowings, debts,liabilitiesshall, as and from the Effective Date without any further act, instrument or deed be released and discharged from the obligations and encumbrance relating to the same. The absence of any formal amendment which may be required by a lender or third party shall not affect the operation of the above. Further, in so far as the assets comprised in the Demerged Undertaking are concerned, the Encumbrance over such assets relating to any loans, borrowings or other debts which are not transferred pursuant to this Scheme (and which shall continue with the Demerged Company), shall without any further act or deed be released from such Encumbrance and shall no longer be available as security in relation to such liabilities.

7.6 Without prejudice to the provisions of the foregoing Clauses and upon the effectiveness of this Scheme, the Demerged Company and the Resulting Company shall execute any instrument/s and/or document/s and/or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the Registrar of Companies to give formal effect to the above provisions, if required.

7.7 Upon the coming into effect of this Scheme, the Resulting Company alone shall be liable to perform all obligations in respect of the Transferred Liabilities, which have been transferred to it in terms of this Scheme, and the Demerged Company shall not have any obligations in respect of such Transferred Liabilities.

7.8 It is expressly provided that, save as mentioned in this Clause, no other term or condition of the liabilities transferred to the Resulting Company as part of the Scheme is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.

7.9 Subject to the necessary consents being obtained, if required, in accordance with the terms of this Scheme, the provisions of this Clause shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document, all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.

8 EMPLOYEE MATTERS

8.1 Upon the coming into effect of this Scheme, all Employees of the Demerged Undertaking shall become the employees of the Resulting Company with effect from the Appointed Date, and, subject to the provisions hereof, on terms and conditions not less favourable than those on which they are engaged by the Demerged Company in relation to the Demerged Undertaking and without any interruption of or break in service as a result of the transfer of the Demerged Undertaking. For the purpose of payment of any compensation, gratuity and other terminal benefits, the immediate past services of such Employees with the Demerged Company shall also be taken into account, and paid by the Resulting Companyas and when the same become payable.

8.2 In so far as the provident fund and gratuity fund and any other funds or benefits if any created by the Demerged Company inter alia for the Employees are concerned (collectively referred to as the "Funds"), the funds and such investments made by the Funds which are referable to the Employees in terms of sub-Clause 8.1 above shall be transferred to the Resulting Company and shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. In the event that the Resulting Company does not have its own Funds in respect of any of the above, the Resulting Company may, subject to necessary approvals and permissions, continue to contribute to the relevant Funds of the Demerged Company, until such time that the Resulting Company creates its own Funds, at which time the funds and the investments and contributions pertaining to the Employees shall be transferred to the Funds created by the Resulting Company.

8.3 In relation to any other fund created or existing for the benefit of the Employees being transferred to the Resulting Company, the Resulting Company shall stand substituted for the Demerged Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said funds in accordance with the provisions of such Scheme, funds, bye laws, etc. in respect of such Employees.

8.4 In so far as the existing benefits or funds created by the Demerged Company for the employees of the Remaining Business are concerned, the same shall continue and the Demerged Company shall continue to contribute to such funds and trusts in accordance with the provisions thereof, and such funds and trusts, if any, shall be held inter alia for the benefit of the employees of the Remaining Business.

8.5 In relation to those Employees who are not covered under the provident fund trust of the Demerged Company, and for whom the Demerged Company is making contributions to the government provident fund, the Resulting Company shall stand substituted for the Demerged Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such Employees.

8.6 In relation to any other fund created or existing inter alia for the benefit of the Employees being transferred to the Resulting Company, the Resulting Company shall stand substituted for the Demerged Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said funds in accordance with the provisions of such scheme, funds, bye laws, etc. in respect of such Employees.

8.7 In so far as the existing benefits or funds created by the Demerged Company for the employees of the Remaining Business are concerned, the same shall continue and the Demerged Company shall continue to contribute to such funds and trusts in accordance with the provisions thereof, and such funds and trusts, if any, shall be held for the benefit of the employees of the Remaining Business.

9 LEGAL, TAXATION AND OTHER PROCEEDINGS

9.1 Upon the coming into effect of this Scheme, 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 any time thereafter and, in each case, relating to the Demerged Undertaking shall be continued and enforced by or against the Resulting Company with effect from the Effective Date. Except as otherwise provided herein, the Demerged Company shall in no event be responsible or liable in relation to any such legal, taxation or other proceedings against the Resulting Company. The Resulting Company shall be replaced/ added as party to such proceedings and shall prosecute or defend such proceedings at its own cost, in co-operation with the Demerged Company.

9.2 If any proceedings are taken against the Demerged Company in respect of the matters referred to in sub-Clause 9.1 above, it shall defend the same in accordance with any reasonable and prudent advice provided by the Resulting Company at the cost of the Resulting Company, and the latter shall reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.

9.3 The Resulting Company undertakes to have all legal, taxation or other proceedings initiated by or against the Demerged Company in relation to Demerged Undertaking referred to in sub-Clause 9.1 above transferred to its name as soon as is reasonably possible after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company. Both companies shall make relevant applications in that behalf.

SECTION 2: CONDUCT OF BUSINESS

10 The Demerged Company, with effect from the Appointed Date and up to and including the Effective Date:

10.1 shall be carrying on and be deemed to have been carrying on all business and activities relating to the Demerged Undertaking and shall hold and stand possessed of and shall be deemed to hold and stand possessed of all the estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions of the Demerged Undertaking for and on account of, and in trust for, the Resulting Company;

10.2 all profits and income accruing or arising to the Demerged Company from the Demerged Undertaking, and losses and expenditure arising or incurred by it (including taxes, if any, accruing or paid in relation to any profits or income) relating to the Demerged Undertaking for the period commencing from the Appointed Date shall, for all purposes, be treated as and be deemed to be the profits, income, losses or expenditure, as the case may be, of the Resulting Company;

10.3 any of the rights, powers, authorities, privileges, attached, related or pertaining to the Demerged Undertaking exercised by the Demerged Company shall be deemed to have been exercised by the Demerged Company for and on behalf of, and in trust for and as an agent of the Resulting Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Demerged Undertaking that have been undertaken or discharged by the Demerged Company shall be deemed to have been undertaken for and on behalf of and as an agent for the Resulting Company;

10.4 With effect from the effective Date, the Resulting Company shall be duly authorized to carry on the business of the Demerged Undertaking previously carried on by the Demerged Company. The Resulting Company agrees and undertakes to pay, discharge and satisfy all the liabilities and obligations of the Demerged Undertaking with effect from the Appointed Date, in order to give effect to the foregoing provisions.

10.5 To avoid any undue hardship to the Demerged company or the Resulting Company on account of disruption of business post the effective date, the Resulting Company shall be entitled to use all the business authorizations, including licenses, contracts etc. having the name of the Demerged company in connection with the Demerged Undertaking, till such authorizations are issued afresh / transferred / renewed in the name of the Resulting Company.

10.6 On and from the Effective date and till such time that the name of the bank accounts of the Demerged Company, in relation to or in connection with the Demerged Undertaking, have been replaced with that of the Resulting Company, the Resulting Company shall be entitled to maintain and operate the bank account of the Demerged Company pertaining to the Demerged Undertaking, in the name of the Demerged Company for such time as may be determined to be necessary by the Resulting Company. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Demerged Company, in relation to or in connection with the Demerged Undertaking after the effective date 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 and

10.7 the Demerged Company shall carry on the Remaining Business in terms of Section 3 of Part II of this Scheme distinctly and as a separate business from the Demerged Undertaking.

SECTION 3 - REMAINING BUSINESS / RETAINED UNDERTAKING

11 The Remaining Business and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company.

12 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 (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Business) shall be continued and enforced by or against the Demerged Company after the Effective Date. 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.

13 If proceedings are taken against the Resulting Company in respect of the matters referred to in sub-Clause 9.1 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.

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

14.1 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;

14.2 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;

14.3 all assets acquired and all liabilities incurred by the Demerged Company after the Appointed Date but prior to the Effective Date for operation of and in relation to the Demerged Undertaking 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

SECTION 4 – CONSIDERATION

15 The provisions of this Section 4 of this Scheme shall operate notwithstanding anything to the contrary in this Scheme or in any other instrument, deed or writing.

16 Upon the Scheme coming into effect, in consideration of the transfer of the Demerged Undertaking by the Demerged Company to the Resulting Company, in terms of this Scheme, the Resulting Company shall, without any further act or deed, issue and allot to every member of the Demerged Company holding fully paid up equity shares in the Demerged Company and whose names appear in the Register of Members of the Demerged Company on the Demerger Record Date in respect of every 10 (Ten) Equity Shares of the face value of Rs. 10/- (Rupees Ten) each fully paid up held by him / her / it in the Demerged Company, 63 (Sixty-Three) new Equity shares of the Resulting Company of the face value of Rs.2/- (Rupees Two) each fully paid up.

17 The equity shares issued and allotted by the Resulting Company in terms of this Scheme shall rank *paripassu* in all respects with the existing equity shares of the Resulting Company.

18 The issue and allotment of new equity shares by the Resulting Company to the Shareholders of the Demerged Company pursuant to Clause 16 above is an integral part of this Scheme.

19 Fraction shares will be ignored.

20 The shares issued pursuant to Clause **Error! Reference source not found.** of Part II above ("New Shares"), shall be issued to the shareholders of the Demerged Company in demat form, i.e. dematerialized shares unless otherwise notified in writing by a shareholder of the Demerged Company to the Resulting Company on or before such date as may be determined by the Board of Resulting Company. In the event that such notice has not been received by Resulting Company in respect of any of the shareholders of Demerged Company, the equity shares, shall be issued to such shareholders in dematerialized form provided that the shareholders of Demerged Company shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. In the event that Resulting Company has received notice from any shareholder that the equity shares are to be issued in physical form or if any shareholder has not provided the requisite details relating to his/ her/ its account with a depository participant or other confirmations as may be required or if the details furnished by any shareholder do not permit electronic credit of the shares of Resulting Company, then the Resulting Company shall issue the equity shares in physical form to such shareholder or shareholders.

21 Unless otherwise determined by the Board of Directors or any committee thereof of the Demerged Company and the Resulting Company, allotment of shares in terms of Clause 16 of Part II above shall be done within 45 days from the Demerger Record Date.

22 The New Shares allotted and issued in terms of Clause 16 of Part II above, shall be listed and/or admitted to trading on the Stock Exchanges after obtaining the requisite approvals. The Resulting Company shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with Applicable Laws for complying with the formalities of the Stock Exchanges.

23 The equity shares of the Resulting Company allotted pursuant to the Scheme shall remain frozen in the depositories system till listing / trading permission is given by the designated stock exchange.

24 Till the listing of the equity shares of the Resulting Company, there will be no change in the pre-arrangement capital structure and shareholding pattern or controls in the Resulting Company which may affect status of the approval of the stock exchanges to this Scheme.

25 Approval of the Scheme by the shareholders of Pritika Auto Industries Limited (PAIL) shall be deemed to be due compliance of the provisions of section 42, 62 if any and other relevant or applicable provisions of the Companies Act, 2013 and Rules made thereunder for the issue and allotment of the Equity shares by PAIL to the shareholders of PIL as provided hereinabove.

PART III

SECTION 5 - GENERAL TERMS AND CONDITIONS:

26 ACCOUNTING TREATMENT IN THE BOOKS OF THE DEMERGED COMPANY

26.1 The Demerged Company shall account for Demerger of Demerged Undertaking in its books as per the applicable accounting principles prescribed under the relevant IND – AS. It shall inter alia include the following:

26.2 The Demerged Company shall in its books of accounts reduce the respective carrying values of the assets and liabilities of the Demerged Undertaking being transferred to and vested in the Resulting Company at values appearing in Books of Accounts of the Demerged Company as on the Appointed Date.

26.3 The aggregate of the net assets (i.e. difference between the carrying value of assets and liabilities related to the Demerged Undertaking) standing in the books of accounts of the Demerged company transferred to the Resulting Company on the appointed date, shall be either debited or credited to Goodwill or Capital Reserve as the case may be.

26.4 The investment of the Demerged Company into the Equity share Capital of the resulting Company as on the effective date shall not stand reduced or cancelled and the same will continue to hold by the Demerged Company.

26.5 Notwithstanding anything above, the Board of Directors of the Demerged Company in consultation with their statutory auditors is authorized to account for any of the above-mentioned transactions or any matter not dealt with under this clause in accordance with the applicable Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 and generally accepted accounting principles.

27 ACCOUNTING TREATMENT IN THE BOOKS OF THE RESULTING COMPANY

27.1 The Resulting Company shall account for the Demerger of Demerged Undertaking using pooling of interest method in accordance with Appendix C- "Business Combinations of entities under common control" of Ind -As 103- "Business Combinations". It shall inter alia include the following

27.2 The Resulting Company shall record all the assets and liabilities of the Demerged Undertaking transferred to it in pursuance of this Scheme at their respective carrying values appearing in the books of accounts of the Demerged Company as on the Appointed date which are set forth in the closing balance sheet of the Demerged Company as of the close of business hours on the date immediately preceding the Appointed Date

27.3 The Resulting Company shall credit its share Capital account, with the aggregate face value of the new equity shares issued to the shareholders of the Demerged company pursuant to the demerger of the Demerged Undertaking

27.4 To the extent there are intercompany balance(s) and transactions between the Resulting company and the Demerged Undertaking if any the rights and obligations in respect thereof will stand cancelled.

27.5 The difference between the book value of assets and book value of liabilities so recorded in the books of the Resulting Company in accordance with 27.2 as reduced by the amount credited as share capital in accordance with clause 27.3, shall be recorded either as Goodwill or Capital Reserve as the case may be.

27.6 In case of any difference in accounting policy followed by Demerged company in respect of Demerged Undertaking vis a vis the accounting policy followed by the Resulting Company, the impact of the same till the Appointed Date will be quantified and adjusted in Reserves of the Resulting Company, to ensure that upon coming into effect of this Scheme, the financial statements of the Resulting company reflect the financial position on the basis of a consistent accounting policy.

27.7 Notwithstanding anything above, the Board of Directors of the Resulting Company in consultation with their statutory auditors, is authorized to account for any of the above-mentioned transactions or any matter not dealt with under this clause in accordance with the applicable Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 and generally accepted accounting principles.

28 **TREATMENT OF TAXES**

28.1 With effect from the Appointment Date and upon the Scheme becoming effective, all taxes and duties (including but not limited to Income Tax, Goods and Services Tax etc.) paid or payable by Demerged

Company and relating to the operations of the Demerged Undertaking, including all advance tax payments, tax deducted at source, credits for minimum alternate tax, shall for all purposes be treated as tax, duty or cess liability, advance tax payments, tax deducted at source, credits for minimum alternate tax as the case may be of the Resulting Company.

28.2 Upon the Scheme becoming effective, the Demerged Company and the Resulting Company shall be permitted to revise from the Appointed Date, their respective financial statements and returns along with prescribed forms, filings and annexures under the Income Tax Act 1961, Goods and Services Tax Laws, Custom Law and other tax Laws and to claim refunds and / or credit for taxes paid (including minimum alternate tax, tax deducted at source etc.) and for matters incidental thereto, if required to give effect to the provisions of the Scheme and to claim refunds / credits, pursuant to provisions of this Scheme.

28.3 Upon the Scheme becoming effective, the Demerged Company and the Resulting Company would undertake appropriate filings under the Goods and Service Tax Rules, to facilitate claim of refunds and / or transfer of credit for taxes paid and for matters incidental thereto in relation to the Demerged Undertaking available with the Demerged Company.

28.4 All disallowances under Section 43 B of the Income Tax Act, 1961 in the hands of the Demerged Company, in relation and pertaining to the Demerged Undertaking shall be claimed as a deduction under Section 43 B of the Income Tax Act, 1961 by the Resulting company when the payment is made by the Resulting Company against such expenses.

28.5 Any refunds or credits (including credit for minimum alternate tax, advance tax and tax deducted at source under the provisions of Income Tax Act, 1961), benefit or carry forward losses and other statutory benefits under the Income Tax Act, 1961. Service Tax laws, Central sales tax, Goods and Services Tax, applicable State Value Added Tax Laws or other applicable laws / regulations dealing with taxes / duties /levies due to the Demerged Company, relating to Demerged Undertaking including refunds, benefits or credits consequent to the assessment made on the Demerged Company (including any refund for which no credit is taken in the accounts of the Demerged Company) as on the date immediately preceding the Appointed Date shall also belong to and be received by the Resulting Company upon the Scheme becoming effective.

28.6 Further any tax deducted at source by the Demerged Company with respect to the Demerged Undertaking on transactions with the Resulting Company, if any (from the Appointed Date to the Effective Date) shall be deemed to be advance tax paid by the Resulting company and shall in all proceedings, be dealt with accordingly and vice versa.

28.7 Upon the Scheme coming into effect any obligation of tax deduction at source on any payment made by or to be made by the Demerged Company relating to the Demerged Undertaking shall be made or deemed to have been made and duly complied with the Resulting Company.

29 SCHEME CONDITIONAL ON

This Scheme is conditional upon and subject to:

29.1 The requisite consents, no-objections and approvals of the Stock Exchanges and SEBI to the Scheme in terms of the SEBI Circular and under Regulation 37 of SEBI(LODR) Regulations, 2015, on terms acceptable to the Demerged Company and the Resulting Company.

29.2 the Scheme being agreed to by the respective requisite majorities of the various classes of members and creditors of the Demerged Company and the Resulting Company as required under the Act and the requisite order of the National Company Law Tribunal, Chandigarh Bench, Chandigarh being obtained.

29.3 As para 9 of SEBI Circular No. CFD/ DIL3 / CIR /2017 / 21 dated 10th March, 2017 and circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/215 dated 3rd November, 2020 read with Master circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22nd December, 2020 as amended from time to time is applicable to this Scheme; therefore, it is provided in the Scheme that the Resulting Company will provide voting by the public shareholders through e-voting and will disclose all material facts in the explanatory statement to be sent to the shareholders in relation to the said Resolution.

29.4 As para 9 of SEBI Circular No. CFD/ DIL3 / CIR /2017 / 21 dated 10th March, 2017 and circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/215 dated 3rd November, 2020 read with Master circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22nd December, 2020 as amended from time to time is applicable to this Scheme, the Scheme shall be acted upon only if the votes cast by the public shareholders of the Resulting Company in favour of the Scheme are more than the number of votes cast by the public shareholders against it. The term "Public" shall carry the same meaning as defined under Rule 2 of Securities Contracts (Regulations) Rules, 1957

29.5 such other sanctions and approvals as may be required by law in respect of this Scheme being obtained; and

29.6 the Certified copies of the NCLT Order referred to in this Scheme being filed with the Registrar of Companies, Punjab and Chandigarh by the Demerged Company and the Resulting Company.

SECTION 6 - OTHER TERMS AND CONDITIONS

30 DIVIDENDS

30.1 The Demerged Company and the Resulting Company shall be entitled to declare and pay dividends in normal course, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date, as applicable.

30.2 The Equity shares of the Resulting Company to be issued and allotted to the Equity shareholders of the Demerged Company as provided in Clause 16 hereof shall be entitled to dividends from the date of allotment.

30.3 The holders of the shares of the Demerged Company and the Resulting Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective articles of association including the right to receive dividends.

30.4 It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of the Demerged Company and/or the Resulting Company to demand or claim any dividends which, subject to the provisions of the said Act, shall be entirely at the discretion of the boards of directors of the Demerged Company and the Resulting Company respectively, and subject to the approval, if required, of the shareholders of the Demerged Company and the Resulting Company respectively.

31 The Demerged Company and the Resulting Company may, after the Scheme becomes effective, for the sake of good order, execute amended and restated arrangements or confirmations or other writings if required for the ease of the Demerged Company, the Resulting Company and the counter party concerned in relation to the remaining business and / or the Demerged Undertaking, without any obligations to do so and without modification of any commercial terms or provisions in relation thereto.

32 APPLICATION TO NATIONAL COMPANY LAW TRIBUNAL

32.1 The Demerged Company and the Resulting Company shall make necessary applications / petitions before the National Company Law Tribunal, Chandigarh Bench, Chandigarh for the sanction of this Scheme under Sections 230 to 232 and other applicable provisions of the Act.

32.2 The Resulting Company shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority and all agencies, departments and Appropriate Authorities concerned as are necessary under any law, for such consents, approvals and sanctions which the Resulting Company may require to own and operate the Demerged Undertaking.

33 SAVING CONCLUDED TRANSACTIONS

The transfer and vesting of the assets, liabilities and obligations of the Demerged Undertaking shall not in any manner affect any transaction or proceedings, contracts and deeds already concluded by the Demerged Company (in respect of Demerged Undertaking) on or before the Appointed Date and after the Appointed Date till the Effective Date, to the end and intent that the Resulting Company accepts and adopts all such acts, deeds and things done and executed by and / or on behalf of the Demerged Company as acts, deeds and things done and executed by and on behalf of the Resulting Company.

34 TREATMENT OF THE SCHEME FOR THE PURPOSES OF IT ACT

The Scheme has been drawn up to comply with the conditions relating to "Demerger" as specified under Section 2(19AA) of the IT Act. If any of the terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said section at a later date including resulting from an amendment of Applicable Law or for any other reason whatsoever, the provisions of the said section shall prevail and the Scheme shall stand modified to the extent necessary to comply with the Section 2(19AA) of the IT Act. Such modification will however not affect other parts of the Scheme. The power to make such modifications / amendments as may become necessary, shall vest with the Board of Directors of the Demerged Company and Resulting Company which can exercise the power at any time and shall be exercised in the best interest of the Demerged company and the Resulting Company.

35 MODIFICATIONS OF SCHEME

35.1 The Demerged Company and the Resulting Company through their Board of Directors may consent on behalf of all persons concerned to any modifications or amendments of this Scheme or to any conditions which the SEBI/ Hon'ble NCLT and/or any other authorities under law may deem fit to approve of or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for carrying out the Scheme and do all acts, deeds and things as may be necessary, desirable or expedient for putting this Scheme into effect.

35.2 However, no modifications and / or amendments to the Scheme can be carried out or effected by the Board of Directors without approval of the SEBI / NCLT or any other Authorities and the same shall be subject to powers of the respective authorities.

35.3 For the purpose of giving effect to this Scheme or to any modifications thereof, the Directors of the Demerged Company and the Resulting Company are authorized to give such directions and/or to take such steps as may be necessary or desirable including any directions for settling any question or doubt or difficulty whatsoever that may arise.

35.4 The Demerged Company and Resulting Company shall take such other steps as may be necessary or expedient to give full and formal effect to the provisions of this Scheme.

36 SEVERABILITY

If any provision of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the mutual agreement of the Demerged Company and the Resulting Company in writing, affect the validity or implementation of the other provisions of this Scheme. If any provision of this Scheme hereof is invalid, ruled illegal by any court or tribunal of competent jurisdiction or unenforceable under present or future Applicable Laws, then it is the intention of the Parties that such provision shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such provision 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 such Parties the benefits and obligations of the Scheme, including but not limited to such provision.

37 EEFECT OF NON-RECEIPT OF APPROVALS

37.1 In the event of any of the said sanctions and approvals not being obtained and/or the Scheme not being sanctioned by the Tribunal, and/or the order or orders not being passed as aforesaid on or before 15 (fifteen) months from the date of approvals of the Scheme by respective Boards of the Parties or within such extended period as may be mutually agreed upon between the Demerged Company and the Resulting Company through their respective Boards or their authorized representatives, this Scheme shall become null and void and each party shall bear and pay its respective costs, charges and expenses for and/ or in connection with this Scheme.

37.2 In the event of revocation/withdrawal of the Scheme, no rights and liabilities whatsoever shall accrue to or be incurred inter se the Demerged Company and the Resulting Company or their respective shareholders or creditors or employees or any other person, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or in accordance with the Applicable Law and in such case, each party shall bear its owns costs, unless otherwise mutually agreed.

38 REVOCATION OF SCHEME

38.1 The Demerged Company and the Resulting Company acting jointly through their respective Boards shall each be at liberty to withdraw from this Scheme prior to the effective date at any time and the same shall not be construed as any non-compliance of the Act,

38.2 The Demerged Company and/or Resulting Company acting through their respective Boards shall each be at liberty to withdraw from this Scheme in case the Demerged Company or the Resulting Company is declared insolvent.

38.3 In the event any of the conditions are imposed by the SEBI/ Hon'ble NCLT or any authorities, which the Board of Directors of the Demerged Company and the Resulting Company find unacceptable for any reason, the Demerged Company and the Resulting Company shall be at liberty to withdraw this Scheme.

39 MUTATION OF PROPERTY

Upon the Scheme coming into effect and with effect from the Appointed Date, the title to the immovable properties, of the Demerged Undertakings shall be deemed to have been mutated and recognized as that of the Resulting Company and the mere filing of the certified true copy of the vesting order of the Tribunal sanctioning the Scheme with the appropriate Registrar or Sub-registrar of Assurances or with the relevant Government agencies shall suffice as record of continuing title of the immovable properties of the Demerged Undertakings with the Resulting Company pursuant to the Scheme becoming effective and shall constitute a deemed mutation and substitution thereof.

40 SEQUENCE OF COMING INTO EFFECTS OF THIS SCHEME

On the sanction of the Scheme and upon the Scheme becoming effective, the following shall be deemed to become effective and operative in the sequence and order mentioned hereunder.

(a) Demerger of the Demerged Undertaking from Demerged Company to Resulting Company

(b) Issue and allotment of Equity shares by the Resulting Company to the shareholders of the Demerged Company in consideration of Demerger as aforesaid.

41 COSTS

Upon the sanction of this Scheme by the NCLT all costs, charges, taxes (including but not limited to stamp duty, registration charges, etc.) levies and all other expenses if any (save as expressly otherwise agreed) on any deed, documents, instruments or Hon'ble NCLT Order arising out of and in carrying out and implementing this scheme and matters incidental to the completion of arrangement in relation to the Demerger shall be borne and paid by the Demerged Company and Resulting Company as mutually agreed upon.

42 MISCELLANEOUS

The Scheme does not contain or provide for any compromise with the Creditors of the Demerged Company and the Resulting Company. Further, the Scheme has not been drawn to accommodate any corporate debt restructuring. The Scheme also does not come under the purview of the Competition Commission of India.

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<u>*Report on*</u>

Valuation recommendation of fair equity share entitlement ratio of equity shares for the proposed demerger of Automotive/Tractor/Engineering Components Business Undertaking ("Demerged Undertaking") of Pritika Industries Limited ('PIL") into Pritika Auto Industries Limited ("PAIL")

<u>Report Date</u>

14th August, 2021

<u>*Prepared by*</u>

Payal Gada, FCA

Registered Valuer/Chartered Accountant

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14th August, 2021

PRIVATE & CONFIDENTIAL

To,
The Board of Directors
Pritika Industries Limited
Plot No. C-94, Phase VII, Industrial Focal Point,
S.A.S, Nagar, Mohali,
Punjab-160 055

To,
The Board of Directors
Pritika Auto Industries Limited
Plot No. C-94, Phase VII, Industrial Focal Point,
S.A.S, Nagar, Mohali,
Punjab-160 055

Subject: Valuation Report on recommendation of Share Entitlement Ratio for the proposed demerger of Automotive/Tractor/Engineering Components Business Undertaking ("Demerged Undertaking") of Pritika Industries Limited ("PIL" or "Demerged Company") into Pritika Auto Industries Limited ("PAIL" or "Resulting Company")

Dear Sirs / Madams,

We understand that Pritika Industries Limited ("PIL" or "Demerged Company") proposes to demerge its Automotive/Tractor/Engineering Components Business Undertaking ("Demerged Undertaking"), into Pritika Auto Industries Limited ("PAIL" or "Resulting Company"), collectively referred to as the "Companies", pursuant to the Scheme of Arrangement for Demerger ("Scheme") as per the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder.

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In this context, the Companies have engaged ***FCA Payal Gada*** ('PG' or 'We'), in her capacity as a ***Registered Valuer ("RV") under the category Securities or Financial Assets ("SFA") registered with the Insolvency and Bankruptcy Board of India ("IBBI"), Registration No. IBBI/RV/06/2019/11170***, to recommend the share entitlement ratio of equity shares for the proposed demerger, as required under the Companies Act, 2013.

Our valuation results are summarised as under-

Our valuation results for Automotive/Tractor/Engineering Components Business Undertaking ("Demerged Undertaking") of PIL and PAIL are summarized in table below:

ValuationApproach	**PIL - Demerged Undertaking (A)**			**PAIL (B)**		
		Value (INR) per share	**Weight**		**Value (INR) per share**	**Weight**
		(i)	**(ii)**		**(iv)**	**(v)**
Asset Approach	(a)	6.85	0.00%	(b)	14.40	0.00%
Income Approach		126.22	66.67%	(b)	18.52	0.00%
Market Approach		101.46	33.33%		18.69	100.00%
Relative value per share		**117.97**			**18.69**	
Exchange ratio (Rounded off)(A/B)					**6.3**	

(a) Not Applied as the valuation under this method is based on asset values reflected in books of accounts and do not represent value of earnings potential / intrinsic value of the business of the Dermerged Undertaking of PIL.

(b) Not Applied as the shares of the Company are frequently traded as per the SEBI ICDR read with SEBI SAST Regulations. As per para 5 of the Preliminary chapter of SEBI Master circular SEBI/HO/CFD/DIL1/CIR/P/2020/249, dated December 22,2020, the minimum value of equity shares of a frequently traded listed company should be in accordance with pricing provisions of Chapter V of SEBI ICDR Regulations as amended from time to time. Since the value of equity shares of PAIL under the asset and income approach is lower than the value of equity shares of PAIL as per the ICDR Regulations (captured in market approach) , we have given 0% weight to value of equity shares of PAIL computed under the asset and income approach and given 100% weight to value of equity shares of PAIL computed as per ICDR Regulations under Market approach.

On a consideration of all the relevant factors and circumstances as discussed and subject to the limitations stated in this report, outlined herein after, we recommend a Share Entitlement Ratio of demerged undertaking and the Resulting company, as follows-

- **63 (Sixty-three) equity shares of PAIL ("Resulting Company") of INR 2/- each fully paid up be issued to equity shareholders of PIL ("Demerged Company"), <u>in addition to, not substitution of</u>, for every 10(ten) equity shares of INR 10/- each fully paid of PIL ("Demerged Company") as consideration for Demerger.**

Kindly find enclosed a narrative report containing our valuation analysis and recommendation. If you have any questions or seek any clarifications, then please feel free to reach out to us.

Yours sincerely,

Payal

FCA Payal Gada (Proprietor; Payal Gada & Co, Chartered Accountants)
Registered valuer
IBBI Registration No.: IBBI/RV/06/2019/11170
ICAI Mem no: 110424
FRN NO:148529W
UDIN: 21110424AAAACH7592

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Engagement Background, Scope and Purpose of Valuation

We understand that the Management of the Companies ("Management") are proposing to demerge the Automotive/Tractor/Engineering Components Business Undertaking of PIL into PAIL with effect from appointed date of 1st April, 2021. This is proposed to be achieved by implementing a scheme of of Arrangement for Demerger ("Scheme") under the provisions of Section 230 to 232 of the Companies Act, 2013.

As a consideration of demerger, equity shareholders of PIL would be issued equity shares of PAIL.

Share Entitlement Ratio for this Report refers to number of equity shares of PAIL of face value of INR 2/- each fully paid up, which would be issued to the shareholders of PIL of INR 10/- each fully paid up, as a consideration for demerger.

For the aforesaid purpose, the Companies have appointed FCA Payal Gada to submit a report ('the Report') on the Share Entitlement Ratio for the consideration of the Audit Committee/ Board of Directors (the 'Boards') of the respective Companies as required under the provisions of Section 230 – 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act,2013 (hereinafter referred to as the "Cos Act") governed by Engagement letter dated 1st July, , 2021 in her capacity as a Registered Valuer under the category Securities and Financial Assets (Registration No. IBBI/RV/06/2019/11170) in compliance to para 4(a) of Securities and Exchange Board of India ("SEBI") Master circular on Scheme of Arrangement by Listed Entities; SEBI/HO/CFD/DIL1/CIR/P/2020/249, dated December 22,2020 ("Master circular")to recommend a share entitlement ratio of equity shares as consideration for the proposed demerger of Demerged Undertaking of PIL into PAIL.

This report is our deliverable for the above engagement.

Basis and premise of Valuation

For the purpose of arriving at the relative valuation of demerged undertaking of PIL and PAIL, I have considered the valuation base as "Fair Value". My valuation and this report are based on the premise of 'Going Concern". Any change in the valuation base or premise could have a significant impact on my valuation exercise and therefore, this valuation report.

Disclosure of Valuer Interest

I have no present or prospective contemplated financial interest in Companies and I have no personal interest with respect to the Promoters & Board of Directors of the Companies. I have no bias/prejudice with respect to any matter that is the subject of the valuation report or to the parties involved with this engagement and as such this valuation report is in compliance to para 2A of the Master Circular.

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Overview of the Companies

PIL

PIL (the "Demerged Company") was incorporated on 1st July, 1997 under the Companies Act, 1956 (No.1 of 1956) as "Pritika Industries Private Limited" and received the 'Certificate of Incorporation' bearing number 55-88273 of 1997-98 from the Registrar of Companies ("ROC"), NCT of Delhi & Haryana.

The name of the Company was changed from Pritika Industries Private Limited to Pritika Industries Limited and obtained a fresh certificate of incorporation consequent upon change of name on conversion to Public Limited Company dated 12th June, 2021 from the Registrar of Companies, National Capital Territory of Delhi and Haryana.

The CIN of the Company is U85100PB1997PLC038216.

PIL has 2 divisions, namely the Automotive/Tractor/Engineering Components Business Undertaking and the Healthcare and investment business undertaking ("HI undertaking").

Automotive/Tractor/Engineering Components Business Undertaking is into the business of manufacturing of auto and tractor components.

The issued and subscribed equity share capital of PIL as of current date is INR 981.59 lacs consisting of 98,15,900 equity shares of face value of INR 10/- each fully paid up.

PIL holds 2,47,06,690 (27.86%) equity shares of face value of INR 2 each in PAIL as part of its investments, which is to be retained in the HI undertaking and the said shares will continue to remain in the Demerged Company and will not be cancelled as a part of the Scheme.

PAIL

PAIL ("the Resulting Company") is a public Limited Company, listed on the BSE Ltd and National Stock Exchange of India Limited (NSE).

PAIL was initially incorporated on April 11, 1980 under the Companies Act, 1956 (No.1 of 1956) in the State of Maharashtra as "Hariganga Machineries and Engineering Services Limited" and received the 'Certificate of Incorporation' bearing number 225006 of 1980 from the Registrar of Companies ("ROC"), Maharashtra, Bombay. The name of the Company changed from "Hariganga Machineries and Engineering Services Limited" to i.e. "Shivkrupa Machineries and Engineering Services Limited" and to its present name i.e. Pritika Auto Industries Limited and a fresh certificate of incorporation dated 16th March, 2017 consequent on change of name was obtained from ROC, Maharashtra, Mumbai.

The CIN of the Company is L45208PB1980PLC046738.

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PAIL is engaged in the business of manufacturing, buying, selling, assembling all types of metals, alloys, castings, automobile parts, tractor parts, and accessories including zigs and fixtures, bolts and nuts, or component's part thereof.
The issued and subscribed equity share capital of PAIL as at 31st March, 2021 is INR 1773.45 lacs consisting of 1,77,34,500 equity shares of face value of INR 10 each.

The Equity Shareholders of the Company have passed an Ordinary Resolution for the sub-division of equity shares from the face value of INR 10/- per share to INR 2/- per share i.e. sub division of one equity share of INR 10 into five equity shares of INR two each fully paid up and the present paid up capital INR 1773.45 lacs consisting of 8,86,72,500 Equity shares of face value of INR 2 each.

Shareholding pattern of Equity shares		
Type of security	**No of shares**	**% of holding**
Promoter & Promoter Group	4,24,42,545	47.86%
Public	4,62,29,955	52.14%
Total	**8,86,72,500**	100.00%
Source: Company		

Sources of information

In connection with this exercise, we have used the following information received from the Management:

- Division wise audited financial statements of PIL for the year ended 31st March, 2021.
- Audited financial statements of PAIL for the year ended 31st March 2021.
- Audited financial statements of PIL for the year ended 31st March 2020 and 31st March, 2019.
- Audited financial statements of PAIL for the year ended 31st March 2020 and 31st March, 2019
- Details of share capital of PIL and PAIL
- Details of 'Automotive/Tractor/Engineering Components Business Undertaking of PIL to be demerged.
- Discussions with the Management regarding the business operations of the 'Automotive/Tractor/Engineering Components Business Undertaking of PIL and PAIL.
- Draft Scheme of Arrangement for Demerger.

During the discussions with the Management, we have also obtained explanations and information considered reasonably necessary for our exercise.

Procedures conducted

The Procedures conducted by us are:

1. Requested and received all required information from the Management.
2. Considered the historical financial statements of the Companies.
3. Discussed the profile and operations of the Companies with the Management(s).
4. Discussions with the Management on understanding of the businesses of the Companies and of the demerged Undertaking.
5. Discussions with Management on the proposed Scheme and determination of Share Entitlement Ratio.
6. Prepared and issued valuation report as required under the Companies Act, 2013

We have also obtained explanations and information considered reasonably necessary for our exercise, from the executives and representatives of the Companies. The Companies have been provided with the opportunity to review the draft report (excluding the recommended share entitlement ratio) for this engagement to make sure that factual inaccuracies are avoided in our final report.

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Approach – Basis of Demerger

Arriving at the share entitlement ratio for the proposed demerger of the 'Automotive/Tractor/Engineering Components Business Undertaking of PIL into PAIL would require determining the relative values of each company. These values are to be determined independently but on a relative basis and without considering the effect of the proposed demerger.

It is however important to note that in doing so, we are not attempting to arrive at the absolute equity values of the Companies but at their relative values to facilitate the determination of a share entitlement ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each methodology.

In the ultimate analysis, valuation will have to be arrived at by the exercise of judicious discretion by the valuer and judgment taking into account all the relevant factors. There will always be several factors, e.g. quality and integrity of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. This concept is also recognised in judicial decisions.

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Valuation Approach and Methodology

We understand that the Management of the Companies ("Management") are proposing to Demerge the Demerged Undertaking i.e. 'Automotive/Tractor/Engineering Components Business Undertaking of PIL into PAIL with effect from appointed date of 1st April, 2021. This is proposed to be achieved by implementing a scheme of Arrangement under the provisions of Section 230 to 232 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder.

As a part of the Proposed Demerger and as consideration for the Demerger, the shareholders of PIL will be issued equity shares of PAIL. We have computed (a) the fair value of equity share of PIL attributable to the Automotive/Tractor/Engineering Components Business Undertaking of PIL and (b) the fair value per equity share of PAIL. These values are determined independently but on a relative basis.

We have considered the ICAI Valuation Standards 2018 as issued by the Institute of Chartered Accountants of India as well as other International Valuation Standards.

For the valuation, we have considered the following commonly used and accepted methods for determining the share entitlement ratio, to the extent relevant and applicable:

1. Market Price method (Market approach)
2. Comparable Companies' Multiples method / Guideline Company method (Income / Market approach)
3. Discounted Cash Flow Method (Income Approach)
4. Net Asset Value method (Asset approach)

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using internationally accepted valuation approaches and our reasonable judgment, in an independent and bona fide manner.

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Market Price Method (Market Approach)

The value of an equity share, as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in.

PIL

PIL is an unlisted Public Limited Company and as such, its shares are not listed on stock exchange. Hence, market price method has not been considered for the present exercise for valuation of PIL.

PAIL

PAIL is a listed Company on the BSE Ltd and National Stock Exchange of India (NSE) (w.e.f. 10.08.2021)

As per para 5 of the Preliminary chapter of Securities and Exchange Board of India ("SEBI") Master circular on Scheme of Arrangement by Listed Entities; SEBI/HO/CFD/DIL1/CIR/P/2020/249, dated December 22,2020 ("Master circular"), the issuance of shares under schemes in case of allotment of shares only to a select group of shareholders or shareholders of unlisted companies pursuant to such schemes shall follow the pricing provisions of Chapter V of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time (hereinafter referred to as "the ICDR Regulations").

The shares of PAIL are frequently traded in terms of regulation 164(5) of the ICDR Regulations. Regulation 164(1) refers to the base price for issue of shares on a preferential basis. As such, we have considered the value under this method to be the higher of average of weekly high & low of the volume weighted average price ("VWAP") during the last 26 weeks and 2 weeks preceding the relevant date in compliance with the pricing guidelines of regulation 164(1) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("ICDR Regulations").

The minimum value of equity shares of a frequently traded listed company should be in accordance with pricing provisions of Chapter V of SEBI ICDR Regulations as amended from time to time. Since the value of equity shares of PAIL under the asset and income approach is lower than the value of equity shares of PAIL as per the ICDR Regulations (captured in market approach), we have given due cognizance to the base price derived using the formula given in the ICDR regulations to assign appropriate weights to the values computed under each method. Based on the above, we have given 0% weight to value of PAIL computed under the asset and income approach and given 100% weight to value of PAIL computed as per ICDR Regulations under Market approach.

Relevant workings are attached as **Annexure I** to this report.

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Comparable Companies' Multiple (CCM) / Guideline Company method (Income/Market Approach) -

Under this method, value of the equity shares of a company is arrived at by applying a suitable multiple (derived from valuations of comparable companies, as manifest through stock market valuations of listed companies) to the income of the Company. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

Automotive/Tractor/Engineering Components Business Undertaking of PIL

We have considered the average of the adjusted (for premium/discount as appropriate) and rounded off EV/EBIDTA and EV/Revenue Multiples ("said multiples") of comparable companies to compute the EV of 'Automotive/Tractor/Engineering Components Business Undertaking .We have adjusted the EV of the 'Automotive/Tractor/Engineering Components Business Undertaking of PIL for cash/cash like items and debt/debt like items (of the 'Automotive/Tractor/Engineering Components Business Undertaking) as on 31st march, 2021 to arrive at the equity value of the 'Automotive/Tractor/Engineering Components Business Undertaking of PIL. The equity value as computed above has been divided by the number of equity shares of PIL to arrive at relative fair value per equity share of PIL attributable to the Automotive/Tractor/Engineering Components Business Undertaking. We have assigned a one – third weight to the result of this method considering it under the market approach. Relevant workings are attached as **Annexure II** to this report.

PAIL

Since this method considers future earnings of the Companies, this method is a proxy for Discounted Cash Flows method and as such, we have considered the average of the adjusted (for premium/discount as appropriate) and rounded off EV/EBIDTA and EV/Revenue Multiples of comparable companies to compute the EV of PAIL and have adjusted the EV for cash/cash like items and debt/debt like items as on 31st march, 2021 to arrive at the equity value of PAIL. The equity value as computed above have been divided by the number of equity shares of PAIL to arrive at relative fair value per equity share Relevant workings are attached as **Annexure III** to this report. We have given a 0% weight to the result of this method considering it under the income approach in compliance to SEBI circular on Schemes of Arrangement by Listed Entities; CFD/DIL3/CIR/2017/21, dated March 10, 2017 ("SEBI Circular")read with the pricing guidelines of the Master circular as stated above in the Report.

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Discounted Cash Flows (DCF) Method (Income Approach)

The DCF method is one of the most scientific among all the valuation methods in terms of conceptual framework. This method concentrates on cash generation potential of a business. Under the DCF method, the projected free cash flows of the projects are discounted at the appropriate cost of capital. The sum of the discounted value of such free cash flows is the value of the firm. The value so derived is not impacted by accounting practices (which are many a times non-uniform across companies/ time), as it is based on cash flows and not book profits. The method incorporates all factors relevant to business (e.g. tangible and intangible assets, current and future competitive position, financial and business risks, etc.). To estimate the cash flows available to stakeholders, projected income statement and balance sheet of the entity are prepared for certain future years (explicit forecast period). These estimates are based on financial assumptions that are derived by the management of the Company from the integrated results of the economic outlook, industry outlook, corporate analysis, historical financial analysis and management's expectations. The cash flows are then discounted using an appropriate discount rate.

Automotive/Tractor/Engineering Components Business Undertaking of PIL

We have used this method for the fair valuation of the Automotive/Tractor/Engineering Components Business Undertaking of PIL. Relevant workings are attached as **Annexure IV** to this report. We have given a two – third weight to the result of this method as the value under this method is based on future outlook of the business and as deemed appropriate by us.

PAIL

Since we have used CCM method to compute the value of equity shares of PAIL under Income Approach which captures its value based on earnings potential (as a proxy to DCF method) and in compliance to SEBI circular read with para 5 of the Preliminary chapter of SEBI Master circular on Scheme of Arrangement by Listed Entities; SEBI/HO/CFD/DIL1/CIR/P/2020/249, dated December 22,2020 ("Master circular"), the issuance of shares under schemes in case of allotment of shares only to a select group of shareholders or shareholders of unlisted companies pursuant to such schemes shall follow the pricing provisions of Chapter V of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time (hereinafter referred to as "the ICDR Regulations"), we have not used DCF method to value equity shares of PAIL.

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Asset Approach - Net Asset Value (NAV) Methodology

The asset-based valuation technique is based on the value of the underlying net assets of the business. The value arrived at under this approach is based on the latest available audited/ provisional financial statements of the business and may be defined as Shareholders' Funds or Net Assets owned by the business.

Automotive/Tractor/Engineering Components Business Undertaking of PIL

We have computed the values using this method. Relevant workings are attached as **Annexure V** to this report. We have given 0% weight to the result of this method as the valuation under this method is based on asset values reflected in books of accounts and do not represent value of earnings potential / intrinsic value of the business of Automotive/Tractor/Engineering Components Business Undertaking of PIL.

PAIL

We have computed the values using this method. Relevant workings are attached as **Annexure VI** to this report. We have given a 0% weight to the result of this method in compliance with the pricing guidelines of the Master circular of SEBI as stated above in the Report.

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Recommendation of share entitlement ratio for Demerger

In the ultimate analysis, valuation will have to be arrived at by the exercise of judicious discretion by the valuer and judgment taking into account all the relevant factors. There will always be several factors, e.g. quality and integrity of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. This concept is also recognised in judicial decisions.

The share entitlement ratio has been arrived at on the basis of a relative equity valuation of the Companies based on the various methodologies explained herein earlier. The relative fair value per share and weights to different methods is presented below:

Our valuation results are summarised as under-

Our valuation results for Automotive/Tractor/Engineering Components Business Undertaking ("Demerged Undertaking") of PIL and PAIL are summarized in table below:

ValuationApproach	**PIL - Demerged Undertaking (A)**			**PAIL (B)**		
	Value (INR) per share		**Weight**	**Value (INR) per share**		**Weight**
		(i)	**(ii)**		**(iv)**	**(v)**
Asset Approach	(a)	6.85	0.00%	(b)	14.40	0.00%
Income Approach		126.22	66.67%	(b)	18.52	0.00%
Market Approach		101.46	33.33%		18.69	100.00%
Relative value per share		**117.97**			**18.69**	
Exchange ratio (Rounded off)(A/B)					**6.3**	

(a) Not Applied as the valuation under this method is based on asset values reflected in books of accounts and do not represent value of earnings potential / intrinsic value of the business of the Dermerged Undertaking of PIL.

(b) Not Applied as the shares of the Company are frequently traded as per the SEBI ICDR read with SEBI SAST Regulations. As per para 5 of the Preliminary chapter of SEBI Master circular SEBI/HO/CFD/DIL1/CIR/P/2020/249, dated December 22,2020, the minimum value of equity shares of a frequently traded listed company should be in accordance with pricing provisions of Chapter V of SEBI ICDR Regulations as amended from time to time. Since the value of equity shares of PAIL under the asset and income approach is lower than the value of equity shares of PAIL as per the ICDR Regulations (captured in market approach) , we have given 0% weight to value of equity shares of PAIL computed under the asset and income approach and given 100% weight to value of equity shares of PAIL computed as per ICDR Regulations under Market approach.

On a consideration of all the relevant factors and circumstances as discussed and subject to the limitations stated in this report, outlined herein after, we recommend a Share Entitlement Ratio of demerged undertaking and the Resulting company, as follows-

- **63 (Sixty-three) equity shares of PAIL ("Resulting Company") of INR 2/- each fully paid up be issued to equity shareholders of PIL ("Demerged Company"), <u>in addition to, not substitution of</u>, for every 10(ten) equity shares of INR 10/- each fully paid of PIL ("Demerged Company") as consideration for Demerger.**

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Scope limitations, assumptions, qualifications, exclusions and disclaimers

1. The valuation is based on historical financials and other information provided to us by the Companies.
2. Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.
3. This report, its contents and the results herein (i) are specific to the purpose of valuation agreed as per the terms of our engagement; (ii) are specific to the date of this report, (iii) are based on the latest financials and other information of the Companies. A valuation of this nature is necessarily based on the economic perspective of the ultimate shareholders. Events occurring after this date mplmay affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.
4. The recommendation(s) rendered in this report only represent our recommendation(s) based upon information furnished by the Companies (or its representatives) and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice, (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors).
5. In the course of the valuation, we were provided with both written and verbal information, including market, technical, financial and operating data.
6. In accordance with the terms of our respective engagements, we have assumed and relied upon, without independently verifying, (i) the accuracy of the information that was publicly available and (ii) the accuracy of information made available to us by the Companies. In accordance with our Engagement Letter and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed or otherwise investigated the historical financial information provided to us. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Also, with respect to explanations and information sought from the Companies, we have been given to understand by the Companies that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusions are based on the assumptions and information given by/on behalf of the Companies. The respective Managements of the Companies have indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/results. Accordingly, we assume no responsibility for any errors in the information furnished by the Companies and their impact on the report. Also, we assume no responsibility for technical information (if any) furnished by the Companies.

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7. The determination of Share Entitlement Ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. There is, therefore, no indisputable single share entitlement ratio. While we have provided our recommendation of the Share Entitlement Ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion. The final responsibility for the determination of the share entitlement ratio at which the proposed Transaction shall take place will be with the Board of Directors who should take into account other factors such as their own assessment of the proposed Transaction and input of other advisors.
8. The report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this valuation report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not disclosed in the audited/unaudited financial statements of the Companies.
9. This report does not look into the business/ commercial reasons behind the Proposed Demerger nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Proposed Demerger as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. This report is restricted to valuation and computation of share entitlement ratio only as consideration for the demerger.
10. No investigation of the Companies' claims to title of assets has been made for the purpose of this report and the Companies' claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.
11. The fee for the Engagement is not contingent upon the results reported.
12. We owe responsibility only to the Board of Directors of the Companies, under the terms of our engagement, and nobody else. We do not accept any liability to any third party in relation to the issue of this report. It is understood that this analysis does not represent a fairness opinion. This valuation report is subject to the laws of India. Neither the valuation report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the proposed Scheme of Demerger, without our prior written consent. In addition, we express no opinion or recommendation as to how the shareholders of Companies should vote at any shareholders' meeting(s) to be held in connection with the Proposed Demerger.

Annexures forming part of the Report

Annexure I – Computation of market price of PAIL under the Market Approach

Relevant date	
Date of meeting of the Board of Directors in which the scheme is proposed to be approved	14-08-2021
Relevant date for pricing under ICDR Regulations as per para 5 of the Preliminary chapter of SEBI Master circular SEBI/HO/CFD/DIL1/CIR/P/2020/249, dated December 22,2020 ("master circular")	14-08-2021
Date preceding the relevant date	13-08-2021

Relevant Exchange - BSE			
Sr No	**Particulars**	**Appendix Number**	**Price in INR**
A	Average of weekly high & low of the volume weighted average price ("VWAP") of the equity shares during the last 26 weeks preceding the relevant date	**I(a)**	18.01
B	Average of weekly high & low of the volume weighted average price ("VWAP") of the equity shares during the last 2 weeks preceding the relevant date	**I(b)**	18.69
C	**Higher of A and B**		**18.69**

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Annexure I(a)- Average of weekly high & low of the volume weighted average price ("VWAP") of the equity shares during the last 26 weeks preceding the relevant date

BSE - PAIL								
Week Number		Day of the week	Date	VWAP	VWAP as per ICDR	Weekly High	Weekly Low	Average of weekly high low
1	PAIL	Saturday	13-Feb-21	#N/A	#N/A			
	PAIL	Sunday	14-Feb-21	#N/A	#N/A			
	PAIL	Monday	15-Feb-21	95.28	19.06			
	PAIL	Tuesday	16-Feb-21	95.00	19.00			
	PAIL	Wednesday	17-Feb-21	97.09	19.42			
	PAIL	Thursday	18-Feb-21	97.63	19.53			
	PAIL	Friday	19-Feb-21	96.44	19.29	19.53	19.00	19.26
2	PAIL	Saturday	20-Feb-21	#N/A	#N/A			
	PAIL	Sunday	21-Feb-21	#N/A	#N/A			
	PAIL	Monday	22-Feb-21	94.54	18.91			
	PAIL	Tuesday	23-Feb-21	95.01	19.00			
	PAIL	Wednesday	24-Feb-21	94.29	18.86			
	PAIL	Thursday	25-Feb-21	93.42	18.68			
	PAIL	Friday	26-Feb-21	92.71	18.54	19.00	18.54	18.77
3	PAIL	Saturday	27-Feb-21	#N/A	#N/A			
	PAIL	Sunday	28-Feb-21	#N/A	#N/A			
	PAIL	Monday	01-Mar-21	95.63	19.13			
	PAIL	Tuesday	02-Mar-21	93.36	18.67			
	PAIL	Wednesday	03-Mar-21	92.81	18.56			
	PAIL	Thursday	04-Mar-21	93.25	18.65			
	PAIL	Friday	05-Mar-21	94.84	18.97	19.13	18.56	18.84
4	PAIL	Saturday	06-Mar-21	#N/A	#N/A			
	PAIL	Sunday	07-Mar-21	#N/A	#N/A			
	PAIL	Monday	08-Mar-21	94.69	18.94			
	PAIL	Tuesday	09-Mar-21	91.70	18.34			
	PAIL	Wednesday	10-Mar-21	92.62	18.52			
	PAIL	Thursday	11-Mar-21	#N/A	#N/A			
	PAIL	Friday	12-Mar-21	91.90	18.38	18.94	18.34	18.64
5	PAIL	Saturday	13-Mar-21	#N/A	#N/A			
	PAIL	Sunday	14-Mar-21	#N/A	#N/A			
	PAIL	Monday	15-Mar-21	90.63	18.13			
	PAIL	Tuesday	16-Mar-21	88.47	17.69			
	PAIL	Wednesday	17-Mar-21	88.75	17.75			
	PAIL	Thursday	18-Mar-21	89.76	17.95			
	PAIL	Friday	19-Mar-21	88.71	17.74	18.13	17.69	17.91
6	PAIL	Saturday	20-Mar-21	#N/A	#N/A			
	PAIL	Sunday	21-Mar-21	#N/A	#N/A			
	PAIL	Monday	22-Mar-21	91.17	18.23			
	PAIL	Tuesday	23-Mar-21	90.72	18.14			
	PAIL	Wednesday	24-Mar-21	90.16	18.03			
	PAIL	Thursday	25-Mar-21	87.96	17.59			
	PAIL	Friday	26-Mar-21	88.07	17.61	18.23	17.59	17.91
7	PAIL	Saturday	27-Mar-21	#N/A	#N/A			
	PAIL	Sunday	28-Mar-21	#N/A	#N/A			
	PAIL	Monday	29-Mar-21	#N/A	#N/A			
	PAIL	Tuesday	30-Mar-21	88.50	17.70			
	PAIL	Wednesday	31-Mar-21	88.52	17.70			
	PAIL	Thursday	01-Apr-21	95.44	19.09			
	PAIL	Friday	02-Apr-21	#N/A	#N/A	19.09	17.70	18.39
8	PAIL	Saturday	03-Apr-21	#N/A	#N/A			
	PAIL	Sunday	04-Apr-21	#N/A	#N/A			
	PAIL	Monday	05-Apr-21	102.80	20.56			
	PAIL	Tuesday	06-Apr-21	98.61	19.72			
	PAIL	Wednesday	07-Apr-21	94.07	18.81			
	PAIL	Thursday	08-Apr-21	95.31	19.06			
	PAIL	Friday	09-Apr-21	18.80	18.80	20.56	18.80	19.68
9	PAIL	Saturday	10-Apr-21	#N/A	#N/A			
	PAIL	Sunday	11-Apr-21	#N/A	#N/A			
	PAIL	Monday	12-Apr-21	17.12	17.12			
	PAIL	Tuesday	13-Apr-21	16.91	16.91			
	PAIL	Wednesday	14-Apr-21	#N/A	#N/A			
	PAIL	Thursday	15-Apr-21	16.42	16.42			
	PAIL	Friday	16-Apr-21	16.63	16.63	17.12	16.42	16.77
10	PAIL	Saturday	17-Apr-21	#N/A	#N/A			
	PAIL	Sunday	18-Apr-21	#N/A	#N/A			
	PAIL	Monday	19-Apr-21	14.83	14.83			
	PAIL	Tuesday	20-Apr-21	14.88	14.88			
	PAIL	Wednesday	21-Apr-21	#N/A	#N/A			
	PAIL	Thursday	22-Apr-21	14.84	14.84			
	PAIL	Friday	23-Apr-21	14.70	14.70	14.88	14.70	14.79

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11	PAIL	Saturday	24-Apr-21	#N/A	#N/A			
	PAIL	Sunday	25-Apr-21	#N/A	#N/A			
	PAIL	Monday	26-Apr-21	14.71	14.71			
	PAIL	Tuesday	27-Apr-21	15.02	15.02			
	PAIL	Wednesday	28-Apr-21	14.95	14.95			
	PAIL	Thursday	29-Apr-21	14.57	14.57			
	PAIL	Friday	30-Apr-21	14.60	14.60	15.02	14.57	14.80
12	PAIL	Saturday	01-May-21	#N/A	#N/A			
	PAIL	Sunday	02-May-21	#N/A	#N/A			
	PAIL	Monday	03-May-21	14.40	14.40			
	PAIL	Tuesday	04-May-21	14.44	14.44			
	PAIL	Wednesday	05-May-21	14.61	14.61			
	PAIL	Thursday	06-May-21	14.39	14.39			
	PAIL	Friday	07-May-21	14.36	14.36	14.61	14.36	14.49
13	PAIL	Saturday	08-May-21	#N/A	#N/A			
	PAIL	Sunday	09-May-21	#N/A	#N/A			
	PAIL	Monday	10-May-21	14.30	14.30			
	PAIL	Tuesday	11-May-21	14.48	14.48			
	PAIL	Wednesday	12-May-21	14.96	14.96			
	PAIL	Thursday	13-May-21	#N/A	#N/A			
	PAIL	Friday	14-May-21	15.20	15.20	15.20	14.30	14.75
14	PAIL	Saturday	15-May-21	#N/A	#N/A			
	PAIL	Sunday	16-May-21	#N/A	#N/A			
	PAIL	Monday	17-May-21	14.72	14.72			
	PAIL	Tuesday	18-May-21	15.16	15.16			
	PAIL	Wednesday	19-May-21	14.87	14.87			
	PAIL	Thursday	20-May-21	15.18	15.18			
	PAIL	Friday	21-May-21	15.45	15.45	15.45	14.72	15.08
15	PAIL	Saturday	22-May-21	#N/A	#N/A			
	PAIL	Sunday	23-May-21	#N/A	#N/A			
	PAIL	Monday	24-May-21	15.32	15.32			
	PAIL	Tuesday	25-May-21	15.44	15.44			
	PAIL	Wednesday	26-May-21	15.61	15.61			
	PAIL	Thursday	27-May-21	17.12	17.12			
	PAIL	Friday	28-May-21	18.24	18.24	18.24	15.32	16.78
16	PAIL	Saturday	29-May-21	#N/A	#N/A			
	PAIL	Sunday	30-May-21	#N/A	#N/A			
	PAIL	Monday	31-May-21	17.68	17.68			
	PAIL	Tuesday	01-Jun-21	16.85	16.85			
	PAIL	Wednesday	02-Jun-21	16.53	16.53			
	PAIL	Thursday	03-Jun-21	17.01	17.01			
	PAIL	Friday	04-Jun-21	18.69	18.69	18.69	16.53	17.61
17	PAIL	Saturday	05-Jun-21	#N/A	#N/A			
	PAIL	Sunday	06-Jun-21	#N/A	#N/A			
	PAIL	Monday	07-Jun-21	20.23	20.23			
	PAIL	Tuesday	08-Jun-21	20.25	20.25			
	PAIL	Wednesday	09-Jun-21	19.42	19.42			
	PAIL	Thursday	10-Jun-21	19.04	19.04			
	PAIL	Friday	11-Jun-21	18.91	18.91	20.25	18.91	19.58
18	PAIL	Saturday	12-Jun-21	#N/A	#N/A			
	PAIL	Sunday	13-Jun-21	#N/A	#N/A			
	PAIL	Monday	14-Jun-21	18.34	18.34			
	PAIL	Tuesday	15-Jun-21	17.96	17.96			
	PAIL	Wednesday	16-Jun-21	17.81	17.81			
	PAIL	Thursday	17-Jun-21	20.39	20.39			
	PAIL	Friday	18-Jun-21	20.31	20.31	20.39	17.81	19.10
19	PAIL	Saturday	19-Jun-21	#N/A	#N/A			
	PAIL	Sunday	20-Jun-21	#N/A	#N/A			
	PAIL	Monday	21-Jun-21	20.20	20.20			
	PAIL	Tuesday	22-Jun-21	20.21	20.21			
	PAIL	Wednesday	23-Jun-21	19.84	19.84			
	PAIL	Thursday	24-Jun-21	18.82	18.82			
	PAIL	Friday	25-Jun-21	19.92	19.92	20.21	18.82	19.51
20	PAIL	Saturday	26-Jun-21	#N/A	#N/A			
	PAIL	Sunday	27-Jun-21	#N/A	#N/A			
	PAIL	Monday	28-Jun-21	21.63	21.63			
	PAIL	Tuesday	29-Jun-21	20.76	20.76			
	PAIL	Wednesday	30-Jun-21	20.19	20.19			
	PAIL	Thursday	01-Jul-21	19.78	19.78			
	PAIL	Friday	02-Jul-21	19.71	19.71	21.63	19.71	20.67

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21	PAIL	Saturday	03-Jul-21	#N/A	#N/A			
	PAIL	Sunday	04-Jul-21	#N/A	#N/A			
	PAIL	Monday	05-Jul-21	20.22	20.22			
	PAIL	Tuesday	06-Jul-21	20.24	20.24			
	PAIL	Wednesday	07-Jul-21	20.15	20.15			
	PAIL	Thursday	08-Jul-21	20.23	20.23			
	PAIL	Friday	09-Jul-21	20.20	20.20	20.24	20.15	20.20
22	PAIL	Saturday	10-Jul-21	#N/A	#N/A			
	PAIL	Sunday	11-Jul-21	#N/A	#N/A			
	PAIL	Monday	12-Jul-21	20.08	20.08			
	PAIL	Tuesday	13-Jul-21	19.89	19.89			
	PAIL	Wednesday	14-Jul-21	19.74	19.74			
	PAIL	Thursday	15-Jul-21	19.70	19.70			
	PAIL	Friday	16-Jul-21	19.47	19.47	20.08	19.47	19.77
23	PAIL	Saturday	17-Jul-21	#N/A	#N/A			
	PAIL	Sunday	18-Jul-21	#N/A	#N/A			
	PAIL	Monday	19-Jul-21	19.33	19.33			
	PAIL	Tuesday	20-Jul-21	19.01	19.01			
	PAIL	Wednesday	21-Jul-21	#N/A	#N/A			
	PAIL	Thursday	22-Jul-21	18.83	18.83			
	PAIL	Friday	23-Jul-21	18.77	18.77	19.33	18.77	19.05
24	PAIL	Saturday	24-Jul-21	#N/A	#N/A			
	PAIL	Sunday	25-Jul-21	#N/A	#N/A			
	PAIL	Monday	26-Jul-21	19.72	19.72			
	PAIL	Tuesday	27-Jul-21	20.00	20.00			
	PAIL	Wednesday	28-Jul-21	17.24	17.24			
	PAIL	Thursday	29-Jul-21	18.96	18.96			
	PAIL	Friday	30-Jul-21	18.71	18.71	20.00	17.24	18.62
25	PAIL	Saturday	31-Jul-21	#N/A	#N/A			
	PAIL	Sunday	01-Aug-21	#N/A	#N/A			
	PAIL	Monday	02-Aug-21	19.02	19.02			
	PAIL	Tuesday	03-Aug-21	19.08	19.08			
	PAIL	Wednesday	04-Aug-21	18.92	18.92			
	PAIL	Thursday	05-Aug-21	18.77	18.77			
	PAIL	Friday	06-Aug-21	19.18	19.18	19.18	18.77	18.97
26	PAIL	Saturday	07-Aug-21	#N/A	#N/A			
	PAIL	Sunday	08-Aug-21	#N/A	#N/A			
	PAIL	Monday	09-Aug-21	19.03	19.03			
	PAIL	Tuesday	10-Aug-21	18.90	18.90			
	PAIL	Wednesday	11-Aug-21	17.76	17.76			
	PAIL	Thursday	12-Aug-21	18.30	18.30			
	PAIL	Friday	13-Aug-21	18.12	18.12	19.03	17.76	18.40
AVERAGE of 26 week high low								**18.01**

Annexure I(b)- Average of weekly high & low of the volume weighted average price ("VWAP") of the equity shares during the last 2 weeks preceding the relevant date

1	PAIL	Saturday	31-Jul-21	#N/A	#N/A			
	PAIL	Sunday	01-Aug-21	#N/A	#N/A			
	PAIL	Monday	02-Aug-21	19.02	19.02			
	PAIL	Tuesday	03-Aug-21	19.08	19.08			
	PAIL	Wednesday	04-Aug-21	18.92	18.92			
	PAIL	Thursday	05-Aug-21	18.77	18.77			
	PAIL	Friday	06-Aug-21	19.18	19.18	19.18	18.77	18.97
2	PAIL	Saturday	07-Aug-21	#N/A	#N/A			
	PAIL	Sunday	08-Aug-21	#N/A	#N/A			
	PAIL	Monday	09-Aug-21	19.03	19.03			
	PAIL	Tuesday	10-Aug-21	18.90	18.90			
	PAIL	Wednesday	11-Aug-21	17.76	17.76			
	PAIL	Thursday	12-Aug-21	18.30	18.30			
	PAIL	Friday	13-Aug-21	18.12	18.12	19.03	17.76	18.40
AVERAGE of 2 week high low								**18.69**

PAYAL GADA
IBBI/RV/06/2019/11170
REGISTERED VALUERS

Annexure II – Computation of fair value of Automotive Components Business Undertaking of PIL using the Comparable Companies Multiple ("CCM") Method (Market Approach)

Computation of fair value of the Automotive/Tractor/Engineering Components Business Undertaking ("Demerged Undertaking") of PIL using the Comparable Companies Multiple ("CCM") Method (Market				
Particulars	**Reference**	**Unit**	**Value**	
			Revenue	**EBITDA**
			(i)	**(ii)**
Operating Revenue and Operating EBITDA for the year ending March 31, 2021	A	INR Lacs	14,050.81	1,139.75
Adjusted Valuation Multiple (Rounded off)	B	Number	1.00	11.00
Indicated Enterprise Value	C=A*B	INR Lacs	14,050.81	12,537.25
Assigned Valuation Weight	D	%	50.0%	50.0%
Weighted Average, Indicated Enterprise Value, as on March 31, 2021	E=C*D(i)+C*D(ii)	INR Lacs		**13,294.03**
Less: Debt and debt like payables as on March 31, 2021	F	INR Lacs		3,392.67
Add: Cash and Cash like items as on March 31, 2021	G	INR Lacs		58.21
Equity Value as on March 31, 2021	H=E-F+G	INR Lacs		**9,959.57**
Equity Value as on March 31, 2021	I=H*10^5	INR Lacs		**99,59,57,156**
Number of equity shares as on 31st March, 2021	J	Number		98,15,900
Equity Value as on March 31, 2021	K=I/J	INR per share		**101.46**

Annexure III – Computation of fair value of PAIL using the Comparable Companies Multiple ("CCM") Method (Income Approach)

Computation of fair value of PAIL using the Comparable Companies Multiple ("CCM") Method (Income Approach)				
Particulars	**Reference**	**Unit**	**Value**	
			Revenue	**EBITDA**
			(i)	**(ii)**
Operating Revenue and EBITDA for the year ending March 31, 2021	A	INR Lacs	22,568.93	2,526.98
Adjusted Valuation Multiple (Rounded off)	B	Number	1.00	10.00
Indicated Enterprise Value	C=A*B	INR Lacs	22,568.93	25,269.80
Assigned Valuation Weight	D	%	50.0%	50.0%
Weighted Average, Indicated Enterprise Value, as on March 31, 2021	E=C*D(i)+C*D(ii)	INR Lacs		**23,919.37**
Less: Interest-Bearing Debt, as on March 31, 2021	F	INR Lacs		8,505.13
Add: Cash and Cash Equivalents, as on March 31, 2021	G	INR Lacs		1,003.78
Equity Value as on March 31, 2021	H=E-F+G	INR Lacs		**16,418.02**
Equity Value as on March 31, 2021	I=H*10^5	INR Lacs		**1,64,18,01,500**
Number of equity shares as on 31st March, 2021	J	Number		8,86,72,500
Equity Value as on March 31, 2021	K=I/J	INR per share		**18.52**

PAYAL GADA
IBBI/RV/06/2019/11170
REGISTERED VALUERS

Annexure IV – Estimation of fair value of the Automotive/Tractor/Engineering Components Business Undertaking of PIL using the discounted Cash Flow Method ("Income Approach")

Pritika Industries Limited - Automotive/Tractor/Engineering Components Business Undertaking								
Valuation as per Discounted Cash Flow method								
Valuation date : 31st March 2021								
Particulars	**Unit**	**Reference**		**1st year**	**2nd year**	**3rd year**	**4th year**	
				2021-2022	**2022-23**	**2023-24**	**2024-25**	**Perpetuity**
				12months	*12 months*	*12 months*	*12 months*	
Revenue from operations	**INR lacs**			16,183.81	19,420.57	23,693.10	29,616.38	31,097.20
EBITDA	**INR lacs**			**1,375.62**	**1,747.85**	**2,132.38**	**2,665.47**	**2,798.75**
Less: Income Tax	**INR lacs**			235.82	330.34	427.26	562.76	644.50
Less: Incremental Working Capital	**INR lacs**			3,554.43	760.64	1,004.04	1,391.97	347.99
Less: Capital Expenditure	**INR lacs**			-	-	-	-	238.16
Free cash flow to Firm	**INR lacs**			**(2,414.63)**	**656.88**	**701.08**	**710.74**	**1,568.09**
Discounting factor	**%**		12%	94.70%	84.92%	76.15%	68.28%	
Net Present Value (NPV) of future cash flows	**INR lacs**			(2,286.56)	557.80	533.86	485.33	
Sum of Net Present Value (NPV) during explicit period	**INR lacs**	**A**	**(709.57)**					
Terminal Value Calculation								
Perpetuity Growth rate	**%**		5%					
Terminal Value	**INR lacs**		24,066.36					
PV Factor	**%**		68.28%					
Prrsent Value (PV) of Terminal Value	**INR Lacs**	**B**	**16,433.66**					
Enterprise Valuation of Company	**INR Lacs**	**C = A + B**	**15,724.09**					
Add:Cash and cash equivalents	**INR lacs**	**D**	58.21					
Less: Debt & Debt like payables	**INR lacs**	**F**	3,392.67					
Equity Share Valuation of Company	**INR lacs**	**H = C+D+E-F+G**	**12,389.63**					
Add : Stub period adjustment	**INR lacs**	**I=G+H**	-					
Adjusted equity share Valuation of the Company	**INR lacs**	**J=H+I**	**12,389.63**					
Adjusted equity share Valuation of the Company	**INR**	**K**	**1,23,89,62,899**					
Number of equity shares as on the valuation date	**Number**		98,15,900					
Adjuted equity value per share	**INR per share**		**126.22**					

PAYAL GADA
IBBI/RV/06/2019/11170
REGISTERED VALUERS

Annexure V – Computation of fair value of the Automotive/Tractor/Engineering Components Business Undertaking of PIL using the Net Asset Value Method ("Asset Approach")

Computation of fair value of Automotive components business undertaking of PIL using the Net Asset Value ("NAV") Method			
Particulars	**Unit**	**Reference**	**Value**
Total Assets as on 31st March, 2021	INR lacs	A	9,646.55
Total Liabilities as on 31st March, 2021	INR lacs	B	8,974.50
NAV as on 31st March, 2021	INR lacs	C=A+B	672.05
NAV as on 31st March, 2021	INR		6,72,04,635
Number of equity shares as on 31st March, 2021	Number	D	98,15,900
Equity Value as on March 31, 2021	**INR per share**	**E=C/D**	**6.85**

Annexure VI – Computation of fair value of PAIL using the Net Asset Value Method ("Asset Approach")

Computation of fair value of PAIL using the Net Asset Value ("NAV") Method			
Particulars	**Unit**	**Reference**	**Value**
Total Assets as on 31st March, 2021	INR lacs	A	27998.79
Total Liabilities as on 31st March, 2021	INR lacs	B	15228.23
NAV as on 31st March, 2021	INR lacs	C=A+B	12770.56
NAV as on 31st March, 2021	INR		1,27,70,56,000
Number of equity shares as on 31st March, 2021	Number	D	8,86,72,500
Equity Value as on March 31, 2021	**INR per share**	**E=C/D**	**14.40**

PAYAL GADA
IBBI/RV/06/2019/11170
REGISTERED VALUERS

August 14, 2021

The Board of Directors
Pritika Auto Industries Limited
Plot No. C-94, Phase-VII Industrial Focal Point,
S.A.S. Nagar, Mohali 160055
Punjab

Dear Members of the Board,

Sub: Fairness opinion on the Share Entitlement Ratio for the proposed Scheme of Arrangement (herein after referred to as "Scheme") for demerger and vesting of the ""**Automotive/Tractor/Engineering Components** ***Business Undertaking" of Pritika Industries Limited ("PIL" or "Demerged Company") as a going concern to Pritika Auto Industries Limited ("PAIL" or "Resulting Company") in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") read together with the SEBI Circular No. CFD/DIL3/CIR/2017/21 dated 10 March 2017 and SEBI Circular No. CFD/DIL3/CIR/2018/2 dated 3 January 2018 read with Master circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22nd December, 2020***

Ref.: Our Engagement Letter dated August 07, 2021.

We understand that the Board of Pritika Industries Limited (**"PIL"** or **"Demerged Company"**) is considering demerger their '"Automotive/Tractor/Engineering Components Business Undertaking' as a going concern to Pritika Auto Industries Limited (**"PAIL"** or **"Resulting Company"**), collectively referred to as the **"Companies"**, through a Scheme of Arrangement (hereinafter referred to as the "**Scheme**") pursuant to Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

In this context, the Companies has appointed Payal Gada, FCA as the "**Registered Valuer**" to recommend the share entitlement ratio ("**Share Entitlement Ratio**") for the proposed demerger, as required under the Companies Act, 2013.

Systematix Corporate Services Limited ("**Systematix**"), a SEBI registered Category I Merchant Banker having permanent Registration Number INM000004224 and also empanelled as independent valuer at BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**"), has been appointed by the Board of Directors of PAIL to provide "Fairness Opinion" pursuant to Regulations 11, 37 and 94 of the Listing Regulations read with SEBI Circular CFD/DIL3/CIR/2017/21 dated March 10, 2017 and SEBI Circular No. CFD/DIL3/CIR/2018/2 dated January 03, 2018 read with Master circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22nd December, 2020 as amended from time to time (both are jointly referred to as the "**SEBI Circulars**").

Our opinion is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such the opinion is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

Systematix Corporate Services Limited

I. SOURCES OF INFORMATION

The sources of information, which have been furnished to us by the Companies, are as follows:

- Discussion (including oral), on Valuation Report dated 14th August, 2021 issued by the Registered Valuer containing the valuation of equity shares of PIL and valuation of equity shares of PAIL and Share Entitlement Ratio for the proposed Scheme of Arrangement;
- Draft Scheme of Arrangement between Demerged Company and Resulting Company;
- Audited financial statements of PIL for the year ended 31st March, 2021, 31st March 2020 and 31st March, 2019.
- Audited financial statements of PAIL for the year ended 31st March, 2021, 31st March 2020 and 31st March, 2019
- Details of share capital of PIL and PAIL as on the Valuation Date
- Details of "Automotive/Tractor/Engineering Components Business Undertaking of PIL.
- Discussions with the Management regarding the business operations of the "Automotive/Tractor/Engineering Components Business Undertaking of PIL and PAIL.

II. SCOPE, LIMITATIONS, ASSUMPTIONS, EXCLUSIONS AND DISCLAIMERS

Our Opinion and analysis is limited to the extent of review of the documents as provided to us and described above.

We have relied upon the accuracy and completeness of all information and documents provided to us, without carrying out any due diligence or independent verification or validation of such information to establish its accuracy or sufficiency. We have not reviewed any financial forecasts relating to the Demerged Company and the Resulting Company. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the Demerged Company and the Resulting Company. In particular, we do not express any opinion as to the value of any asset of the Demerged Company and the Resulting Company, whether at current prices or in the future.

We do not express any opinion as to the price at which shares of the Resulting Company may trade at any time, including subsequent to the date of this opinion. In rendering our opinion, we have assumed, that the Scheme of Arrangement will be implemented on the terms described therein, without any waiver or modification of any material terms or conditions, and that in the course of obtaining the necessary regulatory or third party approvals for the Scheme of Arrangement, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on the Demerged Company and the Resulting Company and their respective shareholders.

We do not express any opinion as to any tax or other consequences that might arise from the Scheme on the Demerged Company and the Resulting Company and their respective shareholders, nor does our opinion address any legal, tax, regulatory or accounting matters, as to which we understand that the Companies have obtained such advice as it deemed necessary from qualified professionals.

Systematix Corporate Services Limited

We assume no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof. Our opinion is specific to the Arrangement as contemplated in the Scheme provided to us and is not valid for any other purpose.

We may currently or in the future provide, investment banking services to the Resultant Company and/or its subsidiaries or their respective affiliates that are unrelated to the proposed Scheme, for which may receive customary fees. In addition, in the ordinary course of their respective businesses, affiliates of Systematix may actively trade in the securities of the Resultant Company on behalf of their customers and, accordingly, may at any time hold a position in such securities. Our engagement and the opinion expressed herein are for the use of the Board of Directors of the Demerged Company and the Resulting Company in connection with the consideration of the Scheme of Arrangement and for none other. Neither Systematix, nor its affiliates, partners, directors, shareholders, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the information and documents provided to us, based on which the opinion has been issued. All such parties and entities expressly disclaim any and all liability for, or based on or relating to any such information contained therein.

Our opinion is not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with the Scheme or any matter related thereto.

This report may be submitted to the Stock Exchange(s), SEBI, the National Company Law Tribunal (NCLT) and such other statutory and regulatory authorities from whom approval is required under applicable law. The report may also be disclosed on the websites of the Demerged Company and the Resulting Company and made available to the respective shareholders and creditors in connection with the approval process for the Scheme.

The fee for this engagement is not contingent upon the results of this report.

III. BACKGROUND OF THE COMPANIES

A. THE DEMERGED COMPANY ("PIL")

PIL (the "Demerged Company") was incorporated on 1st July, 1997 under the Companies Act, 1956 (No.1 of 1956) as "Pritika Industries Private Limited" and received the 'Certificate of Incorporation' bearing number 55-88273 of 1997-98 from the Registrar of Companies ("ROC"), NCT of Delhi & Haryana.

The name of the Company was changed from Pritika Industries Private Limited to Pritika Industries Limited and obtained a fresh certificate of incorporation consequent upon change of name on conversion to Public Limited Company dated 12th June, 2012 from the Registrar of Companies, National Capital Territory of Delhi and Haryana.

The CIN of the Company is U85100PB1997PLC038216.

PIL has 2 divisions, namely the Automotive/Tractor/Engineering Components Business Undertaking and the Healthcare and investment business undertaking ("HI undertaking").

PIL has 2 divisions namely the Automotive Components Business Undertaking and the Healthcare and Investment Business Undertaking. Automotive Components Business Undertaking is into the business of manufacturing of tractors and automobile parts and the other undertaking is into the business of Healthcare including OPD services, diagnostic labs and Investments.

Systematix Corporate Services Limited

The Equity Shares of the PIL are not listed on any Stock Exchange.

B. THE RESULTING COMPANY ("PAIL")

PAIL is a Public Limited Company, listed on the BSE Limited **("BSE")**, National Stock Exchange of India Limited **("NSE")** and the Calcutta Stock Exchange India Limited **("CSE")**, BSE, NSE and CSE are jointly referred to as the **"Stock Exchange"**. PAIL was incorporated on April 11, 1980 under the Companies Act, 1956 in State of Maharashtra. Later, the Registered Office of PAIL was shifted from the State of Maharashtra to the State of Punjab. The CIN of PAIL is L45208PB1980PLC046738. PAIL is engaged in the business of manufacturing, buying, selling, assembling all types of metals, alloys, castings, automobile parts, tractor parts, and accessories including zigs and fixtures, bolts and nuts, or component's part thereof..

IV. RECOMMENATIONS OF THE VALUERS

REGISTERED VALUER'S RECOMMENDATION

As stated above, we have reviewed a copy of the Valuation Report dated 14th August, 2021from the Registered Valuer addressed to the Board of Directors of the Resulting Company and Demerged Company proposing the following Share Entitlement Ratio:

*"63(Sixty-three) equity shares of PAIL ("Resulting Company") of INR 2/- each fully paid up be issued to equity shareholders of PIL ("Demerged Company"), in addition to, not substitution of, for every 10(ten) equity shares of INR 10/- each fully paid of PIL ("Demerged Company") as consideration for Demerger." (the "**Share Entitlement Ratio**")*

V. OUR COMMENT ON PROPOSED SHARE ENTITLEMENT RATIO

Our fairness opinion has been prepared based on the Valuation Report provided by the Registered Valuer and our exercise of the various qualitative factors relevant to PIL and PAIL, having regard to information base, Management representations, key underlying assumptions and limitations.

On consideration of all the relevant factors and circumstances, we believe that the Share Entitlement Ratio determined by the Registered Valuer is fair including from a financial stand point.

Thanking you.

For Systematix Corporate Services Limited
(SEBI Registration No. INM000004224)

Systematix Corporate Services

Amit Kumar, SVP
Authorised Signatory

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Corporate Identity Number: L67120MH2005PLC155188

EXPERIENCE THE NEW

DCS/AMAL/PB/R37/2192/2020-21 **"E-Letter"** **January 14 ,2022**

The Company Secretary,
Pritika Auto Industries Limited
Plot No. C-94, Phase-VII Industrial Focal Point,
S.A.S. Nagar Mohali, Mohali , Punjab, 160055

Dear Sir,

Sub: Observation letter regarding the Scheme of Arrangement between Pritika Industries Limited and Pritika Auto Industries Limited and their respective shareholders and creditors.

We are in receipt of the Draft Scheme of Arrangement of Pritika Auto Industries Limited as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017; SEBI vide its letter dated January 14, 2022 has inter alia given the following comment(s) on the draft scheme of Arrangement:

- **"Company shall ensure that additional information and undertakings, if any, submitted by the Company, after filing the scheme with the stock exchange, and from the date of receipt of this letter is displayed on the websites of the listed company and the stock exchanges."**

- **"Company shall duly comply with various provisions of the Circular"**

- **"Company shall ensure that it discloses 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."**

- **"Company is advised that the 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."**

- **"Company shall ensure that the financials in the scheme including financials considered for valuation report are not for period more than 6 months old as on date of the filing of the scheme with Hon'ble NCLT."**

- **"Company is advised that the entire "Scheme" details along with the details of financials shall be prominently disclosed in the notice sent to the Shareholders".**

- **"Company is advised that new equity shares proposed to be issued as part of the "Scheme" shall mandatorily be in demat form only".**

- **"Company is advised that the observations of SEBI/Stock exchange(s) shall be incorporated in the petition to be filed before Hon'ble National Company Law Tribunal (`NCLT') and the company is obliged to bring the observations to the notice of Hon'ble NCLT."**

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

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.

- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT.

Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted company involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be six months from the date of this Letter, within which the scheme shall be submitted to the NCLT.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Further, it may be noted that with reference to Section 230 (5) of the Companies Act, 2013 (Act), read with Rule 8 of Companies (Compromises, Arrangements and Amalgamations) Rules 2016 (Company Rules) and Section 66 of the Act read with Rule 3 of the Company Rules wherein pursuant to an Order passed by the Hon'ble National Company Law Tribunal, a Notice of the proposed scheme of compromise or arrangement filed under sections 230-232 or Section 66 of the Companies Act 2013 as the case may be **is required to be served upon the Exchange seeking representations or objections if any.**

In this regard, with a view to have a better transparency in processing the aforesaid notices served upon the Exchange, the Exchange has **already introduced an online system of serving such Notice along with the relevant documents of the proposed schemes through the BSE Listing Centre.**

Any service of notice under Section 230 (5) or Section 66 of the Companies Act 2013 seeking Exchange's representations or objections if any, **would be accepted and processed through the Listing Centre only and no physical filings would be accepted.** You may please refer to circular dated February 26, 2019 issued to the company.

Yours faithfully,

Sd/-

Prasad Bhide
Manager

Ref: NSE/LIST/27734 January 14, 2022

The Company Secretary
Pritika Auto Industries Limited
Plot No. C-94, Phase-VII
Industrial Focal Point,
S.A.S. Nagar, Mohali - 160055

Kind Attn.: Mr. C. B Gupta

Dear Sir,

Sub: Observation Letter for draft Scheme of Arrangement (hereinafter referred to as "Scheme") between Pritika Auto Industries Limited ("PAIL") & Pritika Industries Limited ("PIL") and their respective shareholders and creditors.

We are in receipt of draft Scheme of Arrangement (hereinafter referred to as "Scheme") between Pritika Auto Industries Limited ("PAIL") & Pritika Industries Limited ("PIL") and their respective shareholders and creditors vide application dated September 27, 2021

Based on our letter reference no. NSE/LIST/ 28471 submitted to SEBI and pursuant to SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ("Circular"), kindly find following comments on the draft scheme:

a. *Company shall ensure that 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 shall be disclosed.*

b. *Company shall ensure that additional information, if any, submitted by the Company, after filing the Scheme with the Stock Exchanges, and 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 said Circular.*

d. *The Company should ensure that the 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. *The 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. *The Company shall ensure that the details of the proposed scheme under consideration shall be prominently disclosed in the notice sent to the shareholders.*

g. *The Company shall ensure that the proposed equity shares to be issued in terms of the "Scheme" shall be mandatorily be held in demat mode only.*

This Document is Digitally Signed

Signer: Harshad P Dharod
Date: Fri, Jan 14, 2022 18:10:49 IST
Location: NSE

h. *Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT.*

i. *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(s). Hence, the company is not required to send notice for representation as mandated under Section 230(5) of Companies Act, 2013 to SEBI again for its comments/ observations/ representations.*

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 Companies Act, 2013 to National Stock Exchange of India Limited again for its comments/observations/representations.

Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the Circular.

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of Regulation 11 of SEBI (LODR) Regulations, 2015, we hereby convey our “No objection” in terms of Regulation 94 of SEBI (LODR) Regulations, 2015, so as to enable the Company to file the draft scheme with NCLT.

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Regulations, Guidelines/ Regulations issued by statutory authorities.

The validity of this “Observation Letter” shall be six months from January 14, 2022 within which the scheme shall be submitted to NCLT.

The Company shall ensure filing of compliance status report stating the compliance with each point of Observation Letter on draft scheme of arrangement on the following path: NEAPS > Issue > Scheme of arrangement > Reg 37(1) of SEBI LODR, 2015> Seeking Observation letter to Compliance Status.

Yours faithfully,
For National Stock Exchange of India Limited

Harshad Dharod
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL: https://www.nseindia.com/companies-listing/raising-capital-further-issues-main-sme-checklist

This Document is Digitally Signed

Signer: Harshad P Dharod
Date: Fri, Jan 14, 2022 18:10:49 IST
Location: NSE

PRITIKA AUTO INDUSTRIES LTD.
Regd. Office : Plot No. C-94, Phase VII, Industrial Focal Point, S.A.S. Nagar, Mohali, Punjab-160 055
CIN : L45208PB1980PLC046738 Phone No. : 0172-5008900, 5008901
E-mail : info@pritikaautoindustries.com, compliance@pritikaautoindustries.com
Website : www.pritikaautoindustries.com

8th November, 2021

To,

BSE Limited
Corporate Relationship Department
P J Towers, 1st Floor,
Dalal Street, Fort,
Mumbai-400 001

Scrip Code: 539359

Reg:- Filing of complaints Report Under SEBI Circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020 ["SEBI Master Circular"]

Kind Attn:- Mr. Prasad Bhide

Dear Sir,

Sub: Application under Regulation 37 of the SEBI (Listing Obligations and disclosure Requirements) Regulations, 2015 for the proposed Scheme of Arrangement between Pritika Industries Limited (PIL) (Demerged Company) and Pritika Auto Industries Limited (PAIL) (the Resulting Company).

Further to our application under Regulation 37 of the SEBI (LODR) Regulations 2015 for the proposed Scheme of Arrangement between Pritika Industries Limited (Demerged company) and Pritika Auto Industries Limited (Resulting company) Please find enclosed the Complaints Report for the period from 15th October, 2021 to 7th November, 2021 as Annexure I

We have also uploaded the Complaints Report on our website.

We request you to take the above on record and oblige.

We request you to provide necessary "No Objection" at the earliest so as to enable us to file the Scheme of Arrangement with the National Company Law Tribunal (NCLT).

If you require any further clarifications/ information, please inform us.

Thanking you,

For Pritika Auto Industries Limited

Pritika Auto Industries Ltd.

C. B. Gupta
Company Secretary and Compliance Officer
Encl: - As above.

PRITIKA AUTO INDUSTRIES LTD.
Regd. Office : Plot No. C-94, Phase VII, Industrial Focal Point, S.A.S. Nagar, Mohali, Punjab-160 055
CIN : L45208PB1980PLC046738 Phone No. : 0172-5008900, 5008901
E-mail : info@pritikaautoindustries.com, compliance@pritikaautoindustries.com
Website : www.pritikaautoindustries.com

Annexure I

COMPLAINTS REPORT

Company Name : Pritika Auto Industries Limited

Date of Complaint Report: 08.11.2021

Details of Complaints, if any received from 15th October, 2021 to 7th November, 2021 for the proposed Scheme of Arrangement between Pritika Industries Limited and Pritika Auto Industries Limited.

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	0
2.	Number of complaints forwarded by Stock Exchanges/ SEBI	0
3.	Total Number of complaints/comments received (1+2)	0
4.	Number of complaints resolved	N. A.
5.	Number of complaints pending	N. A.

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.	N.A.	N.A.	N.A.

For Pritika Auto Industries Limited

C. B. Gupta
Company Secretary and Compliance Officer
Dated: 8th November, 2021

Pritika Auto Industries Ltd.

PRITIKA AUTO INDUSTRIES LTD.

Regd. Office : Plot No. C-94, Phase VII, Industrial Focal Point, S.A.S. Nagar, Mohali, Punjab-160 055
CIN : L45208PB1980PLC046738 Phone No. : 0172-5008900, 5008901
E-mail : info@pritikaautoindustries.com, compliance@pritikaautoindustries.com
Website : www.pritikaautoindustries.com

15th November, 2021

To,

National Stock Exchange of India Ltd
Exchange Plaza,
C-1, Block G, Bandra Kurla Complex,
Bandra (East)
Mumbai - 400051

Symbol: PRITIKAUTO

Reg:- Filing of complaints Report Under SEBI Circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020 ["SEBI Master Circular"]

Dear Sir,

Sub: Application under Regulation 37 of the SEBI (Listing Obligations and disclosure Requirements) Regulations, 2015 for the proposed Scheme of Arrangement between Pritika Industries Limited (PIL) (Demerged Company) and Pritika Auto Industries Limited (PAIL) (the Resulting Company).

Further to our application under Regulation 37 of the SEBI (LODR) Regulations 2015 for the proposed Scheme of Arrangement between Pritika Industries Limited (Demerged company) and Pritika Auto Industries Limited (Resulting company) Please find enclosed the Complaints Report for the period from 21st October, 2021 to 14th November, 2021 as Annexure I

We have also uploaded the Complaints Report on our website.

We request you to take the above on record and oblige.

We request you to provide necessary "No Objection" at the earliest so as to enable us to file the Scheme of Arrangement with the National Company Law Tribunal (NCLT).

If you require any further clarifications/ information, please inform us.

Thanking you,

For Pritika Auto Industries Limited

C. B. Gupta
Company Secretary and Compliance Officer
Encl: - As above.

Pritika Auto Industries Ltd.

PRITIKA AUTO INDUSTRIES LTD.

Regd. Office : Plot No. C-94, Phase VII, Industrial Focal Point, S.A.S. Nagar, Mohali, Punjab-160 055
CIN : L45208PB1980PLC046738 Phone No. : 0172-5008900, 5008901
E-mail : info@pritikaautoindustries.com, compliance@pritikaautoindustries.com
Website : www.pritikaautoindustries.com

Annexure I

COMPLAINTS REPORT

Company Name : **Pritika Auto Industries Limited**

Date of Complaint Report: 15.11.2021

Details of Complaints, if any received from 21st October, 2021 to 14th November, 2021 for the proposed Scheme of Arrangement between Pritika Industries Limited and Pritika Auto Industries Limited.

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	0
2.	Number of complaints forwarded by Stock Exchanges/ SEBI	0
3.	Total Number of complaints/comments received (1+2)	0
4.	Number of complaints resolved	N. A.
5.	Number of complaints pending	N. A.

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.	N.A.	N.A.	N.A.

For Pritika Auto Industries Limited

C. B. Gupta
Company Secretary and Compliance Officer
Dated: 15th November, 2021

Pritika Auto Industries Ltd.

Annexure – 8

Summary of the Valuation report along with the basis of such valuation

I. The management of Pritika Industries Limited (the Demerged Company) and Pritika Auto Industries Limited (the Resulting Company) have appointed PayalGada& Co, Chartered Accountants and Registered Valuer, Mumbai as independent valuer to recommend a fair ratio of allotment of equity shares of Resulting Company to the Equity Shareholders of Demerged Company of the proposed Scheme of Arrangement.

II. For the purpose of arriving at the share entitlement ratio, the valuation report was obtained in terms of the SEBI Circular No. circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/215 dated 3rd November, 2020 read with Master circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22nd December, 2020

III. The valuer has considered

(a) the value based on fair value of equity shares of PIL attributable to the Automotive / Tractor/ Engineering Components Business Undertaking of PIL.

(b) value based on fair value per equity share of PAIL.

IV. The valuer has also considered Market Price method (Market approach), Comparable Companies' Multiples method / Guideline Company method (Income / Market approach) Net Asset Value method (Asset approach), Discounted Cash Flow Method by assigning appropriate weights.

V. On consideration of all the relevant factors and circumstances, the valuer has recommended a ratio of 63 (sixty-three) equity share of PAIL of INR 2/- each fully paid up for, not in exchange of, every 10 (ten) equity shares of PIL of INR 10/- each fully paid up and has been approved by the Audit Committee of Demerged Company and the Resulting Company.

VI. The Fairness opinion dated 14thAugust, 2021 was issued by Systematix Corporate Services Limited, a SEBI registered Merchant Banker, explaining the rationale for their opinion as to the fairness of the share entitlement ratio from a financial point of view.

VII. The above share entitlement ratio has been arrived at on the basis of a relative valuation for the Demerged Undertaking and for each of the Companies based on the various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of the Companies, having regards to information base, key underlying assumptions and limitations.

Annexure - 9

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF PRITIKA AUTO INDUSTRIES LIMITED AT ITS MEETING HELD ON SATURDAY THE 14THDAY OFAUGUST, 2021 EXPLAINING THE EFFECT OF SCHEME ON EQUITY SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDER

1. The proposed Scheme of arrangement is between Pritika Industries Limited (PIL) the Demerged company and Pritika Auto Industries Limited (PAIL) the Resulting company for de-merger and vesting of the "Automotive/Tractor/Engineering Components Business Undertaking"of Pritika Industries Limited into Pritika Auto Industries Limited with special reference to the feasibility of conveniently combining theAutomotive/Tractor/Engineering Components Business Undertaking of Pritika Industries Limited into Pritika Auto Industries Limited and other synergic, administrative, operational and monetary advantages derived upon such combination.

   The Board of Directors concluded that the Automotive/Tractor/Engineering Components Business Undertaking of PritikaIndustries Limited can be conveniently combined with the business of Pritika Auto Industries Limited to the greater advantage of the shareholders, creditors and other concerned persons.

   The Scheme of arrangement was approved by the Board of Directors of PAIL vide resolution dated 14thday of August, 2021.

2. As per Section 232(2)(c) of the Companies Act, 2013 a report is required to be adopted by the Directors explaining the effect of Scheme of arrangement on each class of shareholders, key managerial personnel (KMPs), promoters and non-promoters' shareholders of the Company laying out in particular the share exchange ratio specifying any special valuation difficulties ('Report')

3. Having regard to the applicability of the aforesaid provisions, the Scheme and the following documents are placed before the Board.

A Draft Scheme duly initialed by the Director for the purpose of identification.

B Valuation Report dated 14thday of August, 2021issued by M/s. PayalGada (''the Register Valuer''), Chartered Accountants (Valuation Report'').

C Fairness Opinion dated 14thday of August, 2021 issued by Systematix Corporate Services Limited.

D Summary of the Valuation report along with the basis of such valuation.

E Certificate dated 14th day of August, 2021 issued by M/s. Sunil Kumar Gupta& CoChartered Accountants the statutory auditors of the company as required under section 232(3) of the Companies Act, 2013 certifying that the accounting treatment in the draft scheme is in accordance with the accounting standards and applicable law.

F A copy of the audit committee report dated 14th August, 2021 in terms of requirements of SEBI Circular No. circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/215 dated 3rd November, 2020 read with Master circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22nd December, 2020 issued by Securities and Exchange Board of India (SEBI)

4. Rationale of the Scheme

The Demerged Company is engaged in various businesses and owns the following two business undertakings.

- Automotive/Tractor/Engineering Components Business undertaking
- Healthcare and investment business undertaking.

The Demerged company would demerge Automotive/Tractor/Engineering Components Business undertaking (hereinafter referred to as "Demerged Undertaking") to the Resulting company and it would continue to run and operate the healthcare and investment business undertaking (hereinafter referred to as the "Remaining Business / Retained Undertaking"). The underlying business rationale and objectives are as follows.

a) With the complete integration of the Demerged Undertaking with Resulting Company, the manufacturing and machining capacity of the Resulting Company will stand enhanced. Since, PIL fulfils its raw material supply (i.e., Raw Castings) needs from PAIL, the Demerger would eliminate the inter dependence and shall be a forward integration of manufacturing and machining activities of PAIL which in turn add to efficiency, economy in operations and ultimately add to shareholders wealth.

b) PIL and PAIL are in the same line of business and cater the needs of same customers (i.e. OEMs). The Scheme of Arrangement would consolidate and synchronize the business structure and eliminate the unnecessary competition and conflict of interest within the group which will create transparency and confidence with the investors and the market.

c) The Demerged Company currently has business interest in diverse businesses such as Manufacturing, Healthcare and Investment & Financing activities and other allied activities. With a view to achieve greater management focus in other business activities, Demerged Company proposes to demerge its business interest in the Demerged Undertaking and vest the same in the Resulting Company.

d) The consolidation of operations of the Manufacturing Business of Demerged Company and the Resulting Company by merging the Demerged Undertaking into Resulting Company, will lead to a more efficient utilisation of capital, administrative and operational rationalization and promote organisational efficiencies. It will help achieve cost efficiency that will enhance the financial efficiencies and help achieve economies of scale, reduction in overheads and improvement in various other operating parameters.

e) The Demerged undertaking and remaining undertaking have their own set of strengths and dynamics in the form of nature of risks, competition, challenges, opportunities and business methods leading to different growth potentials. Hence segregation of the two undertakings would enable a focused management to explore the potential business opportunities effectively and efficiently.

f) The demerger would result in achieving efficiency in operational process by designing and implementing independent strategies specifically designed for the two businesses and in optimising profitability. This would in turn enhance the shareholders wealth.

g) Targeting and attracting new investors with specific focus and expertise in the two businesses thereby providing the necessary funding impetus to the long-term growth strategy of the two businesses.

h) Integration would result in maximising overall shareholder value, improvising the competitive position and enabling to unlock the economic value of both the entities.

i) Improved organisational capability and leadership, arising from the pooling of human capital who have the diverse skills, talent and vast experience to compete successfully in an increasingly competitive industry.

j) Cost savings are expected to flow from more focused operational efforts, rationalization, standardisation and simplification of business processes, and the elimination of duplication, and rationalization of administrative expenses.

In view of the aforesaid, the Board of Directors of the Demerged Company and the Resulting Company have considered it desirable and expedient to demerge the Demerged Undertaking of the Demerged Company and vest the same with the Resulting Company, in order to benefit the stakeholders of both the companies.

Accordingly, the Board of Directors of the Demerged Company and the Resulting Company have formulated this Scheme of Arrangement for the transfer and vesting of the Demerged Undertaking with and into the Resulting Company pursuant to the provisions of Section 230 to Section 232 and other relevant provisions of the Act.

5. Effect of the Scheme on Stakeholders

Sr. No.	Category of Stakeholder	Effect of the Scheme
(i)	Shareholders	The Company has only Equity Shareholders and does not have any preference shareholders. Upon this scheme coming into effect, in consideration of the transfer of the Demerged Undertaking by the Demerged Company to the Resulting Company, in terms of this scheme, the Resulting Company shall, without any further act or deed, issue and allot to every member of the Demerged Company holding fully paid up equity

		shares in the Demerged Company and whose names appear in the Register of Members of the Demerged Company on the record date in respect of every 10 (Ten) Equity Shares of the face value of Rs. 10/- (Rupees Ten) each fully paid up held by him / her / it in the Demerged Company, 63 (Sixty-Three) new Equity shares of the Resulting Company of the face value of Rs.2/- (Rupees Two) each fully paid up.
(ii)	Promoters	Promotersareholding4,26,74,155 Equity shares (48.13%); hence as mentioned in point (i) above, 6,18,19,504 new Equity shares will be issued to the shareholders of the Demerged company who are promoters of the Company and the promoters shareholding will go upto10,44,93,659 Equity Shares (69.43%).
(iii)	Non- Promoter Shareholders	Please refer to point (i) above the details regarding effect on shareholder.
(iv)	Key Managerial Personnel and Directors	Under part II point 8 of the Scheme, on and from the Effective Date, PAIL undertakes to engage the Employees of PIL, engaged in or in relation to the Demerged Undertaking, on the same terms and conditions on which they are engaged by PIL without any interruption of service and in the manner provided under part II point 8 of the Scheme. Under the Scheme, no right of the Employees of PIL of the remaining undertaking is being affected. The services of the Employees of PIL of the remaining undertaking, under the scheme, shall continue on the same terms and conditions on which they were engaged by PIL. There is no effect of the Scheme on the key managerial personnel and/or the Directors of PAIL. Further no change in the Board of Directors of the company is envisaged on account of the Scheme. The Key managerial Personnel of the Company (KMP's) and Directors shall continue as Key Managerial Personnel

		and Directors of the Company after effectiveness of the Scheme. The KMP's and Directors are shareholders of the Demerged Company hence; they will get shares of the Resulting company in the same ratio as mentioned in point no.(i) above
(v)	Creditors / Public Depositors / Debenture holders	There is no effect on Creditors of the Company. There are no Public Depositors and Debenture holders in the Company and hence there is no effect on the same.

7 <u>Valuation</u>

I. For the purpose of arriving at the share entitlement ratio, the valuation report was obtained in terms of the SEBI Circular No. circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/215 dated 3rd November, 2020 read with Master circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22nd December, 2020.

II. The valuer has considered

a. the value based on fair value of equity shares of PIL attributable to the Automotive / Tractor/ Engineering Components Business Undertaking of PIL.

b. value based on fair value per equity share of PAIL.

III. The valuer has also considered Market Price method (Market approach), Comparable Companies' Multiples method / Guideline Company method (Income / Market approach) Net Asset Value method (Asset approach), Discounted Cash Flow Method by assigning appropriate weights.

IV. On consideration of all the relevant factors and circumstances, the valuer has recommended a ratio of 63 (sixty-three) equity share of PAIL of INR 2/- each fully paid up for, not in exchange of, every 10 (ten) equity shares of PIL of INR 10/- each fully paid up and has been approved by the Audit Committee of Demerged Company and the Resulting Company.

V. The Fairness opinion dated 14thAugust, 2021 was issued by Systematix Corporate Services Limited, a SEBI registered Merchant Banker, explaining the rationale for their opinion as to the fairness of the share entitlement ratio from a financial point of view.

VI. The above share entitlement ratio has been arrived at on the basis of a relative valuation for the Demerged Undertaking and for each of the Companies based on the various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of the Companies, having regards to information base, key underlying assumptions and limitations.

8 **Valuation difficulties.**

No special valuation difficulties were reported

9 **Adoption of Report by the Directors**

The Directors of the Company have adopted this report after noting and considering information set forth in this report. The Board or any duly authorised committee by the Board is entitled to make relevant modification to this report, if required and such modifications or amendments shall be deemed to form part of this report

By Order of the Board
For Pritika Auto Industries Limited

Sd/-
Harpreet Singh Nibber
Managing Director
DIN: -00239042
Dated 14th August, 2021

Annexure - 10

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF PRITIKA INDUSTRIESLIMITED AT ITS MEETING HELD ON SATURDAYTHE14THDAY OF AUGUST, 2021 EXPLAINING THE EFFECT OF SCHEME ON EQUITY SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDER

1. The proposed Scheme of arrangement is between Pritika Industries Limited (PIL) the Demerged company and Pritika Auto Industries Limited (PAIL) the Resulting company for de-merger and vesting of the "Automotive/Tractor/Engineering Components Business Undertaking" of Pritika Industries Limited into Pritika Auto Industries Limited with special reference to the feasibility of conveniently combining the Automotive/Tractor/Engineering Components Business Undertaking of Pritika Industries Limited into Pritika Auto Industries Limited and other synergic, administrative, operational and monetary advantages derived upon such combination.

   The Board of Directors concluded that the Automotive/Tractor/Engineering Components Business Undertaking of Pritika Industries Limited can be conveniently combined with the business of Pritika Auto Industries Limited to the greater advantage of the shareholders, creditors and other concerned persons.

   The Scheme of arrangement was approved by the Board of Directors of PIL vide resolution dated 14thday of August, 2021.

2. As per Section 232(2)(c) of the Companies Act, 2013 a report is required to be adopted by the Directors explaining the effect of Scheme of arrangement on each class of shareholders, key managerial personnel (KMPs), promoters and non-promoters' shareholders of the Company laying out in particular the share exchange ratio specifying any special valuation difficulties ('Report')

3. Having regard to the applicability of the aforesaid provisions, the Scheme and the following documents are placed before the Board.

A. Draft Scheme duly initialed by the Director for the purpose of identification.

B. Valuation Report dated 14th day of August, 2021 issued by M/s. PayalGada (''the Register Valuer''), Chartered Accountants (Valuation Report'').

C. Fairness Opinion dated 14th day of August, 2021 issued by Systematix Corporate Services Limited.

D. Summary of the Valuation report along with the basis of such valuation.

E. Certificate dated 14th day of August, 2021 issued by M/s. A K Sood&Associates,Chartered Accountants the statutory auditors of the company as required under section 232(3) of the

Companies Act, 2013 certifying that the accounting treatment in the draft scheme is in accordance with the accounting standards and applicable law.

F. A copy of the audit committee report dated 14th August, 2021 in terms of requirements of SEBI Circular No. circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/215 dated 3rd November, 2020 read with Master circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22nd December, 2020 issued by Securities and Exchange Board of India (SEBI)

4. Rationale of the Scheme

The Demerged Company is engaged in various businesses and owns the following two business undertakings.

- Automotive/Tractor/Engineering Components Business undertaking
- Healthcare and investment business undertaking.

The Demerged company would demerge Automotive/Tractor/Engineering Components Business undertaking (hereinafter referred to as "Demerged Undertaking") to the Resulting company and it would continue to run and operate the healthcare and investment business undertaking (hereinafter referred to as the "Remaining Business / Retained Undertaking"). The underlying business rationale and objectives are as follows.

a) With the complete integration of the Demerged Undertaking with Resulting Company, the manufacturing and machining capacity of the Resulting Company will stand enhanced. Since, PIL fulfils its raw material supply (i.e., Raw Castings) needs from PAIL, the Demerger would eliminate the inter dependence and shall be a forward integration of manufacturing and machining activities of PAIL which in turn add to efficiency, economy in operations and ultimately add to shareholders wealth.

b) PIL and PAIL are in the same line of business and cater the needs of same customers (i.e. OEMs). The Scheme of Arrangement would consolidate and synchronize the business structure and eliminate the unnecessary competition and conflict of interest within the group which will create transparency and confidence with the investors and the market.

c) The Demerged Company currently has business interest in diverse businesses such as Manufacturing, Healthcare and Investment & Financing activities and other allied activities. With a view to achieve greater management focus in other business activities, Demerged Company proposes to demerge its business interest in the Demerged Undertaking and vest the same in the Resulting Company.

d) The consolidation of operations of the Manufacturing Business of Demerged Company and the Resulting Company by merging the Demerged Undertaking into Resulting Company, will lead to a more efficient utilisation of capital, administrative and operational rationalization and promote organisational efficiencies. It will help achieve cost efficiency that will enhance the financial efficiencies and help achieve economies of scale, reduction in overheads and improvement in various other operating parameters.

e) The Demerged undertaking and remaining undertaking have their own set of strengths and dynamics in the form of nature of risks, competition, challenges, opportunities and business methods leading to different growth potentials. Hence segregation of the two undertakings would enable a focused management to explore the potential business opportunities effectively and efficiently.

f) The demerger would result in achieving efficiency in operational process by designing and implementing independent strategies specifically designed for the two businesses and in optimising profitability. This would in turn enhance the shareholders wealth.

g) Targeting and attracting new investors with specific focus and expertise in the two businesses thereby providing the necessary funding impetus to the long-term growth strategy of the two businesses.

h) Integration would result in maximising overall shareholder value, improvising the competitive position and enabling to unlock the economic value of both the entities.

i) Improved organisational capability and leadership, arising from the pooling of human capital who have the diverse skills, talent and vast experience to compete successfully in an increasingly competitive industry.

j) Cost savings are expected to flow from more focused operational efforts, rationalization, standardisation and simplification of business processes, and the elimination of duplication, and rationalization of administrative expenses.

In view of the aforesaid, the Board of Directors of the Demerged Company and the Resulting Company have considered it desirable and expedient to demerge the Demerged Undertaking of the Demerged Company and vest the same with the Resulting Company, in order to benefit the stakeholders of both the companies.

Accordingly, the Board of Directors of the Demerged Company and the Resulting Company have formulated this Scheme of Arrangement for the transfer and vesting of the Demerged Undertaking with and into the Resulting Company pursuant to the provisions of Section 230 to Section 232 and other relevant provisions of the Act.

5. <u>Effect of the Scheme on Stakeholders</u>

Sr. No.	Category of Stakeholder	Effect of the Scheme
(i)	Shareholders	The Company has only Equity Shareholders and does not have any preference shareholders. Upon this scheme coming into effect, in consideration of the transfer of the Demerged Undertaking by the Demerged Company to the Resulting Company, in terms of this scheme, the

		Resulting Company shall, without any further act or deed, issue and allot to every member of the Demerged Company holding fully paid up equity shares in the Demerged Company and whose names appear in the Register of Members of the Demerged Company on the record date in respect of every 10 (Ten) Equity Shares of the face value of Rs. 10/- (Rupees Ten) each fully paid up held by him / her / it in the Demerged Company, 63 (Sixty-Three) new Equity shares of the Resulting Company of the face value of Rs.2/- (Rupees Two) each fully paid up.
(ii)	Promoters	There is no effect on the promoters of the Company and there is no change in the shareholding of the promoters.
(iii)	Non- Promoter Shareholders	There is no effect on the non-promoters of the Company and there is no change in the shareholding of the non-promoters.
(iv)	Key Managerial Personnel and Directors	Under part II point 8 of the Scheme, on and from the Effective Date, PAIL undertakes to engage the Employees of PIL, engaged in or in relation to the Demerged Undertaking, on the same terms and conditions on which they are engaged by PIL without any interruption of service and in the manner provided under part II point 8 of the Scheme. Under the Scheme, no right of the Employees of PIL of the remaining undertaking is being affected. The services of the Employees of PIL of the remaining undertaking, under the scheme, shall continue on the same terms and conditions on which they were engaged by PIL. There is no effect of the Scheme on the key managerial personnel and/or the Directors of PAIL. Further no change in the Board of Directors of the company is envisaged on account of the Scheme The Key managerial Personnel and

		Directors of the Company (KMP's) shall continue as Key Managerial Personnel and Directors of the Company after effectiveness of the Scheme. The KMP's and Directors are shareholders of the Demerged Company hence; they will get shares of the Resulting company in the same ratio as mentioned in point no.(i) above
(v)	Creditors / Public Depositors / Debenture holders	There is no effect on Creditors of the Company. There are no Public Depositors and Debenture holders in the Company and hence there is no effect on the same.

6. **Valuation**

I. For the purpose of arriving at the share entitlement ratio, the valuation report was obtained in terms of the SEBI Circular No. circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/215 dated 3rd November, 2020 read with Master circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22nd December, 2020.

II. The valuer has considered

a. the value based on fair value of equity shares of PIL attributable to the Automotive / Tractor/ Engineering Components Business Undertaking of PIL.

b. value based on fair value per equity share of PAIL.

III. The valuer has also considered Market Price method (Market approach), Comparable Companies' Multiples method / Guideline Company method (Income / Market approach) Net Asset Value method (Asset approach), Discounted Cash Flow Method by assigning appropriate weights.

IV. On consideration of all the relevant factors and circumstances, the valuer has recommended a ratio of 63 (sixty-three) equity share of PAIL of INR 2/- each fully paid up for, not in exchange of, every 10 (ten) equity shares of PIL of INR 10/- each fully paid up and has been approved by the Audit Committee of Demerged Company and the Resulting Company.

V. The Fairness opinion dated 14thAugust, 2021 was issued by Systematix Corporate Services Limited, a SEBI registered Merchant Banker, explaining the rationale for their opinion as to the fairness of the share entitlement ratio from a financial point of view.

VI. The above share entitlement ratio has been arrived at on the basis of a relative valuation for the Demerged Undertaking and for each of the Companies based on the various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of the Companies, having regards to information base, key underlying assumptions and limitations.

7. **Valuation difficulties.**

No special valuation difficulties were reported

8. **Adoption of Report by the Directors**

The Directors of the Company have adopted this report after noting and considering information set forth in this report. The Board or any duly authorised committee by the Board is entitled to make relevant modification to this report, if required and such modifications or amendments shall be deemed to form part of this report

By Order of the Board
For PritikaIndustries Limited

Sd/-
Harpreet Singh Nibber
Director
DIN: -00239042
Dated 14th August, 2021

Annexure 11

INDEPENDENT AUDITOR'S REPORT

To the Members of PRITIKA AUTO INDUSTRIESLIMITED

Report on Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **PRITIKA AUTO INDUSTRIES LIMITED**("the Company"), which comprise the Balance Sheet as at 31stMarch 2022, Statement of Profit and Loss (including other comprehensive income), statement of changes in equity and Cash Flow Statement for the year then ended and notes to the financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2022, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Management's and Board of Directors' Responsibilities for the standalone Financial Statements

The Company's management and Board of Directors are responsible for the matter stated in Section 134(5) of the Companies Act 2013 ("the Act") with respect to preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the Accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the company's financial reporting process.

Auditor's Responsibility for the Audit of the standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with

SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As Part of an audit in accordance with SA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and Board of Directors.

- Conclude on the appropriateness of management's and Board of Directors use of the going concern basis of accounting in preparation of standalone financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone

- financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalonefinancial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order 2020 ("the Order) issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure 1**, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

2. (A) As required by section 143(3) of the Act, we report that:

a.We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b.In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c.The Standalone Balance Sheet, Standalone Statement of Profit and Loss (including other comprehensive income) and the Standalone Statement of Changes in Equity and the Standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

d. In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards (Ind AS) specified under section 133 of the Act.

e. On the basis of written representations received from the directors as on 31st March 2022, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2022, from being appointed as a director in terms of section 164(2) of the Act.

f. With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure 2”; and

(B)With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

a. The Company has disclosed the impact of pending litigations as at 31st March 2022 on its financial position in its standalone financial statements. Refer Note 41 to the standalone financial statements.

b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

c. There are no items which required to be transferred, to the Investor Education and Protection Fund by the Company.

d.(i) The Management has represented that, to the best of its knowledge and belief, other than as disclosed in notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

ii. The Management has represented that, to the best of its knowledge and belief, other than as disclosed in notes to the accounts, no funds have been received by the Company from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Funding Parties or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

iii. Based on the audits procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material mis-statement.

e. The company has not declared or paid any dividend during the year.

(c) With respect to the matter to be included in the Auditors’ Report under section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director is not in excess of the limits laid down under section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under section 197(16) of the Act which are required to be commented upon by us.

For Sunil Kumar Gupta & Co.
Chartered Accountants
Firm Regn No:003645N

Sunil Kumar Gupta
Partner
Membership No.: 082486

Place: Mohali
Date: 07.05.2022
ICAI UDIN: 22082486AJMDIC7567

Annexure –1 TO INDEPENDENT AUDITORS' REPORT

(Annexure referred to in our report of even date to the members of Pritika Auto Industries Limited on the Standalone Financial Statements for the year ended 31st March 2022).

Based on the audit procedures performed for the purpose of reporting a true and fair view on the standalone financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

(i)(a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the company, the Company has a regular programme of physical verification of its property, plant and equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the company, title deeds of all the Immovable properties disclosed in the financial statements are held in the name of the company.

(d)According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its property, plant and equipment during the year. Accordingly, clause 3(i)(d) of the Order is not applicable.

(e)According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The management, banks and stock auditors had physically verified the inventories at reasonable intervals during the year. In our opinion and according to information and explanations given to us, the frequency/ procedure and coverage of physical verification were appropriate. No discrepancies of 10% or more in the aggregate for each class of inventory were noticed during verification.

(b) The company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of the security of current assets. The quarterly returns or statements filed by the company with such banks or financial institutions are in agreement with the books of account of the company.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has made investments in the subsidiary company and other companies or provided corporate guarantee or guarantee on behalf of subsidiary or group company to banks during the year. The Company has granted loans and advances in the nature of loans during the year. The Company has not provided guarantees during the year to firms or limited liability partnerships. Details of which are given below

a. The Company has made investments in the subsidiary company and other companies or provided corporate guarantee or guarantee of amounting to Rs. 68.16 crore on behalf of subsidiary or group company to banks and electricity board. The Company has granted loans and advances in the nature of loans during the year of Rs. 7.30 crore.

(A) Corporate guarantee or guarantee given to the banks or electricity boards to the tune of Rs. 68.16 crore as on date.

(B) Aggregate amount of Rs. Nil and balance outstanding at the balance sheet of Rs. 7.30 crore with respect to such loans and advances to parties other than subsidiaries, joint ventures and associates.

b. According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion no guarantees were provided during the year and the terms and conditions of the grant of loans and advances in the nature of loans during the year are, prima facie, not prejudicial to the interest of the Company.

c.According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion, in the case of loans and advances in the nature of loans given, the repayment of principal and payment of interest if any has been stipulated and the repayments or receipts have been regular.

d. According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans and advances in the nature of loans given.

e. According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loans granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans or advances in the nature of loans given to same parties.

f. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

(iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans and advances given, investments made and, guarantees and securities given, have been complies with by the company.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) We have broadly reviewed the books of accounts maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013 in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a)The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into Goods and Services Tax ("GST")

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including GST, Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues have been regularly deposited by the Company with the appropriate authorities;

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of GST, Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues were in arrears as at 31 March 2022 for a period of more than six months from the date they became payable.

(b)According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no statutory dues relating to GST, Provident Fund, Employees State Insurance, Income-Tax, Sales Tax, Service Tax, Duty of Customs, Value Added Tax or Cess or other statutory dues which have not been deposited on account of any dispute, except as mentioned below:

Name of Dues and Name of Statute	**Year to which amount relates**	**Forum where matter is pending**	**Amount in Rs.**
Income Tax Income Tax Act, 1961	FY 2016-17	Commissioner of Income Tax (Appeals)	14,37,160
Income Tax Income Tax Act, 1961	FY 2017-18	Commissioner of Income Tax (Appeals)	12,28,740
Income Tax Income Tax Act, 1961	FY 2017-18	Rectification filed with Jurisdictional Income Tax Officer	9,82,980
Income Tax Income Tax Act, 1961	FY 2018-19	Commissioner of Income Tax (Appeals)	17,40,620

Income Tax Income Tax Act, 1961	FY 2019-20	Commissioner of Income Tax (Appeals)	6,47,680

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in the repayment of loans or borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c)In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e)According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, as defined in the Act. The Company does not hold any investment in any associate or joint venture (as defined in the Act) during the year ended 31 March 2022.

(f)According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries (as defined under the Act).

(x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) Accordingly, clause 3(x)(a) of the Order is not applicable.

(b)According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable

(xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in the Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) There is no whistle blower complaints received during the year hence this clause 3(xi)(c) is not applicable to the company.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable

(xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv)(a)Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business

(b) We have considered the internal audit reports of the Company issued till date for the period under audit.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clauses 3(xvi)(a) and 3(xvi)(b) of the Order are not applicable.

(b) The Company has not conducted any Non- Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934;. Accordingly, clause 3(xvi)(b) is not applicable to the company.

(c)The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) According to the information and explanations provided to us during the course of audit, the Group does not have any CICs.

(xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For Sunil Kumar Gupta & Co.
Chartered Accountants
Firm Regn No: 003645N

Sunil Kumar Gupta
Partner
Membership No.: 082486

Place: Mohali
Date: 07.05.2022
ICAI UDIN: 22082486AJMDIC7567

Annexure - 2

Report on the Internal Financial Controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

Opinion

We have audited the internal financial controls with reference to standalone financial statements of **PRITIKA AUTO INDUSTRIES LIMITED**(“the Company”) as of 31st March 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the “Guidance Note”).

Management’s and Board of Directors’ Responsibility for Internal Financial Controls

The Company’s management and Board of Directors are responsible for establishing and maintaining internal financial controls based on the criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference tostandalone financial statements, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference tostandalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalonefinancial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the standalonefinancial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls with reference tostandalone financial statements.

Meaning of Internal Financial Controls with reference to standalone**financial statements**

A company's internal financial control with reference to standalonefinancial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalonefinancial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to standalonefinancial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalonefinancial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalonefinancial statements.

Inherent Limitations of Internal Financial Controls with reference to standalonefinancial statements

Because of the inherent limitations of internal financial controls with reference to standalonefinancial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For Sunil Kumar Gupta & Co.
Chartered Accountants
Firm Regn No: 003645N

Sunil Kumar Gupta
Partner
Membership No.: 082486

Place: Mohali
Date: 07.05.2022
ICAI UDIN: 22082486AJMDIC7567

PRITIKA AUTO INDUSTRIES LIMITED
CIN NO.L45208PB1980PLC046738
C-94 , PHASE VII , S.A.S NAGAR , INDUSTRIAL AREA , MOHALI , PUNJAB-160055
STANDALONE BALANCE SHEET AS AT MARCH 31, 2022 **(All amounts in Lacs)**

Particulars	Note No.	As At March 31, 2022	As At March 31, 2021
I. ASSETS			
1. Non Current Assets			
(a) Property, Plant and Equipment	3	7,419.89	6,814.91
(b) Capital work in progress	3	99.87	830.91
(c) Goodwill	4	1,354.77	1,354.77
(d) Financial Assets			
- Investments	5	1,188.62	1,523.60
- Other financial assets	6	109.35	13.75
(e) Deferred Tax Assets	7	68.47	62.36
(f) Other Non-Current Assets	8	145.24	98.49
Total Non Current Assets (A)		**10,386.21**	**10,698.79**
2. Current Assets			
(a) Inventories	9	5,654.11	5,331.01
(b) Financial Assets			
- Trade Receivables	10	6,114.67	6,275.23
-Cash and Cash Equivalents	11	68.16	31.83
-Bank balances other than cash and cash equivalents	12	105.36	246.42
-Other Current Financial Assets	13	1,626.35	1,277.45
(c) Other Current Assets	14	238.68	244.24
Total Current Assets (B)		**13,807.33**	**13,406.18**
TOTAL ASSETS (A+ B)		**24,193.54**	**24,104.97**
II. EQUITY AND LIABILITIES			
1. Equity			
(a) Equity Share Capital	15	1,773.45	1,773.45
(b) Other Equity	16	11,659.82	10,922.78
Total Equity (A)		**13,433.27**	**12,696.23**
2. LIABILITIES			
Non Current Liabilities			
(a) Financial Liabilities			
- Borrowings	17	1,762.79	1,852.17
(b) Provisions	18	184.27	168.42
(c) Deferred Tax Liabilities (net)	19	289.46	231.14
(d) Other non-current liabilities	20	-	38.27
Total Non Current Liabilities (B)		**2,236.52**	**2,290.00**
Current Liabilities			
(a) Financial Liabilities			
- Borrowings	21	3,360.66	3,704.13
-Trade Payables	22		
Total Outstanding dues of micro enterprise and small enterprise		-	-
Total Outstanding dues of creditors other than micro enterprise and small enterprise		1,947.97	2,019.91
- Other Financial Liabilities	23	2,616.61	2,541.74
(b) Other Current Liabilities	24	329.67	683.95
(c) Provisions	25	268.84	169.01
Total Current Liabilities (C)		**8,523.75**	**9,118.74**
TOTAL EQUITY AND LIABILITIES (A+B+C)		**24,193.54**	**24,104.97**
Summary of Significant Accounting Policies and Notes	1-2		

The accompanying notes forms integral part of these Standalone financial statements

As per our report of even date

For and on behalf of Board of Directors

For Sunil Kumar Gupta & Co.
Chartered Accountants
Firm Registration number: 003645N

CA Sunil Kumar Gupta
Partner
Membership No.: 082486

Harpreet Singh Nibber
(Managing Director)
DIN No. 00239042

Raminder Singh Nibber
(Chairman)
DIN No. 00239117

Place: Mohali
Date: 07-05-2022
ICAI UDIN NO: 22082486AJMDIC7567

Narinder Kumar Tyagi
C.F.O

Chander Bhan Gupta
Company Secretary
M.No. F2232

PRITIKA AUTO INDUSTRIES LIMITED

CIN NO.L45208PB1980PLC046738

C-94 , PHASE VII , S.A.S NAGAR , INDUSTRIAL AREA , MOHALI , PUNJAB-160055

STATEMENT OF STANDALONE PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022

(All amounts in Lacs)

Particulars	Note No.	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
I Revenue from operations	26	23,772.73	19,687.73
II Other Income	27	402.13	112.01
III Total Income (I+II)		**24,174.86**	**19,799.74**
IV Expenses			
a) Cost of material consumed	28	16,625.08	11,879.90
b) Changes in inventories of finished goods , Work in progress and stock in trade	28(a)	(1,321.11)	116.01
c) Employee benefits expense	29	1,476.56	1,189.64
d) Finance costs	30	679.36	631.16
e) Depreciation and amortization expense	31	885.37	745.65
f) Other Expenses	32	4,623.89	4,440.12
Total Expenses (IV)		**22,969.15**	**19,002.48**
V Profit /(Loss) before exceptional items and tax (III-IV)		**1,205.71**	**797.26**
VI Exceptional Items		-	-
VII Profit / (Loss) before tax (V-VI)		**1,205.71**	**797.26**
VIII Tax Expense:			
a) Current Tax	33	260.92	205.21
b) Adjustment of tax relating to earlier periods		0.77	13.77
c) Deferred Tax	33	52.21	26.71
Total tax expenses (VIII)		**313.90**	**245.69**
IX Profit / (Loss) for the period (VII-VIII)		**891.81**	**551.57**
X Other comprehensive income			
Items that will not to be reclassified to profit or loss			
Re-measurement (gains)/ losses on defined benefit plans		5.87	(4.06)
Revaluation Loss/ (Gain) due to Foreign exchange		1.42	1.91
Impact of fair valuation of Equity shares and mutual fund		(162.07)	148.69
XI Total comprehensive Income for the period		**737.03**	**698.11**
XII Earnings per equity share(Nominal value of Rs. 2 /- per share)			
Basic	34	1.01	0.62
Diluted	34	1.01	0.62

Summary of Significant Accounting Policies and Notes 1-2

The accompanying notes forms integral part of these Standalone financial statements

As per our report of even date | **For and on behalf of the Board of directors**

For Sunil Kumar Gupta & Co.
Chartered Accountants
Firm Registration number: 003645N

CA Sunil Kumar Gupta
Partner
Membership No.: 082486

Harpreet Singh Nibber
(Managing Director)
DIN No. 00239042

Raminder Singh Nibber
(Chairman)
DIN No. 00239117

Place: Mohali
Date: 07-05-2022
ICAI UDIN NO: 22082486AJMDIC7567

Narinder Kumar Tyagi
C.F.O

Chander Bhan Gupta
Company Secretary
M.No. F2232

PRITIKA AUTO INDUSTRIES LIMITED

CIN NO.L45208PB1980PLC046738

C-94 , PHASE VII , S.A.S NAGAR , INDUSTRIAL AREA , MOHALI , PUNJAB-160055

STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2022

(All amounts in Lacs)

Particulars	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per statement of Profit & Loss	1,205.71	797.26
Adjustments for:		
- Depreciation and amortisation expense	885.37	745.65
- Finance costs	679.36	631.16
- Gratuity / Leave encashment provision	21.95	31.48
- Forex fluctuation	(12.21)	(1.49)
- Profit on Sale of Fixed Assets	-	(0.69)
- LTCG on sale of shares	(289.51)	(3.51)
Operating profit before working capital changes	**2,490.67**	**2,199.86**
Adjustments for :		
Increase/(Decrease) in Trade Payables	(71.95)	507.63
Increase/(Decrease) in Other Current Liabilities	(309.33)	628.54
Increase/(Decrease) in Short Term Provisions	15.86	(1.82)
(Increase) / Decrease in Trade Receivables	160.56	(1,683.10)
(Increase) / Decrease in Inventories	(323.10)	(75.67)
(Increase) / Decrease in Other Current Assets	5.55	2.27
(Increase)/ Decrease in Other Assets	(491.24)	669.93
Cash generated from operations	1,477.02	2,247.64
Taxes paid	(152.37)	(133.36)
Net Cash from Operating Activities	**1,324.65**	**2,114.28**
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant & Equipment	(759.30)	(1,334.75)
Movement in fixed deposits (having original maturity of more than three months)	141.06	(158.19)
Increase in Investment (Net of sale)	442.42	(681.67)
Net Cash used in Investing Activities	**(175.82)**	**(2,174.61)**
C CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Loans Raised (Net)	(89.38)	767.30
Short Term Loans Paid (Net)	(343.76)	(173.77)
Interest Paid	(679.36)	(631.16)
Net Cash from Financing Activities	**(1,112.50)**	**(37.63)**
Net Increase/(Decrease) in Cash and Cash Equivalents	36.33	(97.96)
Cash and Cash Equivalents at the beginning of the year	31.83	129.79
Cash and Cash Equivalents at the end of the year	68.16	31.83

Notes:

1.) The above Cash Flow Statement has been prepared under the indirect method set out in IND AS - 07 "Statement of Cash Flow".

2.) Figures in bracket indicates cash outflow

As per our report of even date

For and on behalf of the Board of Directors

For Sunil Kumar Gupta & Co.
Chartered Accountants
Firm Registration number: 003645N

CA Sunil Kumar Gupta
Partner
Membership No.: 082486

Harpreet Singh Nibber
(Managing Director)
DIN NO.00239042

Raminder Singh Nibber
(Chairman)
DIN No. 00239117

Place: Mohali
Date: 07-05-2022

Narinder Kumar Tyagi
C.F.O

Chander Bhan Gupta
Company Secretary
M.No. F2232

PRITIKA AUTO INDUSTRIES LIMITED

CIN NO.L45208PB1980PLC046738
C-94 , PHASE VII , S.A.S NAGAR , INDUSTRIAL AREA , MOHALI , PUNJAB-160055
STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022

(All amounts in Lacs)

A. Equity Share Capital

Particulars	No. Of Shares	Amount
a) **Authorised Share Capital**		
Balance as at April 1, 2020	1825.00	3650.00
Changes in equity share capital due to prior period errors	-	-
Restated balance as at April 1, 2020	1825.00	3650.00
Issue of Shares during the year	-	-
As at 31st March 2021	1825.00	3650.00
Balance as at April 1, 2021	1825.00	3650.00
Changes in equity share capital due to prior period errors	-	-
Restated balance as at April 1, 2021	1825.00	3650.00
Issue of Shares during the year	-	-
As at 31st March 2022	**1825.00**	**3650.00**

(All amounts in Lacs)

Equity Share Capital

Particulars	No. Of Shares	Amount
a) **Subscribed and fully paid up**		
Balance as at April 1, 2020	886.73	1773.45
Changes in equity share capital due to prior period errors	-	-
Restated balance as at April 1, 2020	886.73	1773.45
Issue of Shares during the year	-	-
As at 31st March 2021	**886.73**	**1773.45**
Balance as at April 1, 2021	886.73	1773.45
Changes in equity share capital due to prior period errors	-	-
Restated balance as at April 1, 2021	886.73	1773.45
Issue of Shares during the year	-	-
As at 31st March 2022	**886.73**	**1773.45**

B. Other Equity (All amounts in Lacs)

Particulars		Reserves and Surplus			Total
	Share Warrant	Securities premium	Capital Reserve	Retained earnings	
Balance as at April 1, 2020	287.50	5,369.97	-	4,567.20	10,224.67
Change in Accounting policy or prior period errors	-	-	-	-	-
Restated balance as at April 1, 2020	287.50	5,369.97	-	4,567.20	10,224.67
Balance as at April 1, 2020	287.50	5,369.97	-	4,567.20	10,224.67
Profit / Addition during the year	-	-	-	551.57	551.57
Trf From Share Warrant	(287.50)	-	-	-	(287.50)
Trf to Capital Reserve			287.50	-	287.50
Other Comprehensive Income	-	-	-	146.54	146.54
Balance as at March 31, 2021	**-**	**5,369.97**	**287.50**	**5,265.31**	**10,922.78**
Balance as at April 1, 2021	-	5,369.97	287.50	5,265.31	10,922.78
Change in Accounting policy or prior period errors	-	-	-	-	-
Restated balance as at April 1, 2021	-	5,369.97	287.50	5,265.31	10,922.78
Balance as at April 1, 2021	-	5,369.97	287.50	5,265.31	10,922.78
Profit / Addition during the year	-	-	-	891.81	891.81
Other Comprehensive Income	-	-	-	(154.77)	(154.77)
Balance as at March 31 , 2022	**-**	**5,369.97**	**287.50**	**6,002.35**	**11,659.82**

Pursuant to the requirements of Division II to Schdule III , below is the nature and purpose of each reserve :

a. **Security Premium** ; Securities premium reserve is used to record the premium received on issue of shares. The reserve is utilised in accordance with the provisions of Section 52 of the Companies Act, 2013
b. **Retained Earnings** : Retained earnings comprises of prior and current year's undistributed earnings after tax.
c. **Capital Reserve** : Capital reserve will be utilised for the purposes as permitted by the Companies Act, 2013.

The accompanying notes forms integral part of these Standalone financial statements
As per our report of even date

For and on behalf of Board of Directors

For Sunil Kumar Gupta & Co.
Chartered Accountants
Firm Registration number: 003645N

CA Sunil Kumar Gupta
Partner
Membership no.: 082486

Harpreet Singh Nibber
(Managing Director)
DIN No. 00239042

Raminder Singh Nibber
(Chairman)
DIN No. 00239117

Place: Mohali
Date: 07-05-2022

Narinder Kumar Tyagi
C.F.O

Chander Bhan Gupta
Company Secretary
M.No. F2232

INDEPENDENT AUDITOR'S REPORT

To the Members of PRITIKA AUTO INDUSTRIESLIMITED

Report on Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **PRITIKA AUTO INDUSTRIES LIMITED**(hereinafter referred to as "the Holding Company") and its subsidiary (Holding Company and its Subsidiary together referred to as "the Group), which comprise the Consolidated Balance Sheet as at 31stMarch 2022, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated statement of changes in equity, Consolidated statement of Cash Flow for the year then ended and notes to the consolidated financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March 2022, of its consolidated profitand other comprehensive income, consolidated changes in equity and consolidated cash flows for the year ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the matter stated in Section 134(5) of the Companies Act 2013 ("the Act") with respect to preparation of these consolidated financial statements that give a true and fair view of the consolidated state of affairs, consolidated profit/loss and other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The respective management and Board of Directors of the Companies included in the Group are responsible for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the management and Board of Directors of the Holding Company, as aforesaid

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The respective Board of Directors of the Companies included in the Group are responsible for overseeing the financial reporting process of each Company.

Auditor’s Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As Part of an audit in accordance with SA’s, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and Board of Directors.

- Conclude on the appropriateness of management’s and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor’s Report) Order 2020 (“the Order) issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

2. (A) As required by section 143(3) of the Act, we report that:

a.We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements.

b.In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as appears from our examination of those books;

c.The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss (including other comprehensive income) and the Consolidated Statement of Changes in Equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d. In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards (Ind AS) specified under section 133 of the Act.

e. On the basis of the written representations received from the directors of the Holding Company as on 31 March 2022 taken on record by the Board of Directors of the Holding Company and on the basis of written representations received by the management from directors of its subsidiaries which are incorporated in India, as on 31 March 2022, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2022 from being appointed as a director in terms of section 164(2) of the Act.

f.With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate report in “Annexure 1”; and

(B)With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

a. The Company has disclosed the impact of pending litigations as at 31st March 2022 on its financial position in its consolidated financial statements. Refer Note 41 to the consolidated financial statements.

b. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

c.There are no items which required to be transferred, to the Investor Education and Protection Fund by the Company.

d.(i) The Management has represented that, to the best of its knowledge and belief, other than as disclosed in notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

ii. The Management has represented that, to the best of its knowledge and belief, other than as disclosed in notes to the accounts, no funds have been received by the Company from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Funding Parties or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

iii. Based on the audits procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material mis-statement.

e.The Companyhas not declared or paid any dividend during the year.

(c) With respect to the matter to be included in the Auditors’ Report under section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Holding Company and its subsidiary company to its directors during the current year is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director is not in excess of the limits laid down under section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under section 197(16) of the Act which are required to be commented upon by us.

For Sunil Kumar Gupta& Co.
Chartered Accountants
Firm Regn No:003645N

Sunil Kumar Gupta
Partner
Membership No.: 082486

Place: Mohali
Date: 07.05.2022
ICAI UDIN: 22082486AJMDNY4269

Annexure - 1

Report on the Internal Financial Controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

Opinion

In conjunction with our audit of the consolidated financial statements of Pritika Auto Industries Limited ("the Holding Company") as of and for the year ended 31 March 2022, we have audited the internal financial controls with reference to the consolidated financial statements of the Holding Company and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies, as of that date.

In our opinion, the Holding Company and subsidiary company has, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to consolidated financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's and Board of Directors' Responsibility for Internal Financial Controls

The respective Company's management and Board of Directors are responsible for establishing and maintaining internal financial controls based on the criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to consolidatedfinancial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference toconsolidatedfinancial statements, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference toconsolidatedfinancial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidatedfinancial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidatedfinancial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference toconsolidatedfinancial statements.

Meaning of Internal Financial Controls with reference to consolidatedfinancial statements

A company's internal financial control with reference to consolidatedfinancial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidatedfinancial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidatedfinancial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidatedfinancial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidatedfinancial statements.

Inherent Limitations of Internal Financial Controls with reference to consolidatedfinancial statements

Because of the inherent limitations of internal financial controls with reference to consolidatedfinancial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For Sunil Kumar Gupta & Co.
Chartered Accountants
Firm Regn No: 003645N

Sunil Kumar Gupta
Partner
Membership No.: 082486

Place: Mohali
Date: 07.05.2022
ICAI UDIN: 22082486AJMDNY4269

PRITIKA AUTO INDUSTRIES LIMITED
CIN NO.L45208PB1980PLC046738
C-94 , PHASE VII , S.A.S NAGAR , INDUSTRIAL AREA , MOHALI , PUNJAB-160055
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2022

(All amounts in Lacs)

Particulars	Note No.	As At March 31, 2022	As At March 31, 2021
I. ASSETS			
1. Non Current Assets			
(a) Property, Plant and Equipment	3	11,518.00	10,107.66
(b) Capital work in progress	3	242.42	1,052.52
(c) Intangible Assets		-	
Goodwill	4	1,354.77	1,354.77
(d) Financial Assets			
- Investments	5	3.68	603.94
- Other financial assets	6	124.35	28.75
(e) Deferred Tax Assets	7	70.36	64.25
(f) Other Non-Current Assets	8	150.55	104.69
Total Non Current Assets (A)		**13,464.13**	**13,316.58**
2. Current Assets			
(a) Inventories	9	6,675.43	6,298.22
(b) Financial Assets			
- Trade Receivables	10	7,153.74	6,392.49
-Cash and Cash Equivalents	11	91.41	39.99
-Bank balances other than cash and cash equivalents	12	180.77	331.10
-Other Current Financial Assets	13	1,054.35	1,179.10
(c) Other Current Assets	14	410.96	441.31
Total Current Assets (B)		**15,566.66**	**14,682.21**
TOTAL ASSETS (A+ B)		**29,030.79**	**27,998.79**
II. EQUITY AND LIABILITIES			
1. Equity			
(a) Equity Share Capital	15	1,773.45	1,773.45
(b) Other Equity	16	12,127.45	10,997.11
Total Equity (A)		**13,900.90**	**12,770.56**
2. Non Current Liabilities			
(a) Financial Liabilities			
- Borrowings	17	3,455.58	3,628.70
(b) Provisions	18	184.27	168.41
(c) Deferred Tax Liabilities	19	315.25	254.66
(d) Other non-current liabilities	20	648.10	763.27
Total Non Current Liabilities (B)		**4,603.20**	**4,815.04**
3. Current Liabilities			
(a) Financial Liabilities			
- Borrowings	21	3,864.26	4,002.42
-Trade Payables	22		
Total Outstanding dues of micro enterprise and small enterprise			
Total Outstanding dues of creditors other than micro enterprise and small enterprise		2,656.72	2,388.66
- Other Financial Liabilities	23	3,293.99	3,086.10
(b) Other Current Liabilities	24	412.21	769.63
(c) Provisions	25	299.51	166.38
Total Current Liabilities (C)		**10,526.69**	**10,413.19**
TOTAL EQUITY AND LIABILITIES (A+B+C)		**29,030.79**	**27,998.79**
Summary of Significant Accounting Policies and notes	**1-2**		

The accompanying notes forms integral part of these Consolidated financial statements

As per our report of even date

For and on behalf of Board of Directors

For Sunil Kumar Gupta & Co.
Chartered Accountants
Firm Registration number: 003645N

CA Sunil Kumar Gupta
Partner
Membership no.: 082486

Harpreet Singh Nibber
(Managing Director)
DIN No. 00239042

Raminder Singh Nibber
(Chairman)
DIN No. 00239117

Place: Mohali
Date : 07-05-2022
ICAI UDIN NO: 22082486AJMDNY4269

Narinder Kumar Tyagi
C.F.O

Chander Bhan Gupta
Company Secretary
M.No. F2232

PRITIKA AUTO INDUSTRIES LIMITED

CIN NO.L45208PB1980PLC046738

C-94 , PHASE VII , S.A.S NAGAR , INDUSTRIAL AREA , MOHALI , PUNJAB-160055

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022

(All amounts in Lacs)

Particulars	**Note**	**For the Year ended March 31, 2022**	**For the Year ended March 31, 2021**
I Revenue from operations	26	27,122.51	22,568.93
II Other Income	27	780.96	149.21
III Total Income (I+II)		**27,903.47**	**22,718.14**
IV Expenses			
a) Cost of material consumed	28	18,105.58	13,598.94
b) Changes in inventories of finished goods , Work in progress and stock in trade	28(a)	(1,495.30)	(123.04)
c) Excise Duty		-	-
d) Employee benefits expense	29	1,774.46	1,359.20
e) Finance costs	30	898.70	821.69
f) Depreciation and amortization expense	31	1,091.73	849.78
g) Other Expenses	32	5,735.48	5,356.06
Total Expenses (IV)		**26,110.65**	**21,862.63**
V Profit /(Loss) before exceptional items and tax		**1,792.82**	**855.51**
VI Exceptional Items		-	-
VII Profit / (Loss) before tax		**1,792.82**	**855.51**
VIII Tax Expense:			
a) Current Tax	33	299.64	**207.97**
b) Adjustment of tax relating to earlier periods		(2.08)	**13.77**
c) Deferred Tax	33	54.48	**46.77**
Total tax expenses (VIII)		**352.04**	**268.51**
IX Profit / (Loss) for the period		**1,440.78**	**587.00**
X Other comprehensive income			
Items that will not to be reclassified to profit or loss			
Re-measurement Loss/ (Gain) on defined benefit plans		5.87	(4.06)
Revaluation Loss/ (Gain) due to Foreign exchange		1.42	1.91
Impact of fair valuation of Equity Shares		(317.74)	148.85
XI Total comprehensive Income for the period (IX + X)		**1,130.33**	**733.70**
Earnings per equity share(Nominal value of Rs. 2 /- per share)			
Basic	34	1.62	0.66
Diluted	34	1.62	0.66
Summary of Significant Accounting Policies and notes	1-2		

The accompanying notes forms integral part of these Consolidated financial statements

As per our report of even date | **For and on behalf of the Board of directors**

For Sunil Kumar Gupta & Co.
Chartered Accountants
Firm Registration number: 003645N

CA Sunil Kumar Gupta **Partner** **Membership no.: 082486**	**Harpreet Singh Nibber** **(Managing Director)** **DIN No. 00239042**	**Raminder Singh Nibber** **(Chairman)** **DIN No. 00239117**
Place: Mohali **Date : 07-05-2022** **ICAI UDIN NO: 22082486AJMDNY4269**	**Narinder Kumar Tyagi** **C.F.O**	**Chander Bhan Gupta** **Company Secretary** **M.No. F2232**

PRITIKA AUTO INDUSTRIES LIMITED

CIN NO.L45208PB1980PLC046738

C-94 , PHASE VII , S.A.S NAGAR , INDUSTRIAL AREA , MOHALI , PUNJAB-160055

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2022

(All amounts in Lacs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per statement of Profit & Loss	1,792.82	855.51
Adjustments for:		
- Depreciation and amortisation expense	1,091.73	849.78
- Finance costs	898.70	821.69
- Gratuity / Leave encashment Provision	21.95	29.84
- LTCG on sale of shares	(655.72)	-
- Forex fluctuation	(12.21)	(1.49)
- Profit on Sale of Fixed Assets	-	(0.69)
Operating profit before working capital changes	**3,137.27**	**2,554.64**
Adjustments for :		
Increase/(Decrease) in Trade Payables	268.06	673.28
Increase/(Decrease) in Other Current Liabilities	(255.39)	1,012.10
Increase/(Decrease) in Provisions	(15.87)	(1.82)
(Increase) / Decrease in Trade Receivables	(761.25)	(1,752.07)
(Increase) / Decrease in Inventories	(377.21)	(487.13)
(Increase) / Decrease in Other Current Assets	30.35	(8.46)
(Increase)/ Decrease in Other Assets	(16.70)	256.30
Cash generated from operations	2,009.26	2,246.84
Taxes paid	(152.37)	(133.36)
Net Cash from Operating Activities	**1,856.89**	**2,113.48**
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant & Equipment	(1,691.99)	(2,432.57)
Movement in fixed deposits (having original maturity of more than three months)	150.32	(199.00)
Sale of Shares	946.34	28.66
Net Cash used in Investing Activities	**(595.33)**	**(2,602.91)**
C CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Loans Raised (Net)	(173.30)	1,396.73
Short Term Loans Raepaid (Net)	(138.16)	(178.26)
Interest Paid	(898.70)	(821.69)
Net Cash from Financing Activities	**(1,210.16)**	**396.78**
Net Increase/(Decrease) in Cash and Cash Equivalents	51.40	(92.65)
Cash and Cash Equivalents at the beginning of the year	39.99	132.64
Cash and Cash Equivalents at the end of the year	91.39	39.99

Notes:

1.) The above Cash Flow Statement has been prepared under the indirect method set out in IND AS - 07 "Statement of Cash Flow".

2.) Figures in bracket indicates cash outflow

As per our report of even date

For and on behalf of the Board of Directors

For Sunil Kumar Gupta & Co.
Chartered Accountants
Firm Registration number: 003645N

CA Sunil Kumar Gupta
Partner
Membership no.: 082486

Harpreet Singh Nibber
(Managing Director)
DIN NO.00239042

Raminder Singh Nibber
(Chairman)
DIN No. 00239117

Place: Mohali
Date : 07-05-2022

Narinder Kumar Tyagi
C.F.O

Chander Bhan Gupta
Company Secretary
M.No. F2232

PRITIKA AUTO INDUSTRIES LIMITED

CIN NO.L45208PB1980PLC046738

C-94 , PHASE VII , S.A.S NAGAR , INDUSTRIAL AREA , MOHALI , PUNJAB-160055

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022

(All amounts in Lacs)

A. Equity Share Capital

Particulars	No. Of Shares	Amount
Authorised Share Capital		
Balance as at April 1, 2020	1825.00	3650.00
Changes in equity share capital due to prior period errors	-	-
Restated balance as at April 1, 2020	1825.00	3650.00
Issue of Shares during the year	-	-
As at 31st March 2021	1825.00	3650.00
Balance as at April 1, 2021	1825.00	3650.00
Changes in equity share capital due to prior period errors	-	-
Restated balance as at April 1, 2021	1825.00	3650.00
Issue of Shares during the year	-	-
As at 31st March 2022	**1825.00**	**3650.00**

(All amounts in Lacs)

Equity Share Capital

Particulars	No. Of Shares	Amount
Subscribed and fully paid up		
Balance as at April 1, 2020	886.73	1773.45
Changes in equity share capital due to prior period errors	-	-
Restated balance as at April 1, 2020	886.73	1773.45
Issue of Shares during the year	-	-
As at 31st March 2021	**886.73**	**1773.45**
Balance as at April 1, 2021	886.73	1773.45
Changes in equity share capital due to prior period errors	-	-
Restated balance as at April 1, 2021	886.73	1773.45
Issue of Shares during the year	-	-
As at 31st March 2022	**886.73**	**1773.45**

B. Other Equity

Particulars	Reserves and Surplus				Total
	Share Warrant	Securities premium	Capital Reserve	Retained earnings	
Balance as at April 1, 2020	287.50	5,369.97	1,604.90	3,001.05	10,263.42
Change in Accounting policy or prior period errors	-	-	-	-	-
Restated balance as at April 1, 2020	287.50	5,369.97	1,604.90	3,001.05	10,263.42
Balance as at April 1, 2020	287.50	5,369.97	1,604.90	3,001.05	10,263.42
Profit / Addition during the year			-	587.00	587.00
Trf to Capital reserve	(287.50)		287.50	-	-
Other Comprehensive Income	-	-	-	146.70	146.70
Balance as at March 31 , 2021	**-**	**5,369.97**	**1,892.40**	**3,734.75**	**10,997.11**
Balance as at April 1, 2021	-	5,369.97	1,892.40	3,734.75	10,997.11
Change in Accounting policy or prior period errors	-	-	-	-	-
Restated balance as at April 1, 2021	-	5,369.97	1,892.40	3,734.75	10,997.11
Balance as at April 1, 2021	-	5,369.97	1,892.40	3,734.75	10,997.11
Profit / Addition during the year	-	-	-	1,440.78	1,440.78
Other Comprehensive Income	-	-	-	(310.45)	(310.45)
Balance as at March 31 , 2022	**-**	**5,369.97**	**1,892.40**	**4,865.08**	**12,127.45**

Pursuant to the requirements of Division II to Schdule III , below is the nature and purpose of each reserve :

a. **Security Premium** ; Securities premium reserve is used to record the premium received on issue of shares. The reserve is utilised in accordance with the provisions of Section 52 of the Companies Act, 2013

b. **Retained Earnings** : Retained earnings comprises of prior and current year's undistributed earnings after tax.

c. **Capital Reserve** : Capital reserve will be utilised for the purposes as permitted by the Companies Act, 2013.

As per our report of even date

For and on behalf of Board of Directors

For Sunil Kumar Gupta & Co.
Chartered Accountants
Firm Registration number: 003645N

S.K Gupta
Partner
Membership no.: 082486

Harpreet Singh Nibber
(Managing Director)
DIN No. 00239042

Raminder Singh Nibber
(Chairman)
DIN No. 00239117

Place: Mohali
Date : 07-05-2022

Narinder Kumar Tyagi
C.F.O

Chander Bhan Gupta
Company Secretary
M.No. F2232

A.K. SOOD & ASSOCIATES
CHARTERED ACCOUNTANTS
SCO 126-127, 2nd FLOOR, SECTOR 8-C, CHANDIGARH-160008 PHONE: 0172-3582501

INDEPENDENT AUDITOR'S REPORT

To the Members of
M/s Pritika Industries Limited

Opinion

We have audited the standalone financial statements of M/s Pritika Industries Limited ("the Company), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss and the Statement of Cash Flows for the year then ended, and notes to financial statements, and a summary of the significant accounting policies and other explanatory information

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022 and profit/loss and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Responsibility of Management for Standalone of Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act 2013 with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Accounting Standards specified under Secion 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit

UDIN: 22080232ANJVVV1100

conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   We have sought and except for the matters/effects/possible effects of the matters described in the Basis of Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

a. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
b. The Balance Sheet, the Statement of Profit and Loss dealt with by this Report are in agreement with the books of account;
c. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
d. On the basis of written representations received from the directors as on 31st March, 2022 taken on records by the Board of Directors, none of the directors is disqualified as on 31st march, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
e. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and

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f. with respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2015, in our opinion and to the best of our information and according to the explanations given to us:

i The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were material foreseeable losses;

iii. There were no amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For A.K. Sood & Associates
Chartered Accountants

Place: Chandigarh.
Dated: 06.07.2022

(A.K. Sood)
F.C.A.
Membership No. 080232
Firm Reg. No.:000072N

UDIN: 22080232ANJVVV1100

Annexure 'A'

Annexure to Auditors' Report

I. (a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

B. The Company has maintained proper records showing full particulars of intangibles assets.

(b) Property, Plant and Equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of records of the company, title deeds of all the immovable properties disclosed in the financial statements are held in the name of the company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended 31st March 2022.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

II. (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. For stocks lying with third parties at the year-end, written confirmations have been obtained and for inward goods-in-transit subsequent evidence of receipts has been linked with inventory records. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company.

III. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any guarantee or security or granted any secured loans or secured or unsecured advances in the nature of loans, to companies, firms, limited liability partnerships or any other parties during the year.

IV. According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of investments made and loans, guarantees and security given by the Company, in our opinion the provisions of Section 185 and 186 of the Companies Act, 2013 ("the Act") have been complied with.

V. According to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public during the year.

VI. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.

VII. The Company does not have liability in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory Dues

According to the information and explanations given to us and on the basis of our examination of records of the Company , there is no statutory dues relating to GST , Provident Fund , ESI , Sales tax , Service tax and Income tax etc except as mentioned below

UDIN: 22080232ANJVVV1100

Name of dues and Name of Statue	Year to which amount relates	Forum where matter is pending	Amount in Rs.
Income Tax Income Tax Act , 1961	FY 2017-18	Commissioner of Income TaX (Appeals)	5,53,990

VIII. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

IX. (a) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institution/bank as on the Balance Sheet date.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(d) In our opinion and according to the information and explanations given to us by the management, no funds raised for the short term basis have been used for long term investment.

(e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures as defined under the Act.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies (as defined under the Act).

X. (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

XI. (a) During the course of our examination of the books and records of the Company and according to the information and explanations given to us, no material fraud by the Company or on the Company has been noticed or reported during the year.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

XII. According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

XIII. In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the standalone financial

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statements as required by the applicable accounting standards.

XIV. (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till date for the period under.

XV. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

XVI. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

XVII. The Company has not incurred cash losses in the current and in the immediately preceding financial year.

XVIII. There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

XIX. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

XX. In our opinion and according to the information and explanations given to us, Section 135 is not applicable on the company.

XXI. In our opinion and according to the information and explanations given to us, there are no joint operation are carried on by the company.

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Annexure 'B' to the Independent Auditor's Report

Report on the Internal Financial Controls under Clause (i) of subsection 3 of section 143 of the Act. We have audited the internal financial controls over financial reporting of M/s Pritika Industries Limited ("the Company) as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information as required under the companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted out audit in accordance with the Guidance Note on audit of Internal Financial Controls. Over Financial Reporting (the "Guidance Note") and the Standards on auditing, issued by ICAI and deemed to be prescribed under section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for out audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements to external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company ; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also projections of any evaluation of the internal financial controls over financial reporting to

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future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the polices or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For A.K. Sood & Associates
Chartered Accountants

Place: Chandigarh.
Dated: 06.07.2022

(A.K. Sood)
F.C.A.
Membership No. 080232
Firm Reg. No.:000072N

UDIN: 22080232ANJVVV1100

PRITIKA INDUSTRIES LIMITED
CIN NO. U85100PB1997PLC038216
C-94, INDUSTRIAL AREA, PHASE - 7, S.A.S. NAGAR, MOHALI, PUNJAB-160055
BALANCE SHEET AS ON 31st MARCH, 2022 **(Amount in Rs.)**

Particulars	Note No.	As at 31st March, 2022	As at 31st March, 2021
EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	2	9,81,59,000	9,81,59,000
(b) Reserves and Surplus	3	26,95,52,353	24,34,14,772
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	4	15,93,07,026	22,52,72,729
(b) Other Long Term Liabilities	5	25,09,61,725	22,44,05,700
(c) Deferred Tax Liabilities (Net)	6	1,59,03,691	1,47,88,121
(3) Current Liabilities			
(a) Short-Term Borrowings	7	13,25,95,672	11,54,03,840
(b) Trade Payables	8	3,64,18,300	2,96,66,949
(c) Other Current Liabilities	9	36,75,71,371	28,89,67,189
(d) Short-Term Provisions	10	1,05,37,999	80,76,102
Total Equity & Liabilities		**1,34,10,07,137**	**1,24,81,54,402**
ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	11		
(i) Tangible Assets		35,97,43,798	35,01,65,389
(ii) Intangible Assets		-	-
(iii) Capital Work in Progress		1,30,55,100	1,82,13,826
(b) Non-current investments	12	20,77,52,518	20,61,74,820
(c) Other non-current assets	13	47,97,470	47,97,470
(2) Current Assets			
(a) Inventories	14	37,11,73,836	33,39,54,275
(b) Trade receivables	15	24,70,12,263	24,69,12,850
(c) Cash and Bank balances	16	1,38,12,897	68,39,489
(d) Short-term loans and advances	17	11,76,37,511	7,33,60,984
(e) Other Current Assets	18	60,21,744	77,35,299
Total Assets		**1,34,10,07,137**	**1,24,81,54,402**

The accompanying notes are an integral part of the financial statements
As per our report of even date

For A.K SOOD & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Reg. No.:000072N

A.K.SOOD
Partner
Membership No. : 080232

Date : 06-07-2022
Place: Mohali

For and on behalf of the Board of Directors

Raminder Singh Nibber
(Managing Director)
DIN No-00239117

Harpreet Singh Nibber
(Director)
DIN No.00239042

Manmeet Kaur Sihota
Company Secretary
M.No. A52290

PRITIKA INDUSTRIES LIMITED
CIN NO. U85100PB1997PLC038216
C-94, INDUSTRIAL AREA, PHASE - 7, S.A.S. NAGAR, MOHALI, PUNJAB-160055
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2022

Sr. No	Particulars	Note No.	For the Year Ended 31st March 2022	For the Year Ended 31st March 2021
I	**Revenue from Operations**			
	Sale of Products (Net of Sale Returns)	19	2,04,37,36,548	1,70,49,01,846
	Other Operational Incomes		3,71,62,287	2,38,12,419
	Gross Turnover		2,08,08,98,835	1,72,87,14,265
	Less: Indirect taxes	19	36,17,83,047	30,00,22,119
	Total		1,71,91,15,788	1,42,86,92,146
II	Other Income	20	27,16,577	4,69,339
III	***III. Total Revenue (I +II)***		**1,72,18,32,365**	**1,42,91,61,485**
IV	***Expenses:***			
	Cost of materials consumed	21	1,44,04,71,568	1,19,73,55,213
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	(2,27,20,032)	(3,22,51,136)
	Employee Benefit Expenses	23	10,23,12,520	7,71,99,814
	Financial Costs	24	4,33,01,440	5,16,43,234
	Depreciation and Amortization Expense	11	3,92,88,773	3,57,43,229
	Other Administrative Expenses	25	9,08,49,066	8,41,39,177
	Total Expenses (IV)		**1,69,35,03,335**	**1,41,38,29,531**
V	Profit before exceptional and extraordinary items and tax (III-IV)		**2,83,29,030**	**1,53,31,954**
VI	Exceptional Items/ Incomes		-	-
VII	Profit before extraordinary items and tax (V - VI)		**2,83,29,030**	**1,53,31,954**
VIII	Extraordinary Items		-	-
IX	Profit before tax (VII - VIII)		**2,83,29,030**	**1,53,31,954**
X	***Tax expense:***			
	(1) Current tax (Net of Mat Credit)		47,52,040	68,96,763
	(2) Deferred tax		11,15,570	(13,10,649)
	(3) Adjustment related to earlier year		(36,76,161)	(4,40,027)
XI	Profit/(Loss) from the period from continuing operations (IX-X)		**2,61,37,581**	**1,01,85,867**
XII	Profit/(Loss) from discontinuing operations		-	-
XV	Profit/(Loss) for the period (XI + XIV)		**2,61,37,581**	**1,01,85,867**
XVI	Earning per equity share: (nominal value of equity shares Rs. 10 each)			
	Basic		2.66	1.04
	Diluted		2.66	1.04

As per our report of even date
For A.K SOOD & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Reg. No.:000072N

For and on behalf of the Board of Directors

A.K.SOOD
Partner
Membership No. : 080232

Raminder Singh Nibber
(Managing Director)
DIN No-00239117

Harpreet Singh Nibber
(Director)
DIN No.00239042

Date : 06-07-2022
Place: Mohali

Manmeet Kaur Sihota
Company Secretary
M.No. A52290

PRITIKA INDUSTRIES LIMITED
CIN NO. U85100PB1997PLC038216
C-94, INDUSTRIAL AREA, PHASE - 7, S.A.S. NAGAR, MOHALI, PUNJAB-160055
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH , 2022

(Amount in Rs.)

Particulars	*For the Period Ended 31st March 2022*	*For the Period Ended 31st March 2021*
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per statement of Profit & Loss	2,83,29,030	1,53,31,954
Adjustments for:		
Interest Expense	4,33,01,440	5,16,43,234
Depreciation	3,92,88,773	3,57,43,229
Operating profit before working capital changes	11,09,19,243	10,27,18,417
Adjustments for:		
Increase/(Decrease) in Trade payables	67,51,351	64,608
Increase/(Decrease) in Long term trade payables	2,65,56,025	(15,25,740)
Increase/(Decrease) in other current liabilities	7,86,71,558	11,36,71,552
Increase/(Decrease) in Short term provisions	-	7,19,258
(Increase)/Decrease in Inventories	(3,72,19,561)	(4,43,44,410)
(Increase)/Decrease in Trade receivables	(99,413)	(7,00,31,844)
(Increase)/Decrease in Other Current assets	(3,87,44,329)	1,15,89,196
(Increase)/Decrease in other long term loans and advances	-	(5,106)
Cash generated from Operations	14,68,34,874	11,28,55,931
Income tax Paid	(25,00,000)	(22,55,000)
Net Cash flow from/(Used in) Operating activities	14,43,34,874	11,06,00,931
B. CASH FLOW FROM INVESTING ACITIVITIES		
Net Purchase of shares	(15,77,697)	(34,21,739)
Net Purchase of Assets	(4,37,08,457)	(6,88,50,858)
		-
Net Cash flow from/(Used in) Investing Activities	(4,52,86,154)	(7,22,72,597)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Loans raised (Net)	(4,87,73,872)	1,58,32,923
Interest expenses	(4,33,01,440)	(5,16,43,234)
Net Cash flow from/(Used in) Financing Activities	(9,20,75,312)	(3,58,10,311)
Add: Opening Cash and Cash Equivalents	68,39,489	43,21,466

For A.K SOOD & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Reg. No.:000072N

For and on behalf of the Board of Directors

A.K.SOOD
Membership No. : 080232

Raminder Singh Nibber
DIN No-00239117

Harpreet Singh Nibber
DIN No.00239042

Date : 06-07-2022
Place: Mohali

Manmeet Kaur Sihota
Company Secretary
M.No. A52290

A.K. SOOD & ASSOCIATES
CHARTERED ACCOUNTANTS
SCO 126-127, 2nd FLOOR, SECTOR 8-C, CHANDIGARH-160008 PHONE: 0172-3582501

INDEPENDENT AUDITOR'S REPORT

To the Members of
M/s Pritika Industries Limited

Opinion

We have audited the consolidated financial statements of M/s Pritika Industries Limited ("the Holding Company), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss and the Statement of Cash Flows for the year then ended, and notes to financial statements, and a summary of the significant accounting policies and other explanatory information

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022 and profit/loss and its cash flows for the year ended on that date.

Basis for Opinion

We have conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent Auditor of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Responsibility of Management for Consolidation of Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act 2013 with respect to the preparation of these consolidated financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Accounting Standards specified under Secion 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional

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scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. This report does not include a statement on the matters specified in paragraph 3 and 4 of the Companies (Auditor's Report) Order 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, since in our opinion and according to the information and explanations given to us, the said order is not applicable to the company.
2. As required by Section 143(3) of the Act, we report that:
   We have sought and except for the matters/effects/possible effects of the matters described in the Basis of Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

a. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
b. The Balance Sheet, the Statement of Profit and Loss dealt with by this Report are in agreement with the books of account;
c. In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards .
d. On the basis of written representations received from the directors as on 31st March, 2022 taken on records by the Board of Directors, none of the directors is disqualified as on 31st march, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
e. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and
f. with respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2015, in our opinion and to the best of our information and according to the explanations given to us:
   i The Company does not have any pending litigations which would impact its financial position.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were material foreseeable losses;

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iii. There were no amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For A.K. Sood & Associates
Chartered Accountants

Place: Chandigarh. **(A.K. Sood)**
Dated: 06-07-2022 **F.C.A.**
Membership No. 080232

UDIN: 22080232ANJVVV1100

Annexure ‘A’ to the Independent Auditor’s Report

Report on the Internal Financial Controls under Clause (i) of subsection 3 of section 143 of the Act. We have audited the internal financial controls over financial reporting of M/s Pritika Industries Limited (“the Company) as of March 31, 2022 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information as required under the companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted out audit in accordance with the Guidance Note on audit of Internal Financial Controls. Over Financial Reporting (the “Guidance Note”) and the Standards on auditing, issued by ICAI and deemed to be prescribed under section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for out audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements to external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company ; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company’s assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the polices or procedures may deteriorate.

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Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For A.K. Sood & Associates
Chartered Accountants

Place: Chandigarh. **(A.K. Sood)**
Dated: 06-07-2022 **F.C.A.**
Membership No. 080232

UDIN: 22080232ANJVVV1100

PRITIKA INDUSTRIES LIMITED
CIN NO. U85100PB1997PLC038216
C-94, INDUSTRIAL AREA, PHASE - 7, S.A.S. NAGAR, MOHALI, PUNJAB-160055
CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH , 2022

(Amount in Rs.)

Particulars	*Note No.*	As at 31st March 2022	As at 31st March 2021
EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	2	9,81,59,000	9,81,59,000
(b) Reserves and Surplus	3	38,88,84,676	34,20,71,152
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	4	15,93,07,026	22,52,72,729
(b) Other Long Term Liabilities	5	25,09,61,725	22,44,05,700
(c) Deferred Tax Liabilities (Net)	6	1,59,03,691	1,47,88,121
(3) Current Liabilities			
(a) Short-Term Borrowings	7	13,25,95,672	11,54,03,840
(b) Trade Payables	8	3,64,18,300	2,96,66,945
(c) Other Current Liabilities	9	36,75,71,371	28,89,77,189
(d) Short-Term Provisions	10	1,05,37,995	80,76,102
Total Equity & Liabilities		**1,46,03,39,456**	**1,34,68,20,778**
ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	11		
(i) Tangible Assets		35,97,43,798	35,01,65,389
(ii) Intangible Assets		-	-
(iii) Capital Work in Progress		1,30,55,100	1,82,13,826
(b) Non-current investments	12	32,70,84,837	30,47,85,040
(c) Other non-current assets	13	47,97,470	47,97,470
(2) Current Assets			
(a) Inventories	14	37,11,73,836	33,39,54,275
(b) Trade receivables	15	24,70,12,263	24,69,12,850
(c) Cash and Bank balances	16	1,38,12,897	68,95,645
(d) Short-term loans and advances	17	11,76,37,511	7,33,60,984
(e) Other Current Assets	18	60,21,744	77,35,299
Total Assets		**1,46,03,39,456**	**1,34,68,20,778**

The accompanying notes are an integral part of the financial statements
As per our report of even date

For A.K SOOD & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Reg. No.:000072N

A.K.SOOD
Partner
Membership No. : 080232

Date : 06-07-2022
Place : Mohali

For and on behalf of the Board of Directors

Raminder Singh Nibber
(Managing Director)
DIN No-00239117

Harpreet Singh Nibber
(Director)
DIN No.00239042

Manmeet Kaur Sihota
Company Secretary
M.No. A52290

PRITIKA INDUSTRIES LIMITED
CIN NO. U85100PB1997PLC038216
C-94, INDUSTRIAL AREA, PHASE - 7, S.A.S. NAGAR, MOHALI, PUNJAB-160055
CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2022

Sr. No	Particulars	Note No.	*For the Year Ended 31st March. 2022*	*For the Year Ended 31st March. 2021*
I	**Revenue from Operations**			
	Sale of Products (Net of Sale Returns)	19	2,04,37,36,548	1,70,49,01,846
	Job Work / Other Operational Incomes		3,71,62,287	2,38,12,419
	Gross Turnover		2,08,08,98,835	1,72,87,14,265
	Less: Indirect taxes	19	36,17,83,047	30,00,22,119
	Total		1,71,91,15,788	1,42,86,92,146
II	Other Income	20	27,16,577	4,69,339
III	***III. Total Revenue (I +II)***		**1,72,18,32,365**	**1,42,91,61,485**
IV	***Expenses:***			
	Cost of materials consumed	21	1,44,04,71,568	1,19,73,55,213
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	(2,27,20,032)	(3,22,51,136)
	Employee Benefit Expenses	23	10,23,12,520	7,71,99,814
	Financial Costs	24	4,33,01,440	5,16,43,234
	Depreciation and Amortization Expense	11	3,92,88,773	3,57,43,229
	Other Administrative Expenses	25	9,08,49,066	8,41,51,577
	Total Expenses (IV)		**1,69,35,03,335**	**1,41,38,41,931**
V	Profit before exceptional and extraordinary items and tax (III-IV)		**2,83,29,030**	**1,53,19,554**
VI	Exceptional Items/ Incomes		-	-
VII	Profit before extraordinary items and tax (V - VI)		**2,83,29,030**	**1,53,19,554**
VIII	Extraordinary Items		-	-
IX	Profit before tax (VII - VIII)		**2,83,29,030**	**1,53,19,554**
X	***Tax expense:***			
	(1) Current tax (Net of Mat Credit)		47,52,040	68,96,763
	(2) Deferred tax		11,15,570	(13,10,649)
	(3) Adjustment related to earlier year		(36,76,161)	(4,40,027)
XI	Profit/(Loss) from the period from continuing operations (IX-X)		**2,61,37,581**	**1,01,73,467**
XII	Profit/(Loss) from discontinuing operations		-	-
XIII	Tax expense of discounting operations		-	-
XIV	Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV	Profit/(Loss) after tax but before adjustment of share of associates for the period (XI + XIV)		**2,61,37,581**	**1,01,73,467**
XVI	Adjustment for share of Profit in Associates		2,06,22,099	1,94,49,251
XVII	Profit/(Loss) for the period (XV + XVI)		**4,67,59,680**	**2,96,22,718**
XVII	Earning per equity share: (nominal value of equity shares Rs. 10 each)			
	Basic		4.76	3.02
	Diluted		4.76	3.02

The accompanying notes are an integral part of the financial statements
As per our report of even date

For A.K SOOD & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Reg. No.:000072N

For and on behalf of the Board of Directors

A.K.SOOD
Partner
Membership No. : 080232

Raminder Singh Nibber
(Managing Director)
DIN No-00239117

Harpreet Singh Nibber
(Director)
DIN No.00239042

Date : 06-07-2022
Place : Mohali

Manmeet Kaur Sihota
Company Secretary
M.No. A52290

PRITIKA INDUSTRIES LIMITED
CIN NO. U85100PB1997PLC038216
C-94, INDUSTRIAL AREA, PHASE - 7, S.A.S. NAGAR, MOHALI, PUNJAB-160055
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022

Particulars	*For the Year Ended 31st March 2022*	(Amount in Rs.) *For the Year Ended 31st March 2021*
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per statement of Profit & Loss	2,83,29,030	1,53,19,554
Adjustments for:		
Interest Expense	4,33,01,440	5,16,43,234
Depreciation	3,92,88,773	3,57,43,229
Operating profit before working capital changes	11,09,19,243	10,27,06,017
Adjustments for:		
Increase/(Decrease) in Trade payables	67,51,355	64,604
Increase/(Decrease) in Long term trade payables	2,65,56,025	-15,25,740
Decrease in other current liabilities	7,86,15,403	11,36,70,743
Increase/(Decrease) in Short term provisions	-	7,19,258
(Increase)/Decrease in Inventories	(3,72,19,561)	(4,43,44,410)
(Increase)/Decrease in Trade receivables	(99,413)	(7,00,31,843)
(Increase)/Decrease in Other Current assets	(3,87,44,331)	1,15,89,196
Decrease in other long term loans and advances	-	(5,106)
Cash generated from Operations	14,67,78,721	11,28,42,720
Income tax Paid	(25,00,000)	(22,55,000)
Net Cash flow from/(Used in) Operating activities	14,42,78,721	11,05,87,720
B. CASH FLOW FROM INVESTING ACITIVITIES		
Purchase of shares	(15,77,697)	(34,21,739)
Purchase of Assets	(4,37,08,457)	(6,88,50,858)
Sale of Assets	-	-
Net Cash flow from/(Used in) Investing Activities	(4,52,86,154)	(7,22,72,597)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Loans raised (Net)	(4,87,73,871)	1,58,32,925
Interest expenses	(4,33,01,440)	(5,16,43,234)
Net Cash flow from/(Used in) Financing Activities	(9,20,75,311)	(3,58,10,311)
Net Increase in Cash and Cash Equivalents	69,17,256	25,04,813
Add: Opening Cash and Cash Equivalents	68,95,641	43,90,827
Closing balance of Cash and Cash Equivalents	1,38,12,897	68,95,641

For A.K SOOD & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Reg. No.:000072N

For and on behalf of the Board of Directors

A.K.SOOD
Partner
Membership No. : 080232

Raminder Singh Nibber
(Managing Director)
DIN No-00239117

Harpreet Singh Nibber
(Director)
DIN No.00239042

Date : 06-07-2022
Place : Mohali

Manmeet Kaur Sihota
Company Secretary
M.No. A52290

Sunil Kumar Gupta & Co.
CHARTERED ACCOUNTANTS
PAN No. : AAPFS4605Q
GST No. : 07AAPFS4605Q1ZH

Mob. : 09953999077, 09953999075
email : caskg82@gmail.com
skgcaisa82@yahoo.co.in
B-10, Magnum House-I,
Karam Pura Commercial Complex,
Shivaji Marg, New Delhi-110015

ANNEXURE V

To,
The Board of Directors,
Pritika Auto Industries Limited
Plot No. C-94, Phase-VII,
Industrial Focal Point, S.A.S. Nagar,
Mohali PB 160055

We, M/S. Sunil Kumar Gupta & Co. Chartered Accountants the statutory auditors of **Pritika Auto Industries Limited**), (hereinafter referred to as "the Company"), having its registered office situated at Plot No. C-94, Phase-VII, Industrial Focal Point, S.A.S. Nagar, Mohali PB 160055, have examined the proposed accounting treatment specified in clause 27 of the Draft Scheme of Arrangement between Pritika Industries Limited (PIL) (the Demerged Company) with Pritika Auto Industries Limited, (PAIL) (the Resulting Company) and their respective shareholders in terms of the provisions of section(s) 230 to 232 of the Companies Act, 2013 with reference to its compliance with the applicable Accounting Standards notified under Section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards), Rule, 2015, as amended, (the applicable Accounting Standards) and other generally accepted accounting principles.

Management's responsibility

The responsibility for the preparation of the draft Scheme and its compliance with the relevant laws and regulations, including the applicable Accounting Standard read with the rules made there under and other generally accepted accounting principles as aforesaid, is that of the Board of Directors of the Company. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the draft Scheme and applying on appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is only to examine and report whether the accounting treatment referred to in Clause 27 of the Proposed Scheme referred to above comply with the applicable Accounting Standard and other generally accepted accounting principles.

Nothing contained in this Certificate, nor anything said or done in the course of, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company.

We carried out our examination in accordance with the Guidance Noté on Audit Reports or Certificates for Special Purposes, issued by the Institute of Chartered Accountants of India (ICAI) and Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate. This Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by (ICAI).

Opinion

Based on our examination and according to the information and explanations given to us, pursuant to the requirement of para 5 of Annexure I to SEBI Master Circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020 issued by SEBI, we are of the opinion that the accounting treatment in Clause 27 of the Scheme of Arrangement, is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder and all the applicable Accounting Standard notified by the Central Government under Section 133 of the Companies Act, 2013, read with the rules made there under, and other generally accepted accounting principles, as applicable.

Restriction on use

This Certificate is issued at the request of the Pritika Auto Industries Limited pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for onward submission to the BSE Limited and National Stock Exchange of India Limited (NSE) and National Company Law Tribunal. This Certificate should not be used for any other purpose without our prior written consent.

For **M/S. Sunil Kumar Gupta & Co.**
Chartered Accountants
Firm Registration No.: 003645N

Sunil Kumar Gupta & Co. New Delhi Chartered Accountants

CA Sunil Kumar Gupta
Partner
Membership Number: 082486
UDIN: - 21082486AAAAAT3560
Place: New Delhi
Date: 14th August, 2021

A.K. SOOD & ASSOCIATES
CHARTERED ACCOUNTANTS
S.C.O. 126-127, IInd FLOOR, SECTOR 8-C, MM, CHANDIGARH.
E-mail: aksood_53@hotmail.com PHONE NO. 0172-4800470

To,
The Board of Directors,
Pritika Industries Limited
Plot No. C-94, Phase-VII,
Industrial Focal Point, S.A.S. Nagar,
Mohali PB 160055

We, M/S. A.K. Sood &Associates Chartered Accountants the statutory auditors of **Pritika Industries Limited**), (hereinafter referred to as "the Company"),having its registered office at situated at Plot No. C-94, Phase-VII, Industrial Focal Point, S.A.S. Nagar, Mohali PB 160055, have examined the proposed accounting treatment specified in clause 26 of the Draft Scheme of Arrangement between Pritika Industries Limited (PIL) (the Demerged Company) with Pritika Auto Industries Limited, (PAIL) (the Resulting Company) and their respective shareholders in terms of the provisions of section(s) 230 to 232 of the Companies Act, 2013 with reference to its compliance with the applicable Accounting Standards notified under Section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards), Rule, 2015, as amended, (the applicable Accounting Standards) and other generally accepted accounting principles.

Management's responsibility

The responsibility for the preparation of the Scheme and its compliance with the relevant laws and regulations, including the applicable Accounting Standard read with the rules made there under and other generally accepted accounting principles as aforesaid, is that of the Board of Directors of the Company. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Scheme and applying on appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is only to examine and report whether the accounting treatment referred to in Clause 26 of the Proposed Scheme referred to above comply with the applicable Accounting Standard, and other generally accepted accounting principles. Nothing contained in this Certificate, nor anything said or done in the course of, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company.

A.K. SOOD & ASSOCIATES Chartered Accountants CHANDIGARH

We carried out our examination in accordance with the Guidance Note on Audit Reports or Certificates for Special Purposes, issued by the Institute of Chartered Accountants of India (ICAI) and Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate. This Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by (ICAI).

Opinion

Based on our examination and according to the information and explanations given to us, pursuant to the requirement of para 5 of Annexure I to SEBI Master Circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020 issued by SEBI, we are of the opinion that the accounting treatment in Clause 26 of the Scheme of Arrangement, is in compliance with SEBI (Listing Obligations and Disclosure Requirements)Regulations, 2015 and circulars issued thereunder and all the applicable Accounting Standard notified by the Central Government under Section 133 of the Companies Act, 2013, read with the rules made there under, and other generally accepted accounting principles, as applicable

Restriction on use

This Certificate is issued at the request of the Pritika Industries Limited pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for onward submission to the BSE Limited and National Stock Exchange and National Company Law Tribunal. This Certificate should not be used for any other purpose without our prior written consent.

For A.K.Sood & Associates
Chartered Accountants

A.K. SOOD & ASSOCIATES Chartered Accountants CHANDIGARH

(Gaurav Sood)
F.C.A.
Membership No. 507583
UDIN: 21507583AAAALI8780

Place: Chandigarh
Dated: 14.08.2021

This abridged prospectus is prepared in compliance with the requirements under Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") read with SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and other incidental circulars issued by SEBI thereto including the Master Circular dated November 23, 2021 bearing reference no. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665), as amended from time to time in respect of schemes of arrangement ("SEBI Circulars") and in accordance with Part E (*Disclosures in Abridged Prospectus*) of Schedule VI of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time ("SEBI (ICDR) Regulations, 2018"), to the extent applicable ("Abridged Prospectus").

This Abridged Prospectus contains applicable information pertaining to the unlisted entity, i.e., Pritika Industries Limited ("PIL"/"Company"/"Demerged Company") involved in the proposed scheme of arrangement between PIL and Pritika Auto Industries Limited ("PAIL/"Resulting Company") and their respective shareholders and creditors ("Scheme"/"Scheme of Arrangement") pursuant to the provisions of Sections 230-232 of the Companies Act, 2013 ("Companies Act") read with other applicable provisions and the rules thereunder as well as sets out the salient features of the Scheme. (Demerged Company and Resulting Company are collectively referred to as the "Companies").

THIS ABRIDGED PROSPECTUS CONTAINS 8 PAGES.

NO EQUITY SHARES ARE PROPOSED TO BE ISSUED OR OFFERED PURSUANT TO THIS ABRIDGED PROSPECTUS.

THIS DOCUMENT DATED JULY 29, 2022 SHOULD BE READ TOGETHER WITH THE SCHEME AND THE NOTICE TO THE SHAREHOLDERS/CREDITORS (AS APPLICABLE) OF PAIL.

You may also download the Scheme from the websites of the Resulting Company and where the equity shares of the Resulting Company are listed i.e., the National Stock Exchange of India Limited ("**NSE**") and BSE Limited ("**BSE**") (the NSE and the BSE are collectively referred to as the "**Stock Exchanges**") *viz.* www.pritikaautoindustries.com, www.nseindia.com and www.bseindia.com respectively.

PRITIKA INDUSTRIES LIMITED
CIN: U85100PB1997PLC038216
Date of Incorporation: July 01, 1997

REGISTERED OFFICE	CONTACT PERSON	EMAIL AND TELEPHONE	WEBSITE
Plot No. C-94,Phase VII, Industrial Focal Point, SAS Nagar, Mohali, Punjab - 160 055, India	Manmeet Kaur Sihota, Company Secretary and Compliance Officer	cs@pritikagroup.com **Tel No.:** 0172-5008900, 5008901	www.pritikagroup.com

NAMES OF THE PROMOTERS OF THE COMPANY

1. Mr. Raminder Singh Nibber; 2. Mr. Harpreet Singh Nibber; 3. Mr. Gurkaran Singh Nibber; 4. Ms. Pavit Nibber.

DETAILS OF ISSUE TO PUBLIC

Type of Issue (Fresh/ OFS/ Fresh & IFS)	Fresh Issue Size (by no. of shares or by amount in Rs)	OFS Size (by no. of shares or by amount in Rs)	Total Issue Size (by no. of shares or by amount in Rs)	Issue Under 6(1) / 6(2)	Share Reservation QIB	Non Retail	RII
Not Applicable							

OFS: Offer for Sale

Details of OFS by Promoter(s)/ Promoter Group/ Other Selling Shareholders (*upto a maximum of 10 selling shareholders*)- *Not Applicable*

NAME	TYPE	NO. OF SHARES OFFERED/ AMOUNT IN RS.	WACA IN RS. PER EQUITY	NAME	TYPE	NO. OF SHARES OFFERED/ AMOUNT IN RS.	WACA IN RS. PER EQUITY
Not Applicable							

P: Promoter; PG: Promoter Group; OSS: Other Selling shareholder; WACA: Weighted Average Cost of Acquisition shall be calculated on fully diluted basis

The Scheme of Arrangement between the Demerged Company and the Resulting Company seeks to demerge and transfer and be vested in the Resulting Company as a going concern for demerger and vesting of the "Automotive/Tractor/Engineering Components Business Undertaking" pursuant to the provisions of Sections 230 - 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013, Section 2(1B) of the Income-tax Act, 1961 and the SEBI Circulars. Upon this Scheme becoming effective and with effect from the Appointed Date (*as defined in the Scheme*) and pursuant to Sections 230 to 232 and other applicable provisions, if any of the Companies Act, 2013 and pursuant to the Orders of the Hon'ble NCLT or other Appropriate Authorities or forums, if any, sanctioning the Scheme without any further acts, instruments, deeds, matters and things, the Demerged Undertaking shall stand demerged and transferred and be vested in the Resulting Company as a going concern, together with all its properties, assets, liabilities, obligations, rights, titles, benefits and interests therein.

For the purposes of obtaining approval under Regulation 37 of the Listing Regulations, the designated stock exchange is BSE.

PRICE BAND, MINIMUM BID LOT & INDICATIVE TIMELINES

Issue Price/Price Band	Not Applicable
Minimum Bid Lot Size	Not Applicable
Bid/Issue Open On	Not Applicable
Bid/Closes Open On	Not Applicable
Finalisation of Basis of Allotment with the Stock Exchange	Not Applicable
Initiation of refunds	Not Applicable
Credit of Equity Shares to demat accounts of Allottees	Not Applicable
Commencement of trading of the Equity Shares on the Stock Exchanges	Not Applicable

Details of WACA of all shares transacted over the trailing eighteen months from the date of Prospectus

Period	Weighted Average Cost of Acquisition (in INR)	Upper End of the Price Band is "X" times the WACA	Range of acquisition price Lowest Price- Highest Price (in INR)
Not Applicable	Not Applicable	Not Applicable	Not Applicable

WACA: Weighted Average Cost of Acquisition shall be calculated on fully diluted basis for the trailing eighteen months from the date of Prospectus.

RISKS IN RELATION TO THE FIRST ISSUE

Not Applicable (Since there is no invitation to public for subscription by way of this document) Specific attention of the readers is invited to "**Internal Risks Factors** on Page No. 7.

GENERAL RISKS

Not Applicable (Since there is no invitation to public for subscription by way of this document) Specific attention of the readers is invited to "**Internal Risks Factors**"on Page No. 7.

PROCEDURE

- This Abridged Prospectus is made in compliance with the Regulation 37 of the Listing Regulations read along with the SEBI Circulars and Part E (***Disclosures in Abridged Prospectus***) of Schedule VI of the SEBI (ICDR) Regulations, 2018.
- The board of directors of the Demerged Company, at their meeting held on August 14, 2021 considered and approved the Scheme.
- BSE has pursuant to its letter dated January 14, 2022 provided its observation letter with "no-objection" to the proposed Scheme of Arrangement.
- NSE has pursuant to its letter dated January 14, 2022 provided its observation letter with "no-objection" to the proposed Scheme of Arrangement.
- The Scheme of Arrangement remains subject to the receipt of approval from the respective shareholders and creditors of the Demerged Company and the Resulting Company, relevant National Company Law Tribunal(s) ("**NCLT**") and such other approvals, permissions and sanctions of regulatory and other authorities as may be necessary.
- In accordance with the provisions of Sections 230 - 232 of the Companies Act, 2013, the Scheme shall be acted upon only if a majority of persons representing three fourth in value of the equity shareholders of the Demerged and Resulting Company, voting in person or e-voting, agree to the Scheme.

- The Scheme of Arrangement shall be acted only if the votes cast by the public shareholders of the Resulting Company in favour of the Scheme are more than the number of votes cast by public shareholders of the Resulting Company against it, in accordance with the SEBI Circulars.

Name of Merchant Banker and contact details (Contact Person, Telephone and email id)	SYSTEMATIX GROUP Investments Re-defined **Systematix Corporate Services Limited** **Address:** The Capital, A-Wing, 6th Floor, No. 603-606, Plot No. C-70, G-Block, Bandra-Kurla Complex (BKC), Bandra (East), Mumbai 400 051, Maharashtra, India **Tel:** +91 22 6704 8000 **Email:** ecm@systematixgroup.in **Contact Person:** Jinal Sanghvi
Name of Syndicate Members	Not Applicable
Name of Registrar to the Issue and contact details (telephone and email id)	LINK Intime **Link Intime India Private Limited** **Address**: C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg,Vikhroli (West), Mumbai City, MH - 400083 **Tel:** +91 22 49186270 **E-mail:** rnt.helpdesk@linkintime.co.in
Name of Statutory Auditor	M/s. A. K Sood and Associates, Chartered Accountants
Name of Credit Rating Agency and the rating or grading obtained, if any	Not Applicable
Name of Debenture trustee, if any.	Not Applicable
Self-Certified Syndicate Banks	Not Applicable
Non Syndicate Registered Brokers	Not Applicable
Non Syndicate Registered Brokers	Not Applicable
Details regarding website address(es)/ link(s) from which the investor can obtain list of registrar to issue and share transfer agents, depository participants and stock brokers who can accept application from investor (as applicable)	Not Applicable

I. PROMOTERS OF THE COMPANY

Mr. Raminder Singh Nibber

Mr. Raminder Singh Nibber aged 80 years, is a Mechanical Engineer. He has more than 54 years of experience in the industry. He has been awarded Udyog Patra for Self-Made entrepreneur by the Institute of Trade and Industrial Development, Delhi in July, 2003 and Star of the Asia Award by Economic Growth Society of India in the year 2015. He has also been awarded with excellence in Quality Award by Department of Industries & Commerce, Govt. of Punjab. He is active member of various Industrial & Trade Associations. He had been Chairman of Confederation of Indian Industries (CII), Mohali Zone during the years 2016-2019. He is a member of Rotary Club, Chandigarh (Central) and Mohali Industries Association. He is also involved in Philanthropic Activities.

Mr. Harpreet Singh Nibber

Mr. Harpreet Singh Nibber aged 50 years, is a B.E. in Mechanical Engineering having more than 26 years of experience in the industry. He has been trained for Production Management & Business Planning Programs at AOTS, OSAKA, Japan and has participated in Management programme for Entrepreneurs by Nadathur S. Raghavan Center for Entrepreneurial Learning (NSRCEL), Bangalore in January 2009.

Mr. Gurkaran Singh Nibber

Mr. Gurkaran Singh Nibber is the son of Mr Harpreet Singh Nibber and the grandson of Mr Raminder Singh Nibber. He is 22 years old student and after completing his school education is currently pursuing higher studies in the USA.

Ms. Pavit Nibber

Ms. Pavit Nibber is the daughter of Mr Harpreet Singh Nibber and the granddaughter of Mr Raminder Singh Nibber. She is 19 years old. She is a student and after completing her school education is pursuing higher studies in the UK.

II. BUSINESS MODEL/BUSINESS OVERVIEW AND STRATEGY

Business Overview

- The Company was incorporated as a private limited company under the Companies Act, 1956, in the name of Pritika Industries Private Limited, pursuant to a certificate of incorporation dated July 01, 1997, bearing registration number 55-88273 was issued by Registrar of Companies, NCT of Delhi and Haryana. Subsequently pursuant to a special resolution passed at the EGM dated May 07, 2012 our Company was converted from a private limited company to a public limited company and consequently the name of our Company was changed to 'Pritika Industries Limited' and a fresh certificate of incorporation dated June 12, 2012 bearing corporate identification number U34300DL1997PLC088273 was issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana. The Hon'ble Regional Director (NR) New Delhi, vide his order dated November 26, 2013 has sanctioned a Petition for shifting of the Registered Office of the company from the State of Delhi to the State of Punjab. Accordingly, the company, upon registration of the said order, obtained a fresh certificate of incorporation from the Registrar of Companies, Punjab and Chandigarh. The Corporate Identification (CIN) of the Company is U85100PB1997PLC038216 and the Permanent Account Number (PAN) is AAACP9500B.
- PIL is engaged in the manufacturing of Auto Components (tractor parts). PIL has a strong customers base pan India. PIL has a diversified portfolio which includes axle housings, wheel hubs, hydraulic lift housings, end cover, plate differential carrier, cylinder blocks, crank cases. Catering primarily to tractors and commercial vehicles, PIL focuses on expanding and diversifying its product portfolio. PIL is one of the biggest component suppliers in the tractor segment of the automobile industry in India and supplies to leading OEMs. Currently, PIL has two manufacturing plants – one is located in Punjab and the other is in Himachal Pradesh. PIL's vision is to provide products which meet customer's quality requirement constantly at competitive prices.

Business Strategy

- **Position in Industry**:- Pritika Industries is the one of the largest & oldest supplier of Machined Components to Tractor Industry, Railways and General Engineering Industry since year 1973. Pritika Industries has been associated with Industry leaders like Escorts, Tafe, M&M, and Escorts (RED) for last many decades.
- **Infrastructure**:- Pritika Industries has approx 70,000 sq.ft. of built up area at two locations (Punjab & Himachal Pradesh). Pritika Industries has state of art manufacturing facilities which includes Hitech - CNC Machines, Special Purpose Machines and General-Purpose Machines.
- **Quality**: - Both units are TS16949 certified and Mohali unit is also ZED certified.
- **Business Model**: - Company is very well respected in Industry for its excellent performance on parameters of quality, cast & delivery due to which it gets repeat orders from its customers and is always on growth path.
  Knowledge Capital: - The Company has approx 400 employees and senior management comprising of officers who are Engineers & Management graduates from leading institutions.

III. BOARD OF DIRECTORS OF THE COMPANY

Details of Board of Directors as on date

Sr. No	Name	Designation.	Experience and Educational Qualification	Directorship in other companies
1.	Mr. Raminder Singh Nibber	Managing Director	Mr. Raminder Singh Nibber aged 80 years, is a Mechanical Engineer. He is the founder of the group. He has more than 54 years of experience in the industry including production, marketing, finance, administration and handling technical matter and overall supervision and control of affairs of the Company.	**Indian Companies** • Pritika Auto Industries Limited • Pritika Engineering Components Limited • Pritika Holdings Private Limited • Meeta Castings Limited **Foreign Companies** None
2.	Mr. Harpreet Singh Nibber	Director	Mr. Harpreet Singh Nibber - aged 50 years, is a B.E. in Mechanical Engineering and having more than 26 years of experience in the industry. He has been trained for Production Management & Business Planning Program. He is actively involved in the functional areas of production, marketing and growth strategy of the Company. He has been instrumental in giving direction to the core management team.	**Indian Companies** • Pritika Auto Industries Limited • Pritika Engineering Components Limited • Pritika Holdings Private Limited • Meeta Castings Limited **Foreign Companies** None
3.	Mr. Ajay Kumar	Director	Mr. Ajay Kumar- aged 47 years is a Mechanical Engineer and an MBA. He has 21 years experience in the industry. He is an approved Internal Auditor for ISO. He has been associated with the Company since 2017. He has vast experience in looking after functional areas of production, marketing and growth strategy of the Company.	**Indian Companies** • Pritika Auto Industries Limited • Pritika Engineering Components Limited **Foreign Companies** None
4.	Mr. Subramaniyam Bala	Independent Director	Mr. Subramaniyam Bala aged 70 years is a diploma holder with technical expertise and more than 44 years of experience in foundry development. He has been engaged in designing methods & development of castings as well as establishment of foundry units. He has served as director on the Board of various companies for the last18 years.	**Indian Companies** • Pritika Auto Industries Limited (Independent Director) • Pritika Engineering Components Limited (Independent Director) **Foreign Companies** None
5.	Mrs. Neha	Independent Director	Mrs Neha, aged 39 years, is holding Masters Degree in Law (LL.M) and is an advocate doing practice in the High Court of Punjab & Haryana at Chandigarh for the past 13 years.	**Indian Companies** • Pritika Auto Industries Limited (Independent Director) • Pritika Engineering Components Limited

				(Independent Director) **Foreign Companies** None

IV. RATIONALE OF THE SCHEME

(A) Rationale of the Scheme

PIL would demerge Automotive/Tractor/Engineering Components Business undertaking (hereinafter referred to as "**Demerged Undertaking**") to PAIL and PIL would continue to run and operate the healthcare and investment business undertaking (hereinafter referred to as the "**Remaining Undertaking**"). The underlying business rationale and objectives are as follows:

i. With the complete integration of Demerged Undertaking with PAIL, the manufacturing capacity of PAIL will stand enhanced since PIL fulfils its raw material supply (i.e. Raw Castings) needs from PAIL. The Demerger would eliminate the inter dependence and shall be a forward integration of manufacturing activities of PAIL which in turn add to efficiency, economy in operations and ultimately add to shareholders' wealth.

ii. PIL and PAIL are in the same line of business and cater the needs of same customers (i.e. OEMs). The Scheme would eliminate the unnecessary competition within the group which will create transparency and confidence of investors in the market.

iii. PIL currently has business interest in diverse businesses such as Manufacturing, Healthcare and Investment & Financing activities and other allied activities. With a view to achieve greater management focus in other business activities, PIL proposes to demerge its business interest in the Demerged Undertaking and vest the same inPAIL.

iv. The consolidation of operations of the Manufacturing Business of PIL and the PAIL by merging the Demerged Undertaking into PAIL, will lead to a more efficient utilisation of capital, administrative and operational rationalization and promote organisational efficiencies. This will help to achieve cost efficiency that will enhance the financial efficiencies and help achieve economies of scale, reduction in overheads and improvement in various other operating parameters.

v. The Demerged Undertaking and Remaining Undertaking have their own set of strengths and dynamics in the form of nature of risks, competition, challenges, opportunities and business methods leading to different growth potentials. Hence segregation of the two undertakings would enable a focused management to explore the potential business opportunities effectively and efficiently.

vi. The Demerger would result in achieving efficiency in operational process by designing and implementing independent strategies specifically designed for the two businesses and in optimising profitability. This would in turn enhance the shareholders' wealth.

vii. This will also help in targeting and attracting new investors with specific focus and expertise in the two businesses thereby providing the necessary funding impetus to the long-term growth strategy of the two businesses.

viii. Integration would result in maximising overall shareholder value, improvising the competitive position and enabling to unlock the economic value of both the entities.

ix. Improved organisational capability, arising from the pooling of human capital who have the diverse skills, talent and vast and leadership experience to compete successfully in an increasingly competitive industry.

x. Cost savings are expected to flow from more focused operational efforts, rationalization, standardisation and simplification of business processes, and the elimination of duplication, and rationalization of administrative expenses.

(B) Details of Means of finance: Not Applicable
(C) Details and reasons for non-deployment or delay in deployment of proceeds or changes in utilization of issue proceeds of past public issues/rights issues, if any, of the Company in preceding 10 Years: Not Applicable
(D) Name of Monitoring Agency, if any: Not Applicable
(E) Terms of Issuance of convertible security, if any: Not Applicable
(F) Shareholding Pattern of PIL as on July 29, 2022

Sr. No.	Category	No of Equity Shares(Pre Scheme)	Percentage Holding (Pre-Scheme)
1.	Promoter and Promoter Group	98,12,620	99.97
2.	Public	3,280	0.03
	Total	**98,15,900**	**100.00**

(G) Number/amount of equity shares proposed to be sold by Selling Shareholders, if any – Not Applicable.

V. AUDITED FINANCIALS

(Rs. In Lakhs except EPS)

Particulars	CONSOLIDATED Financial Year 2021-22 (March 31, 2022)	Financial Year 2020-21 (March 31, 2021)	Financial Year 2019-20 (March 31, 2020)
	Audited	Audited	Audited
Total income from operations (net)	17,218.32	14291.61	11087.04
Net Profit / (Loss) before tax and extraordinary items	283.29	153.20	142.42
Net Profit / (Loss) after tax and extraordinary items	467.60	296.23	260.40
Equity Share Capital	981.59	981.59	981.59
Reserves and Surplus	3,888.85	3420.71	3124.48
Net worth	4,870.44	4402.30	4106.07
Basic earnings per share (Rs.)	4.76	3.02	2.65
Diluted earnings per share (Rs.)	4.76	3.02	2.65
Return on net worth (%)	10.09	6.96	6.12
Net asset value per share (Rs.)	49.62	44.85	41.83

Note:- *The Company does not have any Subsidiary as on date. However, due to its investment in an associate company (which is more than 20%) namely, Pritika Auto Industries Limited, the consolidated financials have been provided.*

VI. INTERNAL RISK FACTORS

The below mentioned risks are the top 5 internal risk factors:

1. The geographical set up of our manufacturing facilities may restrict our operations and adversely affect our business and financial conditions.
2. We are subject to strict quality requirements and any failure by us or our component suppliers in complying with quality standards may lead to cancellation of existing and future orders, product recalls, product liability, warranty claims, litigation and other disputes and claims.
3. We have undertaken and may continue to undertake strategic investments, acquisitions and collaborations in the future, which may be difficult to sustain, integrate and/or manage successfully. These may expose us to uncertainties and risks, any of which could adversely affect our business, financial conditions and result of operations.
4. We have substantial capital expenditure and working capital requirements and may require additional capital and financing in the future and our operations could be curtailed if we are unable to obtain required additional capital and financing when needed.
5. If we fail to maintain an effective system of internal controls, we may not be able to successfully manage, or accurately report, our financial risks.

VII. SUMMARY OF OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTIONS

(A) Total number of outstanding litigations by and against the Company and amount involved

The Company is currently involved in 2 litigations and the total amount involved in all the litigations, wherever quantifiable is Rs. 5.54 lakhs only).

Name of the Entity	Criminal Proceedings	Tax Proceedings	Statutory and Regulatory Proceedings	Disciplinary actions by the SEBI or Stock Exchanges against our Promoters	Material Civil Litigations	Aggregate amount involved (Rs in lakhs)
Company						
By the Company	-	2	-	-	-	5.54
Against the Company	-	-	-	-	-	-
Directors						
By the Company	-	-	-	-	-	-
Against the Company	-	-	-	-	-	-
Promoters						
By the Company	-	-	-	-	-	-
Against the Company	-	-	-	-	-	-
Subsidiaries						

By Subsidiaries	-	-	-	-	-	-
Against Subsidiaries	-	-	-	-	-	-

(B) Brief details of top 5 material outstanding litigations against the Company and amount involved

As on date, there are no material outstanding litigations against the Company.

(C) Regulatory Action, if any - disciplinary action taken by SEBI or stock exchanges against the Promoters in last 5 financial years including outstanding action, if any: -

As on date, there are no disciplinary action taken by SEBI or stock exchange against the Promoters of the Company in last 5 financial years.

(D) Brief details of outstanding criminal proceedings against Promoters: -

As on date, there are no outstanding criminal proceedings against the Promoters of the Company.

VIII. DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act, 1956, the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Abridged Prospectus is contrary to the provisions of the Companies Act, 1956, Companies Act, 2013, the Securities and Exchange Board of India Act, 1992, Securities Contract (Regulation) Act, 1956, Securities Contract (Regulation) Rules, 1957 or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements and disclosures in this Abridged Prospectus are true and correct.

For **Pritika Industries Limited**

Harpreet Singh Nibber
Director

Date : July 29, 2022
Place: Mohali

July 29, 2022

To,
The Board of Directors
Pritika Industries Limited
Plot No. C-94,Phase VII, Industrial Focal Point,
SAS Nagar, Mohali, Punjab- 160 055

Sub: ***Scheme of Arrangement between Pritika Industries Limited ("PIL"/"Company"/"Demerged Company") and Pritika Auto Industries Limited ("PAIL/Resulting Company") and their respective shareholders and creditors pursuant to Sections 230-232 of the Companies Act, 2013 ("Companies Act") (collectively referred to as the "Scheme").***

Dear Members of the Board,

We, **M/s Systematix Corporate Services Limited**, a Category I Merchant Banker registered with SEBI vide Registration Number – INM000004224, ("**SCSL" or "We"**) have been appointed by the Pritika Auto Industries Limited ("**PAIL/Resulting Company**") for certifying the accuracy and adequacy of disclosure(s) made in the Abridged Prospectus of Pritika Industries Limited ("**PIL"/"Company"/"Demerged Company**") dated July 29, 2022 **(the "Abridged Prospectus")** with respect to the Scheme of Arrangement between Pritika Industries Limited **("PIL"/"Company"/"Demerged Company**") and Pritika Auto Industries Limited ("**PAIL/Resulting Company**") and their respective shareholders and creditors pursuant to Sections 230-232 of the Companies Act, 2013 ("**Companies Act**") (collectively referred to as the "**Scheme**").

The purpose of the certificate is to inform the shareholders of the Resulting Company about the information/details w.r.t. the Demerged Company, an unlisted company involved in the Scheme, are in compliance with provisions of the SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and other incidental circulars issued by SEBI thereto including the Master Circular dated November 23, 2021 bearing reference no. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665), as amended from time to time in respect of schemes of arrangement ("**SEBI Circulars**") read with the information required to be disclosed as per Part E of Schedule VI of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the "**SEBI (ICDR) Regulations, 2018**").

The above confirmation is based on the information furnished and explanations provided to us by the management of the Company assuming the same is complete and accurate in all material aspects on an as is basis. We have relied upon the financials, information and representations furnished to us on an as is basis and have not carried out an audit of such information. Our scope of work does not constitute an audit of financial information and accordingly we are unable to and do not express an opinion on the fairness of any such financial information referred to in the Abridged Prospectus. This certificate is based on the information contained in Abridged Prospectus dated July 29, 2022.

This certificate is a specific purpose certificate issued in terms with the SEBI Circulars and hence it should not be used for any other purpose or transaction. This certificate is not, nor should it be construed to be, a certification of compliance of the Scheme with the provisions of applicable law including company, taxation and securities markets related laws or as regards any legal implications or issues arising thereon, except for the purpose expressly mentioned herein.

We express no opinion whatsoever and make no recommendation at all as to the Company's underlying decision to effect the Scheme or as to how the holders of equity shares of the Company/creditors of the Company should vote at their respective meetings held in connection with the Scheme. We do not express and should not be deemed to have expressed any views on any other terms of the Scheme or its success. We also express no opinion, and accordingly, accept no responsibility for or as to the price at which the equity shares of the Resulting Company will trade following the Scheme for or as to the financial performance of the Resulting Company following the consummation of the Scheme. We express no opinion whatsoever and make no recommendations at all (and accordingly take no responsibility) as to whether shareholders/investors should buy, sell or hold any stake in the Company or any of its related parties (holding company/subsidiaries/associates etc.).

We in the capacity of SEBI Registered Category – I Merchant Banker do hereby certify that the information as disclosed in the Abridged Prospectus is accurate and adequate to the extent applicable and is in line with the disclosures required to be made as per the SEBI Circulars read with Part E of Schedule VI of the SEBI (ICDR) Regulations, 2018.

Thanking You.

For **Systematix Corporate Services Limited**

Systematix Corporate Services Limited

Amit Kumar
Director, Investment Banking

Date: July 29, 2022.