

SCHEME OF ARRANGEMENT

BETWEEN

CONCORD ENVIRO SYSTEMS LIMITED

AND

ITS SHAREHOLDERS

**UNDER SECTION 230 READ WITH SECTION 52 AND SECTION 66 AND
OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013**

A. PREAMBLE

1. This Scheme of Arrangement (“**Scheme**” as more particularly defined hereunder) provides for financial restructuring of Concord Enviro Systems Limited (“**Company**”) wherein the negative Retained Earnings of the Company would be adjusted against the credit balance in the Securities Premium Account of the Company under the provisions of Section 230 read with section 52 and section 66 and other applicable provisions of the Companies Act, 2013 (more particularly defined hereinafter).
2. This Scheme also provides for various other matters consequential thereto or otherwise integrally connected therewith.

B. DESCRIPTION OF COMPANY

Concord Enviro Systems Limited (hereinafter referred to as “**Company**”) is a Listed Public Company incorporated under the provisions of the Companies Act, 1956 under the Corporate Identification Number L45209MH1999PLC120599 and having its registered office situated at 101, HDIL Towers, Anant Kanekar Marg, Bandra (East), Mumbai City, Mumbai, Maharashtra, India, 400051. The Company was incorporated on July 1, 1999, as a Private Limited Company under the name and style of Concord Enviro Systems Private Limited. Subsequently, the name of the Company was changed to Concord Enviro Systems Limited, upon conversion into a public company and fresh certificate of incorporation was issued by the Registrar of Companies(“**RoC**”), Mumbai on 6th June 2022. The Company is engaged in the business of manufacturing and trading of components of water treatment plants and providing technical consultancy and design

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services. The equity shares of the Company are listed on BSE Limited and the National Stock Exchange of India Limited (collectively, the 'Stock Exchanges').

C. RATIONALE OF THE SCHEME

1. The Company currently has a negative balance under the head "Retained Earnings". Despite reporting profits during the previous years, the negative Retained Earnings are weighing down the financial statements of the Company and are not reflective of its true current financial positions.
2. As a strategic move, the Company proposed to undertake financial restructuring through a Scheme of Arrangement to set-off the negative balance in the Retained Earnings against the credit balance in the Securities Premium Account. The set-off of the credit balance in the Securities Premium Account would not have any impact on the shareholding pattern and the capital structure of the Company.
3. The above set-off could potentially reap strategic benefits including but not limited to the following:
 - a. the financial statements of the Company would reflect its true and fair financial health and achieve right sizing of the balance sheet;
 - b. help in resizing the reserves of the Company and thereby denoting a positive reserve representing its true and fair financial position which is commensurate with its business and assets;
 - c. Enable the Company to use the amount which is lying unutilized in the credit balance in the Securities Premium Account of the Company in an effective manner for the benefit of the Company;

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Page 3 of 19



- d. Help in exploring the opportunities for the benefit of the shareholders of the Company including but not restricted to dividend payment as per applicable provisions of the Act and rules made thereunder;
- e. The Scheme does not involve any financial outlay/outgo and therefore, would not affect the ability or liquidity of the Company to meet its obligations/commitments in the normal course of business. Further, this Scheme would also not in any way adversely affect the ordinary operations of the Company;
- f. The Scheme would be in the best interest of the shareholders and other stakeholders of the Company.

In view of the aforesaid, the Board of Directors of the Company have considered and proposed this Scheme and matters incidental thereto pursuant to the provisions of Sections 230 read with section 52 and section 66 and other relevant provisions of the Act.

D. PARTS OF THE SCHEME

This Scheme is divided into the following parts:

- a. **Part I** – deals with the definitions of capitalized terms used in this Scheme, the details of the share capital of the Company and date of taking effect and implementation of this Scheme;
- b. **Part II** – deals with Financial Restructuring of the Company; and
- c. **Part III** – deals with the General Terms and Conditions applicable to the Scheme and other matters consequential and integrally connected thereto.

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Page 4 of 19



Though this Scheme is divided into various parts, for the purpose of convenience, it is to be implemented as a single inseparable comprehensive Scheme.

PART I

DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meaning:

- 1.1. **“Act” or “the Act”** means the Companies Act, 2013 and shall include any statutory modifications, re-enactment, or amendments thereof for the time being in force, and the rules and regulations made thereunder;
- 1.2. **“Applicable Law(s)”** means any statute, notification, bye laws, rules, regulations, guidelines, circulars or common law, policy, code, directives, ordinance, schemes, notices, orders, or instructions enacted or issued or sanctioned by any Appropriate Authority including any modification or re-enactment thereof, for the time being in force;
- 1.3. **“Appointed Date”** means 01st April 2025 or such other date as may be fixed or approved by the Hon’ble National Company Law Tribunal or such other competent authority/ Appropriate Authority;
- 1.4. **“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, or any stock exchange of India including the Registrar of Companies, Regional Director, Securities and Exchange Board of India, National Company Law Tribunal and such other sectoral regulators or authorities, as may be applicable;

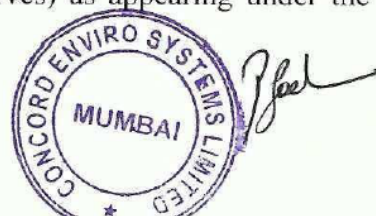
- 1.5. **“Board of Directors” or “Board”** in relation to the Company, means the board of directors of the Company, and shall include a committee of directors, or any other person duly authorised by such Board of Directors or such committee of directors for the purpose of this Scheme;
- 1.6. **“Company”** means Concord Enviro Systems Limited, a company incorporated on July 1, 1999 under the provisions of the Companies Act, 1956 under the Corporate Identification Number L45209MH1999PLC120599 and having its registered office situated at 101, HDIL Towers, Anant Kanekar Marg, Bandra (East), Mumbai City, Mumbai, Maharashtra, India, 400051;
- 1.7. **“Effective Date”** in relation to the Scheme, means the date or last of the dates on which (i) certified copies of the order of the NCLT sanctioning the Scheme

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Page 6 of 19



are filed Company with the Registrar of Companies, Mumbai or (ii) the last of the approvals specified under Clause 13 is obtained. References in this Scheme to the date of “coming into effect of this Scheme” or “upon the Scheme becoming effective” shall mean the Effective Date;

- 1.8. **“Ind AS”** shall mean the Indian Accounting Standards as notified under Section 133 of the Act;
- 1.9. **“IT Act”** means the Income-tax Act, 1961, of India, including any statutory modifications, re-enactments, or amendments thereof for the time being in force;
- 1.10. **“NCLT” or “National Company Law Tribunal” or “Tribunal” or “Hon’ble Tribunal”** means the Mumbai Bench of the National Company Law Tribunal having jurisdiction in relation to the Company and/ or the National Company Law Appellate Tribunal (“NCLAT”) as constituted and authorized as per the provisions of the Act for approving any scheme of arrangement, compromise or reconstruction of companies under sections 230 read with section 52 and section 66 and other applicable provisions of the Act and shall include, if applicable, such other forum or authority as may be vested with the powers of a tribunal for the purposes of Sections 230 read with section 52 and section 66 and other applicable provisions of the Act as may be applicable;
- 1.11. **“Other Equity”** means the aggregate of all reserves and surpluses (including Retained Earnings, capital reserves, Securities Premium, general reserves, capital redemption reserve, and other reserves) as appearing under the head



'Other Equity' in the Company's audited financial statements, prepared in accordance with applicable accounting standards, as on the Appointed Date or such other date as may be approved by the Board of Directors in connection with this Scheme

- 1.12. **"Retained Earnings"** the amount appearing in the annual financial statements of the Company as "retained earnings" under "Other Equity".
- 1.13. **"Registrar of Companies"** means the Registrar of Companies, Mumbai having jurisdiction over the Company;
- 1.14. **"SEBI"** means the Securities Exchange Board of India established under the Securities and Exchange Board of India Act, 1992;
- 1.15. **"Securities Premium Account"** shall mean the securities premium account maintained by the Company in accordance with the provisions of Section 52 of the Act and having such amount in it as on the Appointed Date;
- 1.16. **"Stock Exchanges"** means the stock exchanges, where the equity shares of the Company are listed and admitted to trading, viz, BSE Limited and National Stock Exchange of India Limited;
- 1.17. **"Tax Laws"** mean IT Act, Customs Act, 1962, applicable to any state in which the Company operate, Goods and Services Tax or other applicable laws / regulations dealing with taxes / duties / levies / cess.



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1.18. **“this Scheme”** or **“the Scheme”** or **“Scheme of Arrangement”** means this Scheme of Arrangement in its present form, submitted to the Tribunal for sanction of this Scheme with such modification(s), if any, made as per Clause 12 of this Scheme.

2. In this Scheme, unless the context otherwise requires:
- a. words denoting the singular shall include the plural and vice versa;
 - b. headings and bold typefaces are only for convenience and shall be ignored for the purpose of interpretation;
 - c. references to the word “include” or “including” shall be construed without limitation;
 - d. a reference to a clause, section or part is, unless indicated to the contrary, a reference to a clause, section or part of this Scheme;
 - e. unless otherwise defined, the reference to the word “days” shall mean calendar days;
 - f. reference to a document includes an amendment or supplement to, or replacement or novation of that document;
 - g. word(s) and expression(s) elsewhere defined in the Scheme shall have the meaning(s) respectively ascribed to them; and
 - h. references to any law or legislation or regulation shall include amendment(s), circulars, notifications, clarifications or supplement(s) to, or replacement, re-enactment, restatement or amendment of, that law or legislation or regulation and shall include the rules and regulations thereunder; and
 - i. All terms and words used but not defined in this Scheme shall, unless

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Page 9 of 19



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repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act and other Applicable Laws, rules, regulations, byelaws, as the case may be, or any statutory modification or re-enactment thereof for the time being in force.

3. DATE OF TAKING EFFECT AND OPERATIVE DATE

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

4. SHARE CAPITAL

4.1. The share capital structure of the Company as on 31st March 2025 is as follows:

Particulars	Amount in Rs.
Authorised Share Capital	
4,00,00,000 equity shares of Rs. 5/- each	20,00,00,000
0.001% compulsorily convertible non-cumulative preference shares of Rs. 1000/- each	22,50,00,000
TOTAL	42,50,00,000
Issued, Subscribed and Paid-up Share Capital	
2,06,96,233 equity shares of Rs. 5/- each fully paid up	10,34,81,165
TOTAL	10,34,81,165

The equity shares of the Company are listed on the Stock Exchanges.



Subsequent to 31st March 2025 and up to the approval of the Scheme by the Board of the Company, there has been no change in the authorised, issued, subscribed and paid-up equity share capital of the Company.



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PART - II
FINANCIAL RESTRUCTURING OF THE COMPANY

5. **FINANCIAL RESTRUCTURING OF THE COMPANY**

5.1. As on 31 March 2025, the Other Equity as appearing in the books of accounts of the Company is as under:

Particulars	Amount in Rs.
General Reserve	98,525
Securities Premium	2,44,25,66,361.62
Retained Earnings	(46,16,81,974.32)
Remeasurement Benefits	(13,12,484.13)

5.2. Upon the Scheme becoming effective and with effect from the Appointed Date, the negative balance of the Retained Earnings shall be first adjusted against the credit balance in the Securities Premium Account as appearing in books of accounts of the Company as on the Appointed Date.

5.3. The adjustment of the negative balance of Retained Earnings against the credit balance in the Securities Premium Account of the Company as stated in Clause 5.2 above, shall be effected as an integral part of this Scheme itself, and the order of the Tribunal sanctioning this Scheme shall confirm the adjustment of the negative balance of Retained Earnings against the credit balance in the Securities Premium Account of the Company.



- 5.4. The utilization of the Securities Premium Account as aforesaid shall be effected as an integral part of the Scheme and the order of the NCLT sanctioning this Scheme shall be deemed to be an order under Section 66 read with Section 52 and other applicable provisions of the Act and no separate sanction under Section 66 read with Section 52 and other applicable provisions of the Act will be necessary.
- 5.5. Pursuant to the Scheme, there is no outflow of/ payout of funds from the Company and hence, the interest of the shareholders/ creditors is not adversely affected. For the removal of doubt, it is expressly recorded and clarified that the Scheme shall not in any manner involve distribution of reserves and shall be in accordance with the accounting standards prescribed under provisions of Section 133 of the Act.
- 5.6. The adjustment of the negative balance of Retained Earnings against the credit balance in the Securities Premium Account of the Company would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital.
- 5.7. Notwithstanding the adjustment of the negative balance of Retained Earnings against the credit balance in the Securities Premium Account of the Company, as stated in Clause 5.2 above, the Company shall not be required to add 'And Reduced' as suffix to its name.



5.8. This Scheme is an “arrangement” between the Company and its shareholders under Section 230 read with section 52 and section 66 and the other applicable provisions of the Act and does not envisage the transfer or vesting of any properties and/or liabilities as contemplated in Sections 230 to 232 and other applicable provisions of the Act. This Scheme does not involve any “conveyance” or “transfer” of any property/liabilities and does not relate to amalgamation or merger or demerger of companies in terms of Sections 230 to 232 of the Act, and accordingly this Scheme and the order sanctioning this Scheme shall not be deemed to be a conveyance within the meaning of the Maharashtra Stamp Act, 1958, and therefore no stamp duty shall be payable on the Scheme and / or the order sanctioning this Scheme.

6. ACCOUNTING TREATMENT IN THE BOOKS OF THE COMPANY

6.1. Notwithstanding anything contained in the Scheme, the Company shall account for the financial restructuring in accordance with Ind AS notified under Section 133 of the Act, under the Companies (Indian Accounting Standard) Rules, 2015, as may be amended from time to time, and other accounting principles generally accepted in India. The negative balance of Retained Earnings as on the Appointed Date shall be adjusted against the credit balance in the Securities Premium Account of the Company.

6.2. This adjustment shall be deemed to constitute a reduction of share capital as contemplated under Section 52(1) and Section 66 of the Act, and the NCLT's approval of this Scheme shall serve as confirmation of such capital reduction under Section 66 of the Act.



PART- III
GENERAL TERMS AND CONDITIONS

7. EMPLOYEES

The employees of the Company shall, in no way, be affected by the proposed financial restructuring, as there is no transfer of employees under the Scheme. On the Scheme becoming effective, all the employees of the Company shall continue with their employment, without any break or interruption in their services, on the same terms and conditions on which they are engaged as on the Effective Date.

8. CREDITORS

The adjustment of negative Retained Earnings against the credit balance in the Securities Premium Account (as set out in Clause 5.2 above) will not cause any prejudice to the creditors of the Company. The creditors of the Company are, in no way, affected by the proposed financial restructuring, as there is no reduction in the amount payable to any of the creditors and no compromise or arrangement is contemplated with the creditors. Further, there is no outflow of cash from the Company. Thus, the proposed adjustment would not, in any way, adversely affect the operations of the Company or the ability of the Company to honour its commitments or to pay its debts in the ordinary course of business.

9. COMPLIANCE WITH TAX LAWS

The Scheme is in compliance with the applicable Tax Laws. Upon the Scheme becoming effective, the Company shall continue to pay Taxes in accordance with and subject to Applicable Law.

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Page 15 of 19



10. LEGAL PROCEEDINGS

Upon the Scheme becoming effective, all suits, actions, administrative proceedings, tribunal proceedings, show cause notices, demands and legal proceedings of whatsoever nature by or against the Company pending and/or arising on or before the Effective Date or which may be instituted any time thereafter shall not abate or be discontinued or be in any way prejudicially affected by reason of this Scheme or by anything contained in this Scheme but shall be continued and be enforced by or against the Company.

11. APPLICATIONS/PETITIONS TO THE TRIBUNAL

The Company shall make and file all applications and petitions under Sections 230 read with section 52 and section 66 of the Act and other applicable provisions of the Act before the Tribunal, for sanction of this Scheme under the provisions of the Act.

12. MODIFICATIONS / AMENDMENTS TO THE SCHEME

- 12.1. The Company, through its Board of Directors, may make and / or consent to any modifications / amendments to this Scheme or approve withdrawal of the Scheme or any part thereof or to any conditions or limitations that the Tribunal or any other Appropriate Authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them or the Board. The Board of the Company shall take all such steps as may be necessary, desirable, or proper to resolve any doubts, difficulties or questions, including interpretation of the Scheme, whether by reason of any directive or orders of any other



Appropriate Authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and / or any matter concerned or connected therewith. The power of the Boards of the Company to modify / amend the Scheme shall be subject to the approval of the Tribunal.

13. SCHEME CONDITIONAL ON APPROVALS / SANCTIONS

13.1. The Scheme is conditional upon and subject to the following conditions precedent:

- 13.1.1. approval of the Scheme by the requisite majority of shareholders and/ or creditors of the Company, as applicable or as may be required under the Act and as may be directed by the Tribunal;
- 13.1.2. the sanctions and orders of the Tribunal, under Sections 230 of the Act being obtained by the Company; and
- 13.1.3. the certified copy of the orders of the Tribunal being filed with the RoC by the Company.

13.2. It is hereby clarified that submission of this Scheme to the Tribunal and to the Appropriate Authorities for their respective approvals is without prejudice to all rights, interests, titles or defences that Company may have under or pursuant to all Applicable Laws.

14. EFFECT OF NON-RECEIPT OF APPROVALS

In the event of any of the said sanctions and approvals referred to in the Clause 13 above, not being obtained and/ or the Scheme not being sanctioned by the Tribunal and / or the order not being passed as aforesaid within such period or periods as may be agreed upon by the Board, this Scheme shall stand revoked,

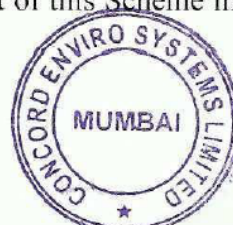
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Page 17 of 19



cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law.

15. REMOVAL OF DIFFICULTIES

- 15.1. The Company acting through its Board, may:
- a. give such directions and agree to take steps, as may be necessary, desirable or proper, to resolve all doubts, difficulties or questions arising under this Scheme, whether by reason of any orders of the Appropriate Authority or of any directive or orders of any Appropriate Authority, under or by virtue of this Scheme in relation to the arrangement contemplated in this Scheme and/ or matters concerning or connected therewith or in regard to and of the meaning or interpretation or implementation thereof or in any manner whatsoever connected therewith, or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any of those to the extent permissible under Applicable Law; and/or
 - b. do all such acts, deeds and things as may be necessary, desirable or expedient for carrying the Scheme into effect.
- 15.2. Without prejudice to the other provisions of the Scheme and notwithstanding the adjustment of negative Retained Earnings against the credit balance in the Securities Premium Account of the Company by virtue of the Scheme itself, in order to ensure implementation of the provisions of the Scheme the Company may, at any time after the coming into effect of this Scheme in accordance with



the provisions hereof, if so required, under Applicable Law or otherwise, execute deeds (including deeds of adherence), confirmations or other writings or arrangements with any party to any contracts or arrangement in relation to which the Company has been a party, including any filings with the regulatory authorities in order to give formal effect to the above provisions and to carry out or perform all such formalities or compliances referred to above on the part of the Company.

16. COSTS

All costs, charges, taxes including duties, levies (including stamp duty) and all other expenses, if any, arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto, shall be borne by the Company.

17. MISCELLANEOUS

- 17.1. Upon this Scheme becoming effective, the accounts of the Company and any other, record/certificate/return, as on the Appointed Date shall be reconstructed in accordance with the terms of this Scheme.
- 17.2. Upon the Scheme becoming effective, the Scheme shall be binding on the Company and all concerned parties without any further act, deed, matter or thing.
- 17.3. The provisions contained in this Scheme are inextricably inter-linked and the Scheme constitutes an integral whole. The Scheme would be given effect to only if it is approved in its entirety unless specifically agreed otherwise by the Board of Directors of the Company or any committee constituted by such Board.
- 17.4. The Company shall be at liberty to withdraw this Scheme at any time as may be agreed by the Board of Directors of the Company prior to the Effective Date.



A handwritten signature in black ink, appearing to be "J. J. J.", written over the stamp.