

SCHEME OF AMALGAMATION UNDER SECTIONS 230 TO 232 READ WITH
SECTION 66
AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013
OF
CHOKSI ASIA PRIVATE LIMITED ("TRANSFEROR COMPANY")
AND
CHOKSI IMAGING LIMITED ("TRANSFeree COMPANY")
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS (IF ANY)

GENERAL

A. Description of Company and Background:

- I. **Choksi Asia Private Limited** (formerly known as Hi-Tech Imaging Private Limited) is a private limited company registered under Companies Act, 1956 with Registrar of Companies, Mumbai and having its registered office at Ground Floor, Choksi Bhuvan, Nehru Road and Nariman Road, Vile Parle East, Mumbai – 400057 (hereinafter referred to as the “**Transferor Company**”). The Transferor Company is carrying on the business of import of Jumbo Rolls of X-Ray films and sale of X-Ray films and trading of other related products (such as Radiography Camera, Radiation Shielding Materials, X-Ray Generator, Lead Screens, Radioactive Sources, photosensitize chemicals, etc.) since its incorporation in year 2007. The Corporate Identification Number of the Transferor Company is U93090MH2007PTC168500.
- II. **Choksi Imaging Limited** is a public listed company and the equity shares are listed on the Bombay Stock Exchange and is registered under Companies Act, 1956 with Registrar of Companies, Mumbai and having its registered office at 163/164, Choksi Bhuvan, Nehru Road and Nariman Road, Vile Parle East, Mumbai – 400057(hereinafter referred to as the “**Transferee Company**”). The Transferee Company is currently carrying on the business of processing of Jumbo Rolls of X-Ray films by slitting and cutting it into various sizes of X-Ray Films as per requirement of the customers on a job work basis. The Corporate Identification Number of the Company is L24294MH1992PLC388063.

For Choksi Imaging Ltd.

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Authorised Signatory



- III. This Scheme of Amalgamation provides for the amalgamation of the Transferor Company with the Transferee Company and other consequential matters pursuant to Sections 230 to 232 read with Section 66 and other relevant provisions of the Companies Act, 2013.

B. Rationale for the Scheme

With the proposed amalgamation of the Transferor Company into the Transferee Company, the Transferee Company shall undertake processing as well as selling of X-Ray films, Lead Screens, Chemicals, Radiation Shielding Materials, X-Ray Generator, Radiography Camera, Radioactive Sources, trading of other related accessories and further propose to deal in other healthcare and nuclear products leading to optimum utilization of Silvassa factory and cost savings through larger operating leverage. The consolidation of operations of the Transferor Company and the Transferee Company by way of amalgamation will lead to a more efficient utilization of capital, administrative and operational rationalization and promote organizational efficiencies. It will prevent cost duplication that could have an effect of eroding financial efficiencies of the operations. The proposed amalgamation will be more cost-efficient with the achievement of greater economies of scale, reduction in overheads, improvement in various other operating parameters and increase in overall turnover and profitability of the Transferee Company. The amalgamation will have beneficial results for the Transferee Company, their stakeholders and all concerned parties. The combined financial strength post amalgamation will result in maximizing overall stakeholder's value, and will improve the competitive position of the combined entity. It will further enhance the organizational capability and leadership, arising from the pooling of human resources who have the diverse skills, talent and vast experience to compete successfully in an increasingly competitive industry. The amalgamation of the Transferor Company with the Transferee Company would *inter alia* have the following benefits:

- (a) Amalgamation to be value accretive to the shareholders of the Transferee Company as the shareholders would have direct access to the core profitable business of the Transferor Company;

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- (b) Greater integration and greater financial strength and flexibility for the amalgamated entity, which would result in maximizing overall shareholder value;
- (c) Greater efficiency in cash management of the Transferee Company and unfettered access to cash flow generated by the combined business which can be deployed more efficiently to fund organic and inorganic growth opportunities, to maximize shareholder value;
- (d) The proposed amalgamation will improve organizational capability arising from the pooling of human capital that has diverse skills, talent, vast experience and goodwill.;
- (e) Cost savings are expected to flow from more focused operational efforts, rationalization, standardisation and simplification of business processes, the elimination of duplication and rationalization of administrative expenses;
- (f) Reduction in the multiplicity of legal and regulatory compliances required at present to be separately carried out by the Transferor Company and the Transferee Company;
- (g) To optimally leverage the larger assets base and cash flow of the amalgamated entity; and
- (h) Amalgamation will result in the Transferee Company directly controlling and managing the business of the Transferor Company which would lead to simplification of the shareholding structure and reduction of shareholding tiers.

In view of the aforesaid, the Board of Directors of the Transferor Company and the Transferee Company have considered and proposed the amalgamation of the entire undertaking and business of the Transferor Company with the Transferee Company in order to benefit the stakeholders of both the companies. Accordingly, the Board of Directors of the Transferor Company and the Transferee Company have formulated this Scheme of Amalgamation for the transfer and vesting of the entire undertaking and business of the Transferor Company with and into the Transferee Company pursuant to

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the provisions of Section 230 to Section 232 and other relevant provisions of the Companies Act, 2013.

- C. Under the Scheme, there is no arrangement with the creditors, either secured or unsecured of the Transferor and/or the Transferee Company. No compromise is offered under the Scheme to any of the creditors of the Transferor Company and/or the Transferee Company. The liability of the creditors of the Transferor Company and/or the Transferee Company, under the Scheme, is neither being reduced nor being extinguished.

D. Parts of the Scheme:

This Scheme of Amalgamation is divided into the following parts:

- (a) **Part I** deals with definitions of the terms used in this Scheme of Amalgamation and sets out the share capital of the Transferor Company and the Transferee Company;
- (b) **Part II** deals with the transfer and vesting of the Undertaking i.e. entire business (as hereinafter defined) of the Transferor Company to and in the Transferee Company;
- (c) **Part III** deals with the issue of new equity and reduction of shares by the Transferee Company to the eligible shareholders of the Transferor Company, as applicable;
- (d) **Part IV** deals with the accounting treatment for the amalgamation in the books of the Transferee Company and dividends; and
- (e) **Part V** deals with the dissolution of the Transferor Company and the general terms and conditions applicable to this Scheme of Amalgamation and other matters consequential and integrally connected thereto.

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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" means the Companies Act, 1956, Companies Act, 2013, the rules and regulations made thereunder and will include any statutory re-enactment or amendment(s) thereto, from time to time;
- 1.2 "Accounting Standards" means the Indian Accounting Standards as notified under Section 133 of the Companies Act, 2013, as amended from time to time, issued by the Ministry of Corporate Affairs and the other accounting principles generally accepted in India;
- 1.3 "Applicable Laws" means any statute, law, regulation, ordinance, rule, regulation, judgment, order, decree, clearance, approval, terms of any approval, permit or no-objection of any Governmental Authority, directive, guideline, policy, requirement, listing agreement or other governmental restriction or any similar form of decision, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority, in each case as in effect from time to time;
- 1.4 "Appointed Date" for the purpose of this Scheme and for the IT Act, means the opening of business hours on 1 April 2023;
- 1.5 "Board of Directors" or "Board" means the board of directors of the Transferor Company or the Transferee Company, as the case may be, and shall include a duly constituted committee thereof or any person authorised by the Board or such committee;
- 1.6 "BSE" means BSE Limited;
- 1.7 "Effective Date" means the last of the dates on which the certified or authenticated copies of the orders of the Hon'ble National Company Law Tribunal sanctioning the

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Scheme are filed with the respective Registrar of Company by the Transferor Company and by the Transferee Company.

Any references in this Scheme to the date of "**coming into effect of this Scheme**" or "**effectiveness of this Scheme**" or "**Scheme taking effect**" shall mean the Effective Date;

- 1.8 "**Governmental Authority**" means any applicable central, state or local government, legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction over the territory of India including but not limited to Securities and Exchange Board of India, Stock Exchange, Registrar of Company, Regional Director, Official Liquidator, NCLT;
- 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**" means the National Company Law Tribunal, Bench at Mumbai, having jurisdiction in relation to the Transferee Company and the Transferor Company;
- 1.11 "**Registrar of Companies**" means the Registrar of Companies, Maharashtra at Mumbai;
- 1.12 "**Regional Director**" means Regional Director, Western Region, Mumbai having jurisdiction in relation to the transferor companies and transferee company and/or the regional director ("**RD**") as constituted and authorized as per the provisions of the Companies Act, 2013 for approving any scheme of arrangement, compromise or reconstruction of companies under section 230-232 of the Companies Act, 2013 and shall include, if applicable, such other forum or authority as may be vested with the powers of a tribunal for the purpose of Sections 230-232 of the Companies Act, 2013 as may be applicable;
- 1.13 "**Record Date**" means the date to be fixed by the Board of Directors of the Transferee Company in consultation with the Board of Directors of the Transferor Company which shall either be the Effective Date or a date after the Effective Date for the issue,

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allotment or cancellation of fully paid up equity shares; and issue of redeemable preference shares of the Transferee Company to the shareholders of the Transferor Company pursuant to the Scheme upon amalgamation of the Transferor Company into the Transferee Company;

- 1.14 **"Scheme"** means this Scheme of Amalgamation between the Transferor Company and the Transferee Company and their respective shareholders pursuant to Sections 230 to 232 and other applicable provisions, if any, of the Companies Act, 2013 in its present form, and/or as submitted to the NCLT together with any modification(s) approved as directed by the NCLT;
- 1.15 **"SEBI"** means Securities and Exchange Board of India established through the SEBI Act, 1992;
- 1.16 **"Stock Exchange"** means BSE Limited where the shares of the Transferee Company are listed;
- 1.17 **"Transferor Company"** means Choksi Asia Private Limited (CIN: U93090MH2007PTC168500), a company incorporated under the Companies Act, 1956 having its registered office at Ground Floor, Choksi Bhuvan, Nehru Road and Nariman Road, Vile Parle East, Mumbai - 400057;
- 1.18 **"Tax(s)"** means the advance tax, the tax deducted at source, deferred tax payment, the income tax under IT Act and any such direct or indirect taxes, including GST as may be applicable to the Transferor and Transferee Company;
- 1.19 **"Transferee Company"** means Choksi Imaging Limited (CIN: L24294MH1992PLC388063), company incorporated under the Companies Act, 1956 and having its registered office at 163/164, Choksi Bhuvan, Nehru Road and Nariman Road, Vile Parle East, Mumbai – 400057;
- 1.20 **"Undertaking"** means the whole of the undertaking and entire business of the Transferor Company as a going concern, including (without limitation):
- (I) All the assets and properties (whether movable or immovable, tangible or

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- intangible, real or personal, corporeal or incorporeal, present, future or contingent, awards received, memberships) of the Transferor Company, including but not limited to land (freehold/leasehold), plant and machinery, equipment, buildings and structures, offices, residential and other premises, furniture, fixtures, office equipment, appliances, accessories, depots, deposits, all stocks, assets, investments of all kinds (including shares, scrips, stocks, bonds, debenture stocks, units), and interests, cash balances or deposits with banks, loans, advances, disbursements, contingent rights or benefits, book debts, receivables, actionable claims, insurance claims, insurance policies, earnest moneys, advances or deposits paid by the Transferor Company, financial assets, leases (including lease rights), hire purchase contracts and assets, lending contracts, rights and benefits under any agreement, benefit of any security arrangements or under any guarantees, reversions, powers, municipal permissions, tenancies in relation to the office and/or residential properties for the employees or other persons, guest houses, godowns, warehouses, licenses, fixed and other assets, trade and service names and marks, patents, copyrights, and other intellectual property rights of any nature whatsoever, know how, goodwill, rights to use and avail of 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 interest held in trust, subsidiaries, joint ventures, associates, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights including, title, interests, other benefits (including tax benefits), easements, privileges, liberties, mortgages, hypothecations, pledges or other security interest so created in favour of the Transferor Company and advantages of whatsoever nature and wheresoever situated in India or abroad, belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Transferor Company or in connection with or relating to the Transferor Company and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Company, whether in India or abroad;
- (II) All liabilities including, without being limited to, secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, liabilities (including contingent liabilities), duties and obligations of the Transferor

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Company, of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilised;

- (III) All agreements, rights, contracts, entitlements, permits, licenses, approvals, authorizations, concessions, consents, quota rights, engagements, arrangements, authorities, allotments, security arrangements (to the extent provided herein), benefits of any guarantees, reversions, powers and all other approvals of every kind, nature and description whatsoever relating to the Transferor Company;
- (IV) All records, files, papers, computer programs, manuals, data, catalogues, sales material, lists of customers and suppliers, other customer information and all other records and documents relating to the business activities and operations of the Transferor Company;
- (V) All permanent employees engaged by the Transferor Company as on the Effective Date.
- (VI) All quotas, rights, entitlements, export/import incentives and benefits including advance licenses, all kinds of duty drawbacks, bids, tenders (at any stage as it may be), letters of intent, expressions of interest, development rights (whatever vested or potential and whether under agreements or otherwise), subsidies, tenancies in relation to office, benefit of any deposits / privileges, all other rights, receivables, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and other services, provisions and benefits of all agreements, contracts and arrangements, including technological licensing agreements, and benefits including but not limiting to all other interests in connection with or relating thereto;
- (VII) All brand names, trademarks, trade names, patents and domain names, the intellectual property, filings, dossiers, copyrights, industrial designs, trade secrets, know-how; ongoing research projects, data, formulations, technology, methodology, manufacturing procedures and techniques, awards, memberships, test procedures, product registrations, applications and authorizations, and other intellectual property (in India or outside India) and all other interests exclusively relating to the goods or services being dealt with by the Transferor Company;
- (VIII) All intellectual property rights created, developed or invented by employees concentrated on the research, development or marketing of products (including process development or enhancement) in connection with the Transferor

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Company;

1.21. All capitalized terms not defined but used in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning as described to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and other applicable laws, rules, regulations and byelaws, as the case may be, or any statutory amendment(s) or re-enactment thereof, for the time being in force.

2. SHARE CAPITAL

2.1 Transferor Company:

The Authorised, Issued, Subscribed and Paid-up share capital of the Transferor Company as on March 31, 2022 was as under:

Particulars	Amount (INR)
Authorised Share Capital	
10,000 Equity Shares of INR 10 /- each	1,00,000/-
Total	1,00,000/-
Issued, Subscribed and Paid Up Share Capital	
10,000 Equity Shares of INR 10/- each	1,00,000/-
Total	1,00,000/-

Subsequent to March 31, 2022 there is no change in the capital structure of the Transferor Company.

2.2 Transferee Company:

The Authorised, Issued, Subscribed and Paid-up share capital of the Transferee Company as on March 31, 2022 was as under:

Particulars	Amount (INR)
Authorised Share Capital	
1,50,00,000 Equity Shares of INR 10 /- each	15,00,00,000/-
Total	15,00,00,000/-
Issued, Subscribed and Paid Up Share Capital	
39,00,000 Equity Shares of INR 10/- each	3,90,00,000/-
Total	3,90,00,000/-

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The equity shares of the Transferee Company are listed on the BSE Limited at present. Subsequent to March 31, 2022 there is no change in the capital structure of the Transferee Company. The equity shares of Transferee Company are, at present, listed on the BSE Limited.

As on the date of the Scheme being approved by the Board of Directors, the Transferee Company is an associate company of the Transferor Company. The Transferor Company holds 24.36 percent of equity shares in the Transferee Company.

3. **DATE OF TAKING EFFECT AND OPERATIVE DATE**

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

PART II

TRANSFER AND VESTING OF UNDERTAKING

4. TRANSFER OF UNDERTAKING

4.1 Upon the Scheme becoming operative with effect from the Appointed Date, the entire business and Undertaking, including all the properties, pursuant to the sanction of this Scheme by NCLT under and in accordance with the provisions of Sections 230 to 232 and other applicable provisions, if any, of the Act, shall stand transferred to and be vested in or be deemed to have been transferred to and vested in the Transferee Company, as a going concern without any further act, instrument, deed, matter or thing to be made, done or executed so as to become, as and from the Appointed Date, the Undertaking of the Transferee Company by virtue of and in the manner provided in this Scheme.

4.2 Subject to the provisions of this Scheme as specified hereinafter and with effect from the Appointed Date, the entire business and Undertaking of the Transferor Company, including all the debts, liabilities, losses, duties and obligations, including those arising on account of taxation laws and other allied laws of the Transferor Company of every description and also including, without limitation, all the movable and immovable

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properties and assets, Tangible or Intangible assets (whether or not recorded in the books of account of the Transferor Company) of the Transferor Company comprising, amongst others, all freehold land including a freehold land, all leasehold land including leasehold land, buildings, plants and machineries, motor vehicles, manufacturing facilities, laboratories, furniture and fixtures, computers, computer software and its licenses, office equipments, electrical installations, generators, containers, telephones, telex, facsimile and other communication facilities, receivables, actionable claims, insurance claims, business licenses, licenses under Factories Act, manufacturing licenses, permits, deposits, authorisations, approvals, ISO 9001:2015 and any other certificates relating to the product, factory facilities and registrations granted by the Department Atomic Energy to the in-house research and development units established, insurance cover of every description, lease, tenancy rights, permissions, incentives, if any, and all other rights, patents, know-how, trademark, service mark, trade secret, brands, registrations, licenses, marketing authorisations and other intellectual property rights, proprietary rights, title, interest, contracts, no objection certificates, deeds, bonds, consents, approvals and rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages and benefits, approvals, filings, dossiers, copyrights, industrial designs, trade secrets, know-how, ongoing research projects, data, formulations, technology, methodology, manufacturing procedures and techniques, test procedures, brand names, trade names and domain names, and all other interests in connection with or relating to and product registrations, applications and authorisations for product registrations and all other interests exclusively relating to the SGST, CGST and IGST, shall, under the provisions of Sections 230 to 232 of the Act, and pursuant to the order of the NCLT, sanctioning this Scheme and without further act, instrument or deed, but subject to the charges affecting the same as on the Effective Date, be transferred and/or deemed to be transferred to and vested in the Transferee Company, so as to become the properties, assets, rights, business, certificates and Undertaking of the Transferee Company.

4.3 Transfer of Assets:

4.3.1 Without prejudice to the generality of Clause 4.1 and 4.2 above, upon the coming into effect of this Scheme and with effect from the Appointed Date:

4.3.1.1 All the assets and properties comprised in the Undertaking(s) of whatsoever

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nature and wheresoever situated, shall, under the provisions of Sections 230 to 232 and all other applicable provisions, if any of the Act, without any further act or deed, be and stand transferred to and vested in the Transferee Company or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become the assets and properties of the Transferee Company. The assets of Transferor Company, including immovable properties, shall transfer to Transferee Company without any further act or deed.

4.3.1.2 Without prejudice to the provisions of Clause 4.3.1.1 above, in respect of such of the assets and properties of the Undertakings as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and/or delivery, the same shall be so transferred by the Transferor Company and shall, upon such transfer, become the assets and properties of the Transferee Company as an integral part of the Undertakings, without requiring any separate deed or instrument or conveyance for the same.

4.3.1.3 In respect of movables other than those dealt with in Clause 4.3.1.2 above including sundry debts, receivables, insurance claims, bills, credits, loans and advances of the Undertaking, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposits with any Governmental Authority or with any company or other person, the same shall on and from the Appointed Date stand transferred to and vested in the Transferee Company.

4.3.1.4 All interests of the Transferor Company in their respective subsidiaries, if any, as on the Appointed Date will become the interests and subsidiaries of the Transferee Company.

4.3.1.5 All the licenses, permits, quotas, approvals, registrations, incentives, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Transferor Company and all rights and benefits that have accrued or which may accrue to the Transferor Company, whether before or after the Appointed Date, shall, under the provisions of

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Sections 230 to 232 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed, cost or charge be and stand transferred to and vest in or be deemed to be transferred to and vested in and be available to the Transferee Company so as to become as and from the Appointed Date licenses, permits, quotas, approvals, permissions, registrations, incentives, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions.

4.3.1.6 Upon NCLT sanctioning this Scheme pursuant to its final order, the name of the Transferee Company shall be deemed to have been changed from "*Choksi Imaging Limited*" to "*Choksi Asia Limited*" or such other name as may be approved by the Registrar of Companies, Mumbai in accordance with all relevant provisions of the Act and directions, if any passed by NCLT in this regard.

4.3.2 The Transferor Company shall, if so required, also give notice in such form as it may deem fit and proper to the debtors/vendors, that pursuant to the sanction of this Scheme by NCLT, under and in accordance with Sections 230 and 232 and all other applicable provisions, if any, of the Act, the said debtors/vendors should pay to the Transferee Company the debt, loan or advance or make the same on account of the Transferor Company and the right of the Transferor Company to recover or realize the same stands extinguished.

4.3.3 All assets and properties of the Transferor Company as on the Appointed Date, whether or not included in the books of the Transferor Company, and all assets and properties which are acquired by the Transferor Company on or after the Appointed Date but prior to the Effective Date, shall be deemed to be and shall become the assets and properties of the Transferee Company, and shall under the provisions of Sections 230 to 232 and all other applicable provisions, if any, of the Act, 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 Transferee Company upon the coming into effect of this Scheme. Provided however that no onerous assets shall have been acquired by the Transferor

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Company after the Appointed Date without the consent of the Transferee Company as provided for in this Scheme.

4.4 Transfer of Liabilities:

4.4.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date, all liabilities relating to and comprised in the Undertakings including all secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, liabilities (including contingent liabilities), duties and obligations and undertakings of the Transferor Company of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilised for its business activities and operations (herein referred to as the "Liabilities"), shall, pursuant to the sanction of this Scheme by the NCLT under and in accordance with the provisions of Sections 230 to 232 and other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing, be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, along with any charge, encumbrance, lien or security thereon, and the same shall be assumed by the Transferee Company to the extent they are outstanding as on the Effective Date so as to become as and from the Appointed Date the liabilities of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company, and the Transferee Company shall meet, discharge and satisfy the same and, further, it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such Liabilities have arisen in order to give effect to the provisions of this Clause.

4.4.2 All debts, liabilities, duties and obligations of the Undertaking as on the Appointed Date, whether or not provided in the books of the Transferor Company, and all debts and loans raised, and duties, liabilities and obligations incurred or which arise or accrue to the Undertakings on or after the Appointed Date till the Effective Date, shall be deemed to be and shall become the debts, loans raised, duties, liabilities and obligations incurred by the Transferee Company by virtue of this Scheme. On and from the date of sanction of this Scheme by the respective Board of Directors of the Transferor and the Transferee Companies, the Transferor Company shall not borrow monies for the purpose of incurring capital expenditure without prior approval of the Board of Directors of the Transferee Company.

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4.4.3 Where any such debts, loans raised, liabilities, duties and obligations of the Undertakings as on the Appointed Date have been discharged or satisfied by the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge or satisfaction shall be deemed to be for and on account of the Transferee Company.

4.4.4 Loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future become due between the Undertaking and the Transferee Company shall, ipso facto, stand discharged and come to an end and there shall be no liability in that behalf on any party and appropriate effect shall be given in the books of accounts and records of the Transferee Company.

4.5 Encumbrances

4.5.1 The transfer and vesting of the assets comprised in the Undertaking to and in the Transferee Company under Clauses 4.1, 4.2 and 4.3 of this Scheme shall be subject to the mortgages and charges, if any, affecting the same, as and to the extent hereinafter provided.

4.5.2 All the existing securities, mortgages, charges, encumbrances or liens (the "Encumbrances"), if any, as on the Appointed Date and created by the Transferor Company after the Appointed Date, over the all the assets of the Undertaking (in this case entire business) or any part thereof transferred to the Transferee Company by virtue of this Scheme and in so far as such Encumbrances secure or relate to liabilities of the Transferor Company, the same shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to the Transferee Company, and such Encumbrances shall not relate or attach to any of the other assets of the Transferee Company, provided however that no Encumbrances shall have been created by the Transferor Company over its assets after the Appointed Date without the consent of the Transferee Company as provided for in this Scheme.

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- 4.5.3 The existing Encumbrances over the assets and properties of the Transferee Company or any part thereof which relate to the liabilities and obligations of the Transferee Company prior to the Effective Date shall continue to relate only to such assets and properties and shall not extend or attach to any of the assets and properties of the Undertaking transferred to and vested in the Transferee Company by virtue of this Scheme.
- 4.5.4 Any reference in any security documents or arrangements (to which the Transferor Company is a party) of the Transferor Company and its assets and properties, shall be construed as a reference to the Transferee Company and the assets and properties of the Transferor Company transferred to the Transferee Company by virtue of this Scheme. Without prejudice to the foregoing provisions, the Transferor Company and the Transferee Company may execute any instruments or documents or do all the acts and deeds as may be considered appropriate, including the filing of necessary particulars and/or modification(s) of charge(s), with the Registrar of Company to give formal effect to the above provisions, if required.
- 4.5.5 Upon the coming into effect of this Scheme, the Transferee Company alone shall be liable to perform all obligations in respect of the Liabilities of Transferor Company, which have been transferred to it in terms of the Scheme.
- 4.5.6 It is expressly provided that, no other term or condition of the Liabilities transferred to the Transferee Company is modified by virtue of this Scheme except to the extent that such amendment is required statutorily or by necessary implication.
- 4.5.7 The provisions of this Clause 4.5 shall operate in accordance with the terms of the Scheme, 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 be deemed to stand modified and/or superseded by the foregoing provisions.

4.6 Inter - se Transactions:

Without prejudice to the provisions of Clauses 4.1 to 4.5, with effect from the Appointed Date, all inter-se transactions between the Transferor Company and the Transferee Company shall be considered as intra-se transactions for all purposes.

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Further, it is clarified that any taxes in the form of income-tax, goods and service tax, service tax, works contract tax, value added tax, GST, etc. paid on account of such transactions, shall be deemed to have been paid by or on behalf of the Transferee Company and on its own account and therefore, the Transferee Company will be eligible to claim the credit / refund of the same and is also entitled to revise its return to give effect to the same.

5. CONTRACTS, DEEDS, ETC.

5.1 Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements, assurances and other instruments of whatsoever nature to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect by, for or against or in favour of, as the case may be, the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee or obligor thereto or thereunder.

5.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Undertaking occurs by virtue of this Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or arrangements with any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company from the Appointed Date and upto the Effective Date and, thereafter, for such period as may be decided by the Board of the Transferee Company to give effect to the Scheme.

5.3 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions,

S-2, [Signature]



licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Transferor Company shall without any further act or deed, stand transferred to the Transferee Company, as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee 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 Transferee Company. The Transferee Company shall receive relevant approvals from the concerned Governmental Authorities as may be necessary in this behalf.

6. LEGAL PROCEEDINGS

On and from the Appointed Date, all suits, actions, claims and legal proceedings by or against the Transferor Company pending and/or arising on or before the Effective Date shall be continued and / or enforced as desired by the Transferee Company and on and from the Effective Date, shall be continued and/or enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as if the same had been originally instituted and/or pending and/or arising by or against the Transferee Company. On and from the Effective Date, the Transferee Company shall have the right to initiate, defend, compromise or otherwise deal with any legal proceedings relating to the Undertaking, in the same manner and to the same extent as would or might have been initiated by the Transferor Company as the case may be, had the Scheme not been made. If any suit, appeal or other proceedings relating to the Undertakings, of whatever nature by or against the Transferor Company be pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of the amalgamation of the Undertaking or by anything contained in this Scheme but the proceedings may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company as if this Scheme had not been made.

7. CONDUCT OF BUSINESS

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

7.1.1 The Transferor Company shall carry on and shall be deemed to have carried on all its business and activities as hitherto and shall hold and stand possessed of and shall be

S. 2. 



deemed to have held and stood possessed of the Undertaking on account of, and for the benefit of and in trust for, the Transferee Company.

- 7.1.2 All the profits or income accruing or arising to the Transferor Company, and all expenditure or losses arising or incurred (including all taxes, if any, paid or accruing in respect of any profits and income) by the Transferor Company shall, for all purposes, be treated and be deemed to be and accrue as the profits or income or as the case may be, expenditure or losses (including taxes) of the Transferee Company.
- 7.1.3 Any of the rights, powers, authorities and privileges attached or related or pertaining to and exercised by or available to the Transferor Company shall be deemed to have been exercised by the Transferor Company for and on behalf of and as agent for the Transferee Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Undertaking (i.e. entire business) that have been undertaken or discharged by the Transferor Company shall be deemed to have been undertaken or discharged for and on behalf of and as agent for the Transferee Company.
- 7.2 With effect from the date of approval of this Scheme by the Board of the respective companies and up to and including the Effective Date:
- 7.2.1 The Transferor Company shall preserve and carry on their business and activities with reasonable diligence and business prudence and shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts nor incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitments either for itself or on behalf of its group Company or any third party or sell, transfer, alienate, charge, mortgage or encumber or deal with the Undertakings or any part thereof save and except in each case in the following circumstances:
- (a) if the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with NCLT; or
 - (b) if the same is permitted by this Scheme; or
 - (c) if consent of the Board of Directors of the Transferee Company has been obtained.
- 7.2.2 The Transferor Company shall not take, enter into, perform or undertake, as applicable
- (i) any material decision in relation to its business and operations other than decisions

S. 2. em



already taken prior to approval of the Scheme by the Board of Directors of the Transferor Company (ii) any agreement or transaction; and (iii) any new business, or discontinue any existing business or change the capacity of facilities; (iv) such other matters as the Transferee Company may notify from time to time save and except in each case in the following circumstances:

- (a) if the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with NCLT; or
- (b) if the same is permitted by this Scheme; or
- (c) if consent of the Board of Directors of the Transferee Company has been obtained.

7.2.3 During the period between the Appointed Date and up to and including the Effective Date, the Transferor Company shall not modify or amend its existing capital structure or issue any new shares, whether equity or preference.

8. STAFF WORKMEN AND EMPLOYEES

Upon the coming into effect of this Scheme:

8.1 All employees of the Transferor Company who are in its employment as on the Effective Date shall become the employees of the Transferee Company with effect from the Effective Date without any break or interruption in service and on terms and conditions as to employment and remuneration not less favourable than those on which they are engaged or employed by the Transferor Company. It is clarified that the employees of the Transferor Company who become employees of the Transferee Company by virtue of this Scheme, shall not be entitled to the employment policies and shall not be entitled to avail of any schemes and benefits that may be applicable and available to any of the employees of the Transferee Company, unless otherwise determined by the Board of Directors of the Transferee Company. The Transferee Company undertakes to continue to abide by any agreement/ settlement, if any, validly entered into by the Transferor Company with any union/employee of the Transferor Company (as may be recognized by the Transferor Company).

8.2 The existing provident fund, gratuity fund and pension and/or superannuation fund or trusts or retirement funds or benefits created by the Transferor Company or any other special funds created or existing for the benefit of the concerned permanent employees of the Transferor Company (collectively referred to as the "Funds") and the investments

S. 2, cm



made out of such Funds shall, at an appropriate stage, be transferred to the Transferee Company to be held for the benefit of the concerned employees. The Funds shall, subject to the necessary approvals and permission and at the discretion of the Transferee Company, either be continued as separate funds of the Transferee Company for the benefit of the employees of the Transferor Company or be transferred to and merged with other similar funds of the Transferee Company. In the event that the Transferee Company does not have its own fund with respect to any such Funds, the Transferee Company may, subject to necessary approvals and permissions, continue to maintain the existing Funds separately and contribute thereto, until such time as the Transferee Company creates its own funds at which time the Funds and the investments and contributions pertaining to the employees of the Transferor Company shall be transferred to such funds of the Transferee Company.

PART III

9. INCREASE IN AUTHORIZED SHARE CAPITAL OF TRANSFEEE COMPANY

- 9.1 Upon the Scheme coming into effect, the authorised share capital of the Transferor Company (i.e. INR 1,00,000/- (Rupees One Lakh)) shall be added to that of the Transferee Company and in the Memorandum of Association and Articles of Association Transferee Company, it shall be automatically stand enhanced without any further act, instrument or deed on the part of the Transferee Company, including payment of stamp duty and fees payable to Registrar of Company and the Memorandum of Association and Articles of Association of the Transferee Company (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, and the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment and no further resolution(s) under sections 13, 14, 61 and 64 of the Companies Act, 2013 or any other applicable provisions of the Companies Act 2013, would be required to be separately passed. For this purpose, the filing fees and stamp duty already paid by the Transferor Company on the authorised share capital shall be utilized and applied to the increased share capital of the Transferee Company and shall be deemed to have been so paid by the Transferee Company on such combined authorised share capital and accordingly,

S. 2. 



the Transferee Company shall not be required to pay any fees / stamp duty on the authorised share capital so increased.

- 9.2 The capital clause being Clause V of the Memorandum of Association of the Transferee Company shall on the Effective Date stand substituted to read as follows:

"The Authorised Share Capital of the Company is Rs. 15,01,00,000/- (Rupees Fifteen Crores One Lacs Only) divided into 1,50,10,000 (One Crore Fifty Lakhs Ten Thousand) Equity Shares of Re. 10/- (Rupees Ten) each with power to increase or decrease the capital and divide the shares in capital for the time being into several classes and to attach thereto respectively such ordinary, preferential shares, qualified or special rights or privileges and conditions in such manner as may for the time being, provided by the regulations of the Company and as permissible under the statutory provisions in force."

10. ISSUANCE OF SHARES BY THE TRANSFEREE COMPANY AND CANCELLATION OF SHARES OF TRANSFEROR COMPANY AND CONSIDERATION

- 10.1 Upon the Scheme coming into effect and in consideration of amalgamation of the Transferor Company with the Transferee Company in terms of this Scheme, the Transferee Company shall, without any further application, act or deed, issue and allot shares on proportionate basis, credited as fully paid up, to the extent indicated below, to the shareholders of the Transferor Company holding fully paid up equity shares in the Transferee Company and whose names appear in the register of member and / or records of the depository as shareholder of the Transferor Company on the Amalgamation Record Date(s), or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title, as the case may be, in the following manner viz-

10.1.1 27,51,000 equity shares of Rs. 10/- (Rupees Ten) each fully paid-up of the Transferee Company will be issued and allotted to the shareholders holding (total 10,000 in number) equity shares of Rs. 10/- (Rupees Ten) each fully paid-up in the proportion of their shareholding in the Transferor Company;

10.1.2 Notwithstanding the above, the issue of new equity shares shall be made in

S. 2. e



compliance with the provisions of the minimum public shareholding prescribed under 4A the Securities Contracts (Regulation) Act, 1956 and the Securities Contract (Regulation) Rules made thereunder (hereinafter collectively referred to as "SCRA") such that for any entitlement to new equity shares of the Promoters of Transferor Company over and above the maximum permissible promoter group shareholding of 75% (seventy five percentage) or any other specified percentage as may be permissible under SCRA, the Promoters of Transferor Company, for such excess shareholding, shall be proportionately issued such number (9,97,545) of fully paid up, Non-Convertible and Non-Cumulative Redeemable Preference Shares of par value of Rs. 54(Rupees Fifty-four) each. It is hereby clarified that the entitlement of the Promoters of Transferor Company to Non-Convertible and Non-Cumulative Redeemable Preference Shares shall be in the proportion of their shareholding in the Transferor Company;

- 10.1.3 The detailed terms and conditions of Non-Convertible and Non-Cumulative Redeemable Preference Shares, **which will not be listed unless required by extant regulations**, are specified in Annexure 1.
- 10.1.4 The new equity shares shall be credited in the dematerialised account of the members of the Transferor Company.
- 10.1.5 The Transferee Company in respect of the fractional entitlement arising in terms above shall not be required to issue any fractional new equity shares or Non-Convertible and Non-Cumulative Redeemable Preference Shares.
- 10.1.6 The new equity Shares (including the Non-Convertible and Non-Cumulative Redeemable Preference Shares) to be issued in terms hereof shall be subject to the Memorandum and Articles of Association of the Transferee Company, and to the extent required, the Transferee Company shall amend its Articles of Association.
- 10.2 All the new equity shares so issued and allotted by the Transferee Company shall be listed and / or admitted to trading on the Stock Exchange. The Stock Exchange shall list the said new equity shares, the issuance of which shall be considered as due compliance of the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, to the extent applicable and other applicable provisions of law. The Transferee will cater into such arrangements and give such confirmations and / or undertaking and

S.2. e



/ or file such necessary applications, as may be necessary in accordance with applicable laws or regulations for complying with formalities of the said Stock Exchange / SEBI. The new equity shares allotted pursuant to this Scheme shall remain frozen in the depositories system till relevant directions in relation to listing/trading are provided by the Stock Exchange.

- 10.3 Upon the Scheme becoming finally effective, in consideration of the transfer and vesting of the Transferor Company in the Transferee Company in terms of the Scheme, the Transferor Company and the Transferee Company shall subject to the provisions of the Scheme and without any further application, act or deed, cancel the issued and paid-up capital of the Transferor Company held by the Transferee Company.
- 10.4 The Share Certificates in relation to the shares held by the Equity Shareholders of the Transferor Company whose names are recorded in the Register of Members of the Transferor Company on the Record Date, fixed by the Board of Directors of the Transferee Company, shall be deemed to have been automatically cancelled and be of no effect on and from such Record Date, without any further act, instrument or deed.
- 10.5 Upon the Scheme becoming finally effective 9,49,896 Equity share of Rs. 10/- each held by the Transferor Company into the Transferee Company shall stand cancelled. Upon the Scheme becoming effective, the Equity shares held by Transferor Company into Transferee Company, shall stand cancelled without any further act, instrument or deed on part of the Transferee Company / Transferor Company
- 10.6 Reduction and the consequent cancellation of the Equity Share Capital of the Transferee Company as hereinabove, shall be effected as an integral part of the scheme as the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid up share capital and it shall also be deemed to be in compliance with the provisions of Sections 66 and other applicable provisions of the Act and rules and regulations made there under upon the Scheme becoming effective. The provisions of section 66 of the Act will be not applicable and the order of the Court sanctioning the Scheme shall be deemed to be an order under Section 66 of the Act confirming the reduction.

S. S. Chavan



11. CANCELLATION OF EQUITY SHARES OF THE TRANSFEREE COMPANY HELD BY THE TRANSFEROR COMPANY

- 11.1 On the Scheme becoming effective, the equity shares of the Transferee Company held by the Transferor Company shall stand cancelled. Accordingly, the share capital of the Transferee Company shall stand reduced to the extent of face value of shares held by the Transferor Company in the Transferee Company.
- 11.2 Such reduction of share capital of the Transferee Company as provided in Clause 11.1 above shall be effected as an integral part of the Scheme and the orders of the NCLT sanctioning the Scheme shall be deemed to be an order under Section 66 of the Act confirming the reduction and no separate sanction under Section 66 of the Act will be necessary. The Transferee Company shall not be required to add the words "and reduced" as a suffix to its name consequent upon such reduction.

**PART IV
ACCOUNTING TREATMENT**

12. ACCOUNTING TREATMENT IN THE BOOKS OF ACCOUNT OF TRANSFEREE COMPANY

The Transferee Company shall account for amalgamation in accordance with Indian Accounting Standard ("IND AS") 103 - "Business Combinations" prescribed under Section 133 of the Act and other generally accepted accounting principles in India.

The Transferee Company shall account for the transfer and vesting of the Assets and Liabilities of the Undertakings of Transferor Company in its books of accounts as per the "Pooling of Interest" method prescribed under Appendix C to Indian Accounting Standard - 103 - "Business Combinations" prescribed under Section 133 of the Act read with the relevant rules issued there under and other generally accepted accounting principles in India as under:

S. 2, 



- The Transferee Company shall, record all the assets and liabilities of the Undertakings vested in it pursuant to this Scheme at the respective carrying amounts. The financial information in the financial statements of the Transferee Company, to be prepared after the amalgamation, in respect of prior periods will be restated to include the financial information of the Transferor Company as if the business combination had occurred from the beginning of the preceding period in the financial statements.
- The identity of the reserves standing in the books of account of the Transferor Company shall be preserved and they shall appear in the financial statements of the Transferee Company in the same form, as they appeared in the financial statements of the Transferor Company.
- The balance of the retained earnings in the books of account of the Transferor Company shall be aggregated with the corresponding balance of retained earnings of the Transferee Company.
- The equity shares of the Transferee Company held by the Transferor Company shall stand cancelled in accordance with Clause 10 and Clause 11 of the Scheme and the book value of investments held by the Transferor Company in the Transferee Company recorded as per Clause 10 and Clause 11 above shall stand cancelled.
- The Transferee Company shall issue new equity shares and Non-Convertible and Non-Cumulative Redeemable Preference Shares as stated above and credit the aggregate face value of the new equity shares and Non-Convertible and Non-Cumulative Redeemable Preference Shares issued to Share Capital Account of the Transferee Company.
- The difference of the value of the assets over the aggregate value of the liabilities, and reserves of the Transferor Company vested in the Transferee Company pursuant to this Scheme and recorded in the books of account of the Transferee Company as per above and after giving effect to sub-clauses above shall be adjusted in the books of the Transferee Company against reserves.

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- The difference, if any, of the value of assets over the value of liabilities and reserves transferred to the Transferee Company as stated above and the face value of New Equity Shares issued by the Transferee Company, after providing for adjustments as stated above shall be adjusted in the Capital Reserve of the Transferee Company.
- The inter-company deposits, loans & advances and other balances if any, in the books of the account of the Transferee Company and the Transferor Company shall stand discharged and come to an end and the same shall be eliminated by giving appropriate elimination effect in the books of account and records of the Transferee Company.
- In case there is any difference in the accounting policies adopted by the Transferor Company and the Transferee Company, the accounting policies followed by the Transferee Company will prevail and the difference will be quantified and adjusted in accordance with the Indian Accounting Standards.
- In addition, the Transferee Company shall pass such accounting entries, as may be necessary, in connection with this Scheme to comply with any of the applicable Indian Accounting Standards and other generally accepted accounting principles in India.

13. TAX BENEFITS AND OBLIGATIONS

13.1 The amalgamation of the Transferor Company with the Transferee Company in terms of this Scheme shall take place with effect from the Appointed Date and shall be in accordance with the provisions of Sections 2(1B), 47, 72A and 79 and any other application provisions of the IT Act.

13.2 Upon the Scheme becoming effective, all Taxes payable by, or refundable to, the Transferor Company, including any refunds, claims or credits (including credits for Income Tax, withholding Tax, Advance Tax, Self-Assessment Tax, Minimum Alternate Tax, CENVAT credit, Goods And Services Tax credits, GST credits, other Indirect Tax credits and other Tax receivables) shall be treated as the Tax liability,

S. 2. *[Handwritten signature]*



refunds, claims, or credits, as the case may be, of the Transferee Company, and any Tax incentives, benefits (including claims for unabsorbed Tax losses and unabsorbed Tax depreciation), advantages, privileges, exemptions, credits, tax holidays, remissions or reductions, which would have been available to the Transferor Company, shall be available to the Transferee Company, and following the Effective Date, the Transferee Company shall be entitled to initiate, raise, add or modify any claims in relation to such Taxes on behalf of the Transferor Company.

- 13.3 The provisions of this Scheme as they relate to the amalgamation of the Transferor Company into and with the Transferee Company have been drawn up to comply with the conditions relating to "amalgamation" as defined under Section 2(1B) of the IT Act. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section of the IT Act, at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the IT Act, shall prevail and the provisions of this Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the IT Act. Such modification will, however, not affect the other parts of the Scheme.
- 13.4 Any tax liabilities under the IT Act, Wealth Tax Act, 1957, Customs Act, 1962, Goods and Services Tax Act, 2017, any other Tax laws, service tax, luxury tax, entry tax or other applicable laws/ regulations (hereinafter in this Clause referred to as "Tax Laws") dealing with taxes/ duties/ levies allocable or related to the business of the Transferor Company to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date shall be transferred to Transferee Company.
- 13.5 All taxes (including income tax, wealth tax, sales tax, customs duty, SGST, CGST and IGST, entry tax, etc.) paid or payable by the Transferor Company in respect of the operations and/or the profits of the business on and from the Appointed Date, shall be on account of the Transferee Company and, insofar as it relates to the tax payment (including without limitation income tax, wealth tax, sales tax, customs duty, SGST, CGST and IGST, entry tax, luxury tax, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operation of the business on and from the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company,

S. 2. 



and shall, in all proceedings, be dealt with accordingly.

- 13.6 Any refund under the Tax Laws due to the Transferor Company consequent to the assessments made on Transferor Company and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company.
- 13.7 Without prejudice to the generality of the above, all benefits including under the income tax, sales tax, excise duty, entry tax law, customs duty, service tax, luxury tax, VAT, SGST, CGST and IGST, etc., to which the Transferor Company is entitled to in terms of the applicable Tax Laws of the Union and State Governments, shall be available to and vest in the Transferee Company.

14. DECLARATION OF DIVIDEND

- 14.1 During the period between the Appointed Date and up to and including the Effective Date, the Transferor Company shall not declare any dividend.
- 14.2 The Transferor Company and Transferee Company shall be entitled to declare and pay dividends only out of distributable profits or any other manner as permitted under the Act, earned by respective companies during the relevant financial year and shall not transfer any amount from the reserves for the purposes of payment of dividend. The dividend shall be declared by the companies only by mutual agreement between the Board of Directors of the Company.
- 14.3 The holders of shares of the Transferor Company and the Transferee Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective article of association including the right to receive dividends from the respective companies, of which they are members till the date, this Scheme finally takes effect i.e. the Effective Date.
- 14.4 It is clarified, however that the aforesaid provisions in respect of declarations of dividend are enabling provisions only and shall not be deemed to confer any right on any member of the Transferor Company or Transferee Company to demand or claim or be entitled to any dividend which subject to the provisions of the said Act, shall be entirely on the discretion of the Board of Directors and the approval of the shareholders

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of the respective companies.

15. POWER TO GIVE EFFECT TO THIS PART

15.1 The Transferee Company shall enter into and/ or issue and/ or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which the Transferor Company will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required. Further, the Transferee Company shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of the Transferor Company and to implement or carry out all formalities required on the part of the Transferor Company to give effect to the provisions of this Scheme.

15.2 Upon coming into effect of the Scheme, the Transferee Company and/or the Transferor Company shall, with reasonable dispatch / time lines apply for transition of all licenses and statutory registrations of the Transferor Company including but not limited to product registrations (including applications and authorizations for product registrations), manufacturing licenses, insurance policies, product permissions, certificates, market authorizations, regulatory agencies approvals, filings, dossiers (including experience and prequalification submissions), industrial licences, municipal permissions, approvals, consent, permits, quotas, incentives, subsidies and recognitions. The period between the Effective Date and the last date on which the transfer of all such aforementioned licenses and statutory registrations have occurred is hereinafter referred to as "**Transitory Period**". During the Transition Period the Transferee Company, may procure or use or manufacture or sell, all materials and products under the respective country registrations including the packing material, art work, label, goods, cartons, stickers, wrappers, labels, containers, point of sale material, signboard, samples, closures, publicity materials in the name and form/format of the Transferor Company under any license and/or statutory registration, if any, while conducting the business of the Undertakings, with a view to avoid any disruption of business, to ensure continuity of operations and uninterrupted supply of the registered products for domestic and export purposes.

15.3 Even after the Scheme becomes operative, the Transferee Company shall be entitled to operate all Bank Accounts and use all bank guarantees and letter of credit of the

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Transferor Company, relating to the Undertakings and release all monies and complete and enforce all subsisting contracts and transactions in respect of the Transferor Company in the name of Transferor Company in so far as may be necessary, till the transfer of rights and obligations of the Transferor Company to the Transferee Company until this Scheme is formally accepted by the all the parties concerned.

PART V
DISSOLUTION OF TRANSFEROR COMPANY AND
GENERALTERMSAND CONDITIONS

16. DISSOLUTION OF TRANSFEROR COMPANIES

On the coming into effect of this Scheme, the Transferor Company shall stand dissolved without winding-up, and the Board of Directors and any committees thereof of the Transferor Company shall without any further act, instrument or deed be and stand dissolved.

17. VALIDITY OF EXISTING RESOLUTIONS, ETC.

Upon the coming into effect of this Scheme, the resolutions, if any, of the Transferor Company, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then the said limits shall be added to the limits, if any, under like resolutions passed by the Transferee Company and shall constitute the aggregate of the said limits in the Transferee Company.

18. MODIFICATION OF SCHEME

18.1 Subject to approval of NCLT, the Transferor Company and the Transferee Company by their respective Board of Directors or any director/executives or any committee authorised in that behalf (herein after referred to as the "**Delegate**") may assent to, or make, from time to time, any modification(s) or addition(s) to this Scheme which NCLT or any authorities under law may deem fit to approve of or may impose and which the Board of Directors of the Transferor Company and the Transferee Company may in their discretion accept, or such modification(s) or addition(s) as the Board of Directors of the Transferor Company and the Transferee Company or as the case may be, their

S. 2, 



respective Delegate may deem fit, or required for the purpose of resolving any doubts or difficulties that may arise in carrying out this Scheme.

18.2 The Transferor Company and the Transferee Company by their respective Boards of Directors or Delegates are authorised to do and execute all acts, deeds, matters and things necessary for bringing this Scheme into effect or review the position relating to the satisfaction of the conditions of this Scheme and if necessary, waive any of such conditions (to the extent permissible under law) for bringing this Scheme into effect, and/or give such consents as may be required in terms of this Scheme. In the event that any conditions are imposed by NCLT or any Governmental Authorities, which the Board of Directors of the Transferor Company or the Transferee Company find unacceptable for any reason, then the Transferor Company and the Transferee Company shall be at liberty to withdraw the Scheme.

18.3 For the purpose of giving effect to this Scheme or to any modification(s) thereof or addition(s) thereto, the Delegates (acting jointly) of the Transferor Company and Transferee Company may give and are authorised to determine and give all such directions as are necessary for settling or removing any question of doubt or difficulty that may arise under this Scheme or in regard to the meaning or interpretation of any provision of this Scheme or implementation thereof or in any matter whatsoever connected therewith (including any question or difficulty arising in connection, with any deceased or insolvent shareholders or depositors, if any of the Transferor Company) or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any such conditions (to the extent permissible in law) and such determination or directions or waiver, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme. For the avoidance of doubt, it is clarified that where this Scheme requires the approval of the Board of Directors of the Transferor Company or the Transferee Company to be obtained for any matter, the same may be given through their Delegates.

19. FILING OF APPLICATIONS

The Transferor Company and the Transferee Company shall use their best efforts to make and file all applications and petitions under Sections 230 to 232 and other applicable provisions of the Act, before the respective NCLT having jurisdiction for

S.2. *ch*



sanction of this Scheme under the provisions of law and shall apply for such approvals as may be required under law.

20. APPROVALS

The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority, if required, under any law for such consents and approvals which the Transferee Company may require to own the Undertakings and to carry on the business of the Transferor Company.

21. SCHEME CONDITIONAL UPON SANCTIONS, ETC.

This Scheme is conditional upon and subject to:

- 21.1 The Scheme being approved by the requisite majority of the respective classes of shareholders and/or creditors, as applicable, of the Transferor Company and of the Transferee Company as required under the Act applicable, and the requisite order of being obtained or dispensation having been received from the NCLT in relation to obtaining such consent from the shareholders and/or creditors, as applicable;
- 21.2 The Scheme being approved by the “public” shareholders of the Transferee Company by way of e-voting in terms of Para (I)(A)(10)(a) of Annexure I of SEBI Circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021; provided that the same shall be acted upon only if the votes cast by the “public” shareholders in favor of the proposal are more than the number of votes cast by the “public” shareholders against it;
- 21.3 Such other approvals and sanctions including sanction of any statutory authority, as may be required by law or contract in respect of the Scheme;
- 21.4 The NCLT having accorded sanction to the Scheme and if any modifications have been prescribed the same being acceptable to the Transferor Company and the Transferee Company; and
- 21.5 Such certified / authenticated copy of the order of the NCLT being filed with the Registrar of Company.

22. EFFECT OF NON-RECEIPT OF APPROVALS/SANCTIONS

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- 22.1 In case the Scheme is not approved by the NCLT or any of the approvals or conditions enumerated in the Scheme have not been obtained or complied with, or for any other reason, if this Scheme cannot be implemented, then the Board of directors of the Transferor Company and the Transferee Company shall mutually waive such conditions as they consider appropriate to give effect, as far as possible, to this Scheme and failing such mutual agreement, the Scheme shall become null and void and each party shall bear their respective costs, charges and expenses in connection with this Scheme.
- 22.2 If any part of this Scheme hereof is invalid, held illegal by any court and/or tribunal and/or statutory authority of competent jurisdiction, or unenforceable under any present or future laws, then it is the intention of the parties that such part shall be severable from the remainder of the Scheme and the Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case, the parties shall attempt to bring about a modification in the Scheme, as will best preserve for the parties the benefits and obligations of the Scheme, including but not limited to such part.

23. PROCEDURAL FORMALITIES POST SANCTION OF THE SCHEME - BUSINESS CONTINUITY

- 23.1 The amalgamated/Transferee Company shall, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so, required under any law or otherwise, execute deeds of confirmation or novation or other writings or arrangements with any party to any contract or arrangement in relation to which the Transferor Company has been a party, in order to give formal effect to the above provisions. The amalgamated/ Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized as a constituted attorney to execute any such deeds, writings, documents, receipts and discharges on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to in this Scheme on the part of and for and behalf of the Transferor Company as if the Transferor Company has not been dissolved without being wound-up.
- 23.2 Upon the Scheme becoming effective, for statistical purposes only and without any separate deed, instrument or writing, the Transferor Company and/or the amalgamated/Transferee Company shall, if required, simultaneously with the

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amendment in the register of charges and file particulars of the modified charge with the concerned Registrar of Company. Any documentation subsequently entered into with the term lenders or the working capital lenders of the Transferor Company and the amalgamated/Transferee Company, shall be for the sake of convenience and record only and to reflect the changes in the security pursuant to the Scheme and there shall be no break in the continuity of such charge and the same shall relate back to the date of its creation thereof in the Transferor Company.

23.3 Upon the Scheme becoming effective, all statutory permissions, licenses, approvals, consents, privileges, benefits and benefits of filings and all other incorporeal rights emanating from such licenses (together the "Licenses", for the purpose of this Clause) relating to the Transferor Company, shall stand transferred to and vested in the amalgamated/Transferee Company without any further act, instrument or deed, as more particularly provided hereinabove. Notwithstanding such transfer /vesting of the Licenses, if any application is required for the statistical record of the statutory authorities to implement the transfer and vesting of the Licenses, as provided hereinabove, the amalgamated/Transferee Company shall facilitate the statutory authorities by filing such applications, which shall be granted /approved in favour of the amalgamated/Transferee Company based on the sanction order of the Scheme by the NCLT.

23.4 Upon the Scheme becoming effective, the Transferee Company is expressly entitled and authorized under the Scheme by the Transferor Company to revise its direct or indirect tax returns and related withholding certificates and shall be entitled to claim refund, advance tax credits pertaining to the Transferor Company, if any.

23.5 From the Effective Date, all bank accounts of the Transferor Company shall be permitted to be continued with the same balances as of the Effective Date in the name of the amalgamated /Transferee Company and for statistical record the amalgamated/Transferee Company shall be permitted to file names and particulars of the new authorised signatories for withdrawals and/ or deposits/ credits in such bank accounts and the relevant bank accounts shall be reconstituted accordingly.

23.6 The powers and authorization granted to and to be exercised by the

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amalgamated/Transferee Company in terms of Clauses 23.1 to 23.5 herein are with the aim and intent that the business and operations relating to the Undertaking transferred herein of the Transferor Company even after the Effective Date are transitioned and continue on a "Going Concern Basis" without any interruption or break in continuity.

24. SAVING OF CONCLUDED TRANSACTIONS

Subject to the terms of this Scheme, the transfer and vesting of the Undertaking of the Transferor Company under Clause 4 of this Scheme shall not affect any transactions or proceedings already concluded by the Transferor Company on or before the Appointed Date or concluded after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things made, done and executed by the Transferor Company as acts, deeds and things made, done and executed by or on behalf of the Transferee Company.

25. COSTS, CHARGES AND EXPENSES

All costs, charges and expenses of or payable by each of the Transferor Company and the Transferee Company in relation to or in connection with this Scheme and incidental to the completion of the amalgamation of the Transferor Company and the Transferee Company in pursuance of this Scheme on the Order of the NCLT, if any, shall be borne and paid by the Transferor Company and Transferee Company equally till the Effective Date; and borne and paid by the Transferee Company after the Effective Date.

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Annexure 1**Terms and Conditions of NCRPS**

1	Number of preference shares to be issued and nominal value of each shares.	The NCRPS issued pursuant to clause 10 of Part III of the Scheme shall have a face value of Rs.54/- per NCRPS.
2	Nature of Preference shares.	Non-Cumulative, Non Participating, Non-Convertible Redeemable preference share.
3	Dividend	NCRPS will be entitled to dividend at the rate of 7% per annum per share, payable annually subject to deduction of taxes at source, if applicable.
4	Accumulation of Dividend	The NCRPS shall be non-cumulative, non-convertible and non-participating in nature.
5	Voting Rights	The holder of NCRPS shall have the right to vote in accordance with Section 47 of the Companies Act, 2013.
6	Tenure	15 years from the date of allotment.
7	Redemption	The transferee Company shall have option to redeem the NCRPS either wholly or partly by giving not less than one month notice to NCRPS holders any time after one year from the date of issue until the Tenure.
8	Winding Up	RPS holders shall have a right to receive repayment of the capital paid-up, up to the commencement of winding up, in priority to any payment of capital on the equity shares out of the surplus of Resulting Company but shall not have any further right to participate in the profits or assets of the Resulting Company.
9	Listing	RPS will not be listed on any of the stock exchanges, unless required by extant regulations.

For Choksi Imaging Ltd.

S. D. Choksi
Authorized Signatory

CERTIFIED TRUE COPY

