

**SCHEME OF AMALGAMATION**  
**UNDER SECTIONS 230 TO 232 OF THE COMPANIES ACT, 2013**  
**BETWEEN**  
**RITUH HOLDING AND TRADING COMPANY PRIVATE LIMITED: TRANSFEROR**  
**COMPANY 1**  
**AND**  
**PALADIN PAINTS AND CHEMICALS PRIVATE LIMITED: TRANSFEROR COMPANY 2**  
**WITH**  
**HITECH SPECIALITIES SOLUTIONS PRIVATE LIMITED: TRANSFEREE COMPANY**  
**AND**  
**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**  
**(PURSUANT TO SECTION 230 TO 232 OF THE COMPANIES ACT, 2013 AND OTHER**  
**APPLICABLE PROVISION OF THE COMPANIES ACT, 2013)**

**PREAMBLE**

This Scheme of Amalgamation (as defined hereinafter in Clause 3.21 of Part I) is presented under Sections 230 to 232, of the Companies Act, 2013 (the “Act”) and other applicable provisions of the Act for amalgamation of Rituh Holding and Trading Company Private Limited (hereinafter referred to as “Rituh” or Transferor Company 1”) and Paladin Paints and Chemicals Private Limited (hereinafter referred to as “Paladin” or “Transferor Company 2”) into Hitech Specialities Solutions Private Limited (hereinafter referred to as “HSSPL” or “Transferee Company”).

(Transferor Company 1 and Transferor Company 2 are collectively referred to as “Transferor Companies”).

Transferor Company 2 is a manufacturer, buyer, seller, importer, exporter, agents dealer or otherwise in all kinds of paints, stiff, ready mixed, decorative, industrial, marine, varnishes, colours, enamels, resins and all other intermediary products. Transferor Company 2 is a 93.08% subsidiary of Transferor Company 1. Further Transferor Company 1 and the Transferee Company are under the common control of Mrs. Ina Dani being directly or indirectly held 100% by Mrs. Ina Dani. Transferee Company is engaged in trading business dealing in the distribution of speciality chemicals in India including

additives, pigments, resins etc. The amalgamation is proposed to achieve consolidation of businesses operated through Transferor Company 2 and the Transferee Company in order to achieve business synergies. Thus, the Scheme is in the best interest of the Transferor Companies, Transferee Company and their respective shareholders, and all other stakeholders.

## **PARTS OF THE SCHEME:**

The Scheme is divided into five parts:

- i. Part I sets-forth the Introduction, Definitions and Interpretation;
- ii. Part II sets-forth the Capital Structure of the Transferee Company and the Transferor Companies;
- iii. Part III deals with the amalgamation of the Transferor Companies into and with the Transferee Company, in accordance with sections 230 to 232 of the Act;
- iv. Part IV deals with consideration, accounting and tax treatments in the Financial Statements of the Transferee Company pursuant to the amalgamation of the Transferor Companies in the Transferee Company and in terms of this Scheme; and
- v. Part V deals with general/residuary terms and conditions.

## **PART I**

### **INTRODUCTION, DEFINITIONS AND INTERPRETATION**

#### **1 INTRODUCTION**

##### **1.1 HITECH SPECIALITIES SOLUTIONS PRIVATE LIMITED**

Hitech Specialities Solutions Private Limited (hereinafter referred to as the “HSSPL” or “Transferee Company”) having CIN U65990MH1978PTC020745 is a company incorporated under the Companies Act, 2013 and has its Registered Office situated at Unit no. 205, Welspun House, Kamala City, Senapati Bapat Marg, Lower Parel (W), Mumbai – 400 013.

The details about the capital structure of Transferee Company are set out in Part II.

##### **1.2 RITUH HOLDING AND TRADING COMPANY PRIVATE LIMITED**

Rituh Holding and Trading Company Private Limited (hereinafter referred to as “Rituh” or “Transferor Company 1”) having CIN U65900MH2013PTC245053, is a company incorporated under the Companies Act, 2013 and has its Registered Office situated at Unit No. 204, 2<sup>nd</sup> Floor, Welspun House, Kamala City, Senapati Bapat Marg, Lower Parel (W), Mumbai – 400 013. The details about the capital structure of Transferor Company 1 are set out in Part II.

### 1.3 **PALADIN PAINTDS AND CHEMICALS PRIVATE LIMITED**

Paladin Paints and Chemicals Private Limited (hereinafter referred to as “Paladin” or “Transferor Company 2”) having CIN U24220MH2007PTC169427, is a company incorporated under the Companies Act, 2013 and has its Registered Office situated at Unit No. 204, 2<sup>nd</sup> Floor, Welspun House, Kamala City, Senapati Bapat Marg, Lower Parel (W), Mumbai 400013. The details about the capital structure of Transferor Company 2 are set out in Part II.

## 2 **RATIONALE OF THE SCHEME**

2.1 The Transferor Companies and the Transferee Company are under the common control of Mrs. Ina Dani who directly holds 100% share capital of the Transferor Company 1, indirectly holds, through Transferor Company 1, 93.08% share capital of Transferor Company 2 and indirectly holds, through another private limited company, 100% share capital of Transferee Company. While the Transferor Company 2 is engaged in the business of development and manufacture of speciality chemicals based on renewable biomass-based technology, the Transferee Company is engaged in trading business of speciality chemicals, both thus, catering to same industry that includes paints, adhesives etc. In order to consolidate the business in one place and effectively manage the Transferor Companies and the Transferee Company as a single entity, it is intended by way of this Scheme that the Transferor Companies be amalgamated with the Transferee Company.

2.2 The Scheme is expected to have the following benefits:

2.2.1 Greater financial strength and flexibility for the amalgamated entity, which will as a single company own and operate the business of developing, manufacturing and trading in specialty chemicals thereby increasing the value of the shareholding so as to maximize overall shareholder value, and improve the economic and competitive position of the combined entity by reducing the multiplicity of legal and regulatory compliances, rationalizing costs and achieving higher economies of scale.

2.2.2 Enable the Transferee Company to achieve significant operational synergies by integrating the manufacturing capabilities of the Transferor Company with the robust distribution network of the Transferee Company. This vertical integration within a single corporate entity will streamline the entire supply chain, reduce lead times, and eliminate the administrative complexity of inter-company transactions. Consequently,

the combined entity will emerge as a stronger and more resilient market player, better equipped to face global competition and capture a larger market share.

- 2.2.3 Benefit shareholders and other stakeholders of the respective Companies (as defined hereinafter) by consolidating and simplifying the structure and eliminating cross holdings amongst the companies.
- 2.2.4 Streamline the group structure by reducing the number of legal entities.
- 2.2.5 Enhance growth prospects, reduce overheads, administrative, managerial and other costs and expenditure and remove inefficiencies and bring operational rationalization, organizational efficiency and optimal utilization of various resources.
- 2.2.6 Providing a stronger and wider, capital and financial base for future growth/expansion of the Transferee Company.
- 2.2.7 Additional thrust of the combined entity in terms of offering an optimum financial and capital structure resulting in better ability to leverage resources for growth and expansion.
- 2.2.8 As a single entity, the Transferee Company shall be in a position to attract right set of customers, investors, strategic partners, employees and other relevant stakeholders. The strengthening of the financial position of the combined entity will improve its ability to take advantage of possible growth opportunities.
- 2.2.9 The Scheme would be in the best interest of all the stakeholders. The Scheme shall not in any manner be prejudicial to the interest of any of the members, creditors, employees or general public at large. In particular, the creditors, if any, are not adversely affected by the proposed merger as there is no compromise.
- 2.2.10 The Scheme will result in building strong capability of the combined Transferee Company to effectively meet future challenges in competitive business environment;

2.3 Accordingly, the Board of Directors of the Transferor Companies and the Transferee Company have formulated this Scheme of Amalgamation for the transfer and vesting of the entire undertaking and business of the Transferor Companies with and into the Transferee Company pursuant to the provisions of Section 230-232 of the Companies Act, 2013 and other relevant provisions of the Act.

### 3 DEFINITIONS

In this Scheme, the following words and expressions shall, unless the context requires otherwise, have the following meanings ascribed to them:

3.1 **“Act” or “the Act”** means the Companies Act, 2013 and the rules made thereunder, and includes any alterations, modifications and amendments made thereto and/or any re-enactment thereof;

3.2 **“Applicable Law(s)”** means any statute, law, regulation, ordinance, rule, judgment, order, decree, by-law, approval from the concerned authority, Governmental Authority resolution, order, directive, guideline, policy, clearance requirement, or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or adjudication having the force of law of any of the foregoing, by any concerned authority having jurisdiction over the matter in question;

3.3 **“Appointed Date”**

3.3.1 In relation to merger of Transferor Company 1 into the Transferee Company, shall mean 31<sup>st</sup> March, 2025 or such other date as may be approved by Hon’ble National Company Law Tribunal (NCLT);

and

3.3.2 In relation to merger of Transferor Company 2 into the Transferee Company, shall mean 01<sup>st</sup> April, 2025 or such other date as may be approved by Hon’ble National Company Law Tribunal (NCLT) but not being a date earlier than the Appointed Date for merger of Transferor Company 1 into the Transferee Company under Clause 3.3.1 above;

It is clarified that the Appointed Date as used in this scheme, shall be construed in accordance with the context considering the Transferor Company under reference and shall accordingly, refer to the date either in Clause 3.3.1 or in Clause 3.3.2, as the case may be and where relevant shall refer to the latter of the specified dates.

- 3.4 **“Appropriate Authority(ies)”** means and includes any governmental, statutory, departmental or public body or authority, including but not limited to Registrar of Companies, Official Liquidator, National Company Law Tribunal and Regional Director.
- 3.5 **“Board of Directors”/ “Board”** in relation to the Transferor Companies and/or the Transferee Company, as the case may be, shall, unless it be repugnant to the context or otherwise, include a committee of directors or any person authorized by the board of directors or such committee as may be constituted by the board of directors;
- 3.6 **“Clause”** and **“sub-Clause”** means the relevant clauses and sub-clauses set out in this Scheme;
- 3.7 **“Companies”** means Transferor Companies and Transferee Company collectively;
- 3.8 **“Effective Date”** means the date on which the Scheme shall become effective pursuant to Clause 19 of Part V of this Scheme. Any references in this Scheme to “upon this Scheme becoming effective” or “effectiveness of this Scheme” or “after this Scheme becomes effective” means and refers to the Effective Date;
- 3.9 **“Financial Statements”** would include standalone and consolidated accounts;
- 3.10 **“Governmental Authority”** means any government authority, statutory authority, government department, agency, commission, board, tribunal or court or other law, rule or regulation making entity having or purporting to have jurisdiction on behalf of the Republic of India or any state or other subdivision thereof or any municipality, district or other subdivision thereof;
- 3.11 **“IT Act”** means the Income-Tax Act, 1961 and the rules, regulations, circulars and notifications issued, as amended, substituted or re-enacted any from time to time and to the extent in force;
- 3.12 **“Intellectual Property Rights”** means copyright, patents, brands, manufacturing process. Database rights and rights in trademarks, designs, know-how and confidential information (whether registered or unregistered); applications for registration, and rights to apply for registration, of any of the foregoing rights; and all other intellectual property rights and equivalent or similar forms of protection existing anywhere in the world;

- 3.13 **“MAT”** means Minimum Alternate Tax;
- 3.14 **“NCLT”** or **“Tribunal”** means as relevant to the context the National Company Law Tribunal, Mumbai Bench to which this scheme of amalgamation in its present form is submitted for its sanctioning under sections 230 to 232 of the Act;
- 3.15 **“Regional Director”** means the respective Regional Director in whose jurisdiction the registered office of the Transferor Companies or the Transferee Company is situated;
- 3.16 **“Record Date”** shall mean the date to be fixed by the Board of Directors of the respective Transferor Companies and the Transferee Company for the purpose of determining the members of the Transferor Companies to whom shares will be allotted pursuant to Clause 8.1 of Part IV of this Scheme;
- 3.17 **“RoC”** means the Registrar of Companies, Ministry of Corporate Affairs having respective jurisdiction over the Companies;
- 3.18 **“Scheme”** or **“the Scheme”** or **“this Scheme”** means this Scheme of Amalgamation in its present form (along with any annexures, schedules, etc., annexed/attached hereto), with such modifications and amendments as may be made from time to time, and with appropriate approvals and sanctions of the NCLT and other relevant regulatory authorities, as may be required under the Act, as applicable, and under all other applicable laws.
- 3.19 **“Transferee Company”** or **“HSSPL”** shall mean, as defined in Clause 1.1 above of this Part I;
- 3.20 **“Transferor Company 1”** or **“Rituh”** means, as defined in Clause 1.2 above of this Part I;
- 3.21 **“Transferor Company 2”** or **“Paladin”** means Paladin Paints and Chemicals Private Limited, as defined in Clause 1.3 above of this Part I;
- 3.22 **“Transferor Companies”** shall mean Transferor Company 1 and Transferor Company 2, collectively;
- 3.23 **“Undertaking”** shall mean and include the whole of the undertaking of the Transferor Company, as a going concern, including its business, all secured and unsecured debts, liabilities,

duties and obligations and all the assets, properties, rights, titles and benefits, whether movable or immovable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent and including but without being limited to land and building (whether owned, leased or licensed), all fixed and movable plant and machinery, vehicles, fixed assets, work in progress, current assets, investments, funds, licenses, registrations, marketing authorisation, copyrights, patents, trade names, trademarks marketing rights and other intellectual property rights and licenses in respect thereof, applications for copyrights, patents, trade names, trademarks, marketing intangibles, leases, licenses, tenancy rights, premises, hire purchase and lease arrangements, lending arrangements, benefits of security arrangements, computer installations, office equipment, telephones, telexes, facsimile connections, internet connections, communication facilities, equipment and installations and utilities, electricity, water and other service connections, benefits of agreements, contracts and arrangements including but not limited to contracts entered into with vendors, customers and service providers, powers, authorities, permits, allotments, approvals, consents, privileges, liberties, easements and all the right, title, interest, benefit and advantage, reserves, provisions, advances, receivables, deposits, funds, cash and cash equivalents, bank balances, accounts and all other rights, benefits of all agreements, subsidies, grants, tax exemptions, tax credits (including but not limited to credits in respect of income tax, sales tax, value added tax, goods and services tax, etc.), tax refunds, MAT credit entitlement, if any, accumulated losses, software license, etc., in connection / relating to the Transferor Company and other claims and powers, of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or enjoyed by the Transferor Company, as on the Appointed Date.

The expressions, which are used in this Scheme and not defined shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the IT Act and other applicable laws, rules, regulations, bye-laws, guidelines, circulars, notifications, orders, as the case may be, including any statutory modification or re-enactment thereof, from time to time.

#### **4 INTERPRETATION**

In this Scheme, unless the context otherwise requires:

- 4.1 Words denoting singular shall include plural and vice versa and references to any gender includes the other gender;

- 4.2 Headings and bold typeface are only for convenience and shall be ignored for the purposes of interpretation;
- 4.3 References to the word “include” or “including” shall be construed without limitation;
- 4.4 References to Clauses are to the Clauses to this Scheme;
- 4.5 References to the words “hereof”, “herein” and “hereunder” and words of similar import shall refer to this Scheme as a whole and not to any particular provision of this Scheme;
- 4.6 Reference to any law or legislation or regulation shall include amendment(s), circulars, notifications, clarifications or supplement(s) to, or replacement or amendment of, that law or legislation or regulation;
- 4.7 Reference to a document includes an amendment or supplement to, or replacement or novation of, that document;
- 4.8 Word(s) and expression(s) elsewhere defined in the Scheme will have the meaning(s) respectively ascribed to them;
- 4.9 References to a person include any individual, firm, body corporate (whether incorporated or not), government, state or agency of a state or any joint venture, association, partnership, works council or employee representatives' body (whether or not having separate legal personality); and
- 4.10 Where a wider construction is possible, the words “other” and “otherwise” shall not be construed ejusdem generis with any forgoing words.

## **5 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 shall be deemed to be effective from the respective Appointed Dates for the mergers and shall be operative from the Effective Date.

## PART II

### SHARE CAPITAL STRUCTURE

#### 6 CAPITAL STRUCTURE

6.1 The share capital of Transferee Company as on March 31, 2025, is as under:

<b>Particulars</b>	<b>Amount (INR)</b>
<u>Authorized share capital</u>	
10,50,000 Equity Shares of INR. 10 each	1,05,00,000
4,50,000 Preference Shares of INR 10 each	45,00,000
<b>TOTAL</b>	<b>1,50,00,000</b>
<u>Issued, Subscribed and Paid-up share capital</u>	
10,50,000 Equity Shares of INR 10 each	1,05,00,000
<b>TOTAL</b>	<b>1,05,00,000</b>

Subsequent to the above date the authorised share capital of the Transferee Company was altered to reclassify the Authorised Preference Share Capital as Equity Share Capital by the shareholders at the Annual General Meeting held on 14<sup>th</sup> August 2025. The revised Authorized share capital structure is as follows:

<b>Particulars</b>	<b>Amount (INR)</b>
<u>Authorized share capital</u>	
15,00,000 Equity Shares of INR. 10 each	1,50,00,000
<b>TOTAL</b>	<b>1,50,00,000</b>

There are no other changes in the authorized, issued, subscribed and paid-up equity capital of Transferee Company till the date of approval of this Scheme by the Board of Directors of Transferee Company.

100% share capital of Transferee Company as on 31 March, 2025 and thereafter till date of this Scheme's approval by the Board of Directors of Transferee Company, is held by Geetanjali Trading & Investments Private Limited ('GTIPL') along with its nominees.

6.2 The share capital of Transferor Company 1 as on March 31, 2025, is as under:

<b>Particulars</b>	<b>Amount (INR)</b>
<u>Authorized share capital</u>	
22,00,000 Equity shares of INR 10/- each	2,20,00,000
<b>TOTAL</b>	<b>2,20,00,000</b>
<u>Issued, Subscribed and Paid-up share capital</u>	
10,000 Equity Shares of Rs. 10 each	1,00,000
<b>TOTAL</b>	<b>1,00,000</b>

Subsequent to the above date and till the date of approval this Scheme by the Board of Directors of Transferor Company 1, there is no change in authorized, issued, subscribed and paid-up equity capital of Transferor Company 1.

6.3 Out of the 10,000 Equity shares of Transferor Company 1 as on 31 March, 2025, and thereafter till date of approval of this Scheme by the Board of Directors of Transferor Company 1, 9,998 equity shares are held by Mrs. Ina Ashwin Dani jointly with Mr. Malav Dani and 1 share each is held by Homevilla Yoga Private Limited and Mr. Mukesh Desai. The share capital of Transferor Company 2 as on March 31, 2025, is as under:

<b>Particulars</b>	<b>Amount (INR)</b>
<u>Authorized share capital</u>	
70,90,000 Equity Shares of INR 10 each	7,09,00,000
500 non-cumulative redeemable Preference Shares of INR 10 each	5,000
39,99,500 non-cumulative optionally convertible redeemable Preference Shares of INR 10 each	3,99,95,000
21,86,000 series 1 non-cumulative optionally convertible redeemable Preference Shares of INR 10 each	2,18,60,000
<b>TOTAL</b>	<b>13,27,60,000</b>
<u>Issued, Subscribed and Paid-up share capital</u>	
70,85,955 Equity Shares of INR 10 each	7,08,59,550
<b>TOTAL</b>	<b>7,08,59,550</b>

Subsequent to the above date and till the date of approval of this Scheme by the Board of Directors of Transferor Company 2, the following changes have occurred in the authorized, issued, subscribed and paid-up share capital of Transferor Company 2.

1. Authorised Share Capital was altered and increased to Rs. 37,09,00,000 (details given in table below)
2. Paid-up Share Capital was increased to Rs. 24,09,22,470 (details given in table below)

<b>Particulars</b>	<b>Amount (INR)</b>
<b><u>Authorized share capital</u></b>	
70,90,000 Equity Shares of INR 10 each	7,09,00,000
30,00,000 9.5% Non-Cumulative Non-Convertible Redeemable Preference Shares (NCRPS) of Rs. 100/- (Rupees Hundred Only) each	30,00,00,000
<b>TOTAL</b>	<b>37,09,00,000</b>
<b><u>Issued and Subscribed</u></b>	
70,85,955 Equity Shares of INR 10 each	7,08,59,550
28,34,382 - 9.5% Non-Cumulative Non-Convertible Redeemable Preference Shares (NCRPS) of Rs. 100/- (Rupees Hundred Only) each	28,34,38,200
<b>TOTAL</b>	<b>35,42,97,750</b>
<b><u>Paid-up share capital</u></b>	
70,85,955 Equity Shares of INR 10 each	7,08,59,550
28,34,382 - 9.5% Non-Cumulative Non-Convertible Redeemable Preference Shares (NCRPS) of Rs. 100/- (Rupees Hundred Only) each (Rs. 60 each paid-up)	17,00,62,920
<b>TOTAL</b>	<b>24,09,22,470</b>

93.08% (65,95,954 Nos) of the equity share capital of the Transferor Company 2 as on 31 March, 2025 and thereafter 93.08% (65,95,314 Nos) till date of approval of this Scheme by the Board of Directors of Transferor Company 2, is held by the Transferor Company 1.

100% (28,34,382 Nos) of partly paid 9.5% Non-Cumulative Non-Convertible Redeemable Preference Share capital and 500 Equity Shares of the Transferor Company 2 as on the date of approval of this scheme by the Board of Transferor Company 2, are held by Geetanjali Trading and Investments Private Limited.

The Board of Directors of the Transferee Company hereby acknowledges and takes note of the change in the authorised, issued, subscribed, and paid-up share capital of Transferor Company 2 occurring after the Appointed Date till date of approval of this Scheme by the Board of the Transferee Company.

It is expressly clarified that the Share Exchange Ratio specified in Clause 8.1 of this Scheme has been determined considering the impact of such change in the capital structure of Transferor Company 2.

Consequently, upon the Scheme becoming effective, the Transferee Company shall issue and allot:

1. its equity shares to the shareholders of Transferor Company 1
2. its equity shares to the shareholders of Transferor Company 2
3. its preference shares to the shareholders of Transferor Company 2

whose names appear in the Register of Members on the Record Date in the manner provided in Clause 8.1.

Thus, post the merger of Transferor Company 1 into the Transferee Company as per this Scheme is effective with effect from the Appointed Date referred to in Clause 3.3.1 (i.e. March 31, 2025), the Transferor Company 2 shall become a subsidiary of the Transferee Company. Thus, on the Appointed Date referred to in clause 3.3.2 (i.e. April 1, 2025), the Transferor Company 2 would be subsidiary of the Transferee Company.

### **PART-III**

#### **AMALGAMATION OF THE TRANSFEROR COMPANIES INTO AND WITH THE TRANSFEEE COMPANY**

##### **7 TRANSFER AND VESTING**

7.1 With effect from the respective Appointed Date herein, and upon the Scheme becoming effective, the Transferor Companies shall stand transferred to and be vested in the Transferee Company, as a going concern, under the provision of Section 230 to 232 of the Companies Act, 2013 and other applicable provision of the Companies Act, 2013 without any further deed or act, together with all the properties, assets, rights, liabilities, benefits and interest therein.

7.2 Subject to the provisions of the Scheme in relation to the modalities of transfer and vesting, on occurrence of the Effective Date, the whole of the business, personnel, property, assets, liabilities, investments, rights, benefits and interest therein of the Transferor Companies shall, with effect from the respective Appointed Date, stand transferred to and be vested in the Transferee Company, without any further act or deed, and by virtue of the order passed by the NCLT. Without prejudice to the generality of the above, and in particular, the undertakings of the Transferor Companies shall stand transferred to and be vested in the Transferee Company in the manner described in sub-clauses 7.2.1 to 7.2.11 below:

- 7.2.1 all assets of the Transferor Companies, as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and delivery or by vesting and recordal pursuant to this Scheme, shall stand vested in the Transferee Company and shall become the property and an integral part of the Transferee Company. The vesting pursuant to this sub-clause shall be deemed to have occurred by manual delivery or endorsement, as appropriate to the property being vested and title to the property shall be deemed to have been transferred accordingly.
- 7.2.2 all movable properties of the Transferor Companies, other than those specified in sub-clause 7.2.1 above, including sundry debtors, bills, credits, outstanding loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances and deposits, property, earnest money or deposit with any governmental, local or any other authority or body or with company or with other person if any, shall without any further act, instrument or deed, become the property of the Transferee Company and the parties may novate the relevant contracts and agreements so as to record the vesting of the rights into the Transferee Company.
- 7.2.3 all immovable properties (including rights relating to immovable properties) of the Transferor Companies, if any, whether freehold or leasehold, and all documents of title, rights and easements in relation thereto, shall stand transferred to and be vested in and transferred to and/or be deemed to have been transferred to and vested in the Transferee Company, without any further act or deed done by the Transferor Companies and/or the Transferee Company. With effect from the Appointed Date, the Transferee Company shall be entitled to exercise all rights and privileges and be liable to pay all taxes and charges, and fulfill all obligations, in relation to or applicable to such immovable properties. The Mutation/substitution of the title to such immovable properties shall be made and duly recorded in the name of the Transferee Company by the Appropriate Authorities pursuant to the Scheme of Amalgamation being approved by the NCLT and the Scheme becoming effective in accordance with the terms hereof. The Transferor Companies shall take all steps as may be necessary to ensure that lawful, peaceful and unencumbered possession, right, title, interest of its immovable property is given to the Transferee Company.

- 7.2.4 all investments including the investments made by Transferor Companies in the capital of other companies whether as shares, scrips, stocks, bonds, debentures, debenture stocks, Inter-corporate Deposits, units, mutual funds or pass through certificates and including depository receipts and certificates and other accrued benefits thereto shall stand transferred to and be vested in and/or be deemed to have been transferred to and vested in the Transferee Company, without any further act or deed done by the Transferor Companies and/or the Transferee Company;
- 7.2.5 all the intellectual property rights of any nature whatsoever, including but not limited to intangible assets, including trademarks, logos, service marks, copyrights, domain names, trade names and applications relating thereto, goodwill, knowhow and trade secrets, pertaining to the Transferor Companies, whether or not registered and whether or not recorded in books of accounts of the Transferor Companies, without any cost, further act, instrument or deed, shall be and shall stand transferred to and vested in the Transferee Company as a part of the transfer as a going concern, so as to become, as and from the respective Appointed Date, the intellectual property of the Transferee Company. The consideration agreed under the Scheme shall be deemed to include payment towards intangible assets.
- 7.2.6 all debts, liabilities, contingent liabilities, duties and obligations, including secured or unsecured, Sundry Creditors whether provided for or not in the books of account or disclosed in the balance sheets of the Transferor Companies, shall, be deemed to be the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company and the Transferee Company undertakes to meet, discharge and satisfy the same. It is hereby clarified that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this Clause without any further Act, instrument, deed, matter or thing;
- 7.2.7 all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments, permits, rights, entitlements, licenses including those relating to tenancies, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Transferor Companies or to the benefit of which, the Transferor Companies may be eligible and which are subsisting or having effect immediately before the Effective

Date, shall be in full force and effect on, against or in favour of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Companies, the Transferee Company had been a party or beneficiary or obligee thereto;

7.2.8 any pending suit/appeal or other proceedings of whatsoever nature relating to the Transferor Companies, whether by or against the Transferor Companies, shall not abate or be discontinued or in any way prejudicially affected by reason of the amalgamation of the Transferor Companies or of anything contained in this Scheme, but the proceedings shall continue and any prosecution shall be enforced by or against the Transferee Company in the same manner and to the same extent as they would or might have been continued, prosecuted and/or enforced by or against the Transferor Companies. The Transferee Company shall file necessary application for transfer of all pending suit/appeal or other proceedings of whatsoever nature relating to Transferor Companies;

7.2.9 all employees of the Transferor Companies, who are on its pay roll shall be engaged by the Transferee Company, on such terms and conditions as are no less favourable than those on which they are currently engaged by the Transferor Companies, without any interruption of service as a result of this amalgamation and transfer. With regard to provident fund, gratuity, leave encashment and any other special scheme or benefits created or existing for the benefit of such employees of the Transferor Companies (if any), upon this Scheme becoming effective, the Transferee Company shall stand substituted for the Transferor Companies for all purposes whatsoever, in accordance with the provisions of applicable laws and in terms of this Scheme. It is hereby clarified that upon this Scheme becoming effective, the aforesaid benefits or schemes shall continue to be provided to the transferred employees and the services of all the transferred employees of the Transferor Companies for such purpose, shall be treated as having been continuous from the time that the employees were employed by the Transferor Companies;

7.2.10 all statutory licenses, permissions or approvals or consents held by each of the Transferor Company required to carry on its operations shall stand transferred to and be vested in the Transferee Company without any further act or deed, and shall, as may be required, be appropriately mutated by the statutory authorities concerned therewith in favour of the Transferee Company. The benefit of all statutory and regulatory

permissions, approvals and consents of the Transferor Companies shall vest in and become available to the Transferee Company pursuant to the Scheme;

7.2.11 any and all registrations, goodwill, licenses appertaining to the Transferor Companies shall stand transferred to and vested in the Transferee Company;

### 7.3 Giving effect to the Scheme post the Appointed Date

7.3.1 Transfer and vesting under this Clause 7 is subject to this Clause 7.3.

7.3.2 The Transferor Companies and the Transferee Company may by mutual agreement, at any time after the Appointed Date, give effect to any or all of the provisions of this Clause 7. In case subsequently, for any reason, the Scheme is withdrawn and/or rejected or is otherwise incapable of becoming Effective, the Assets and Liabilities would be re-transferred by the Transferee Company to the respective Transferor Companies and for the interim period it would be deemed that the Transferee Company held and stood possessed of the Assets and Liabilities of the Transferor Company, for and on account of and in trust for the respective Transferor Company.

7.3.3 Pending approval of this Scheme as per Clause 19 of the Scheme, after the Appointed Date, the Transferee Company may if so advised respond to or claim or file statutory returns, declaration or any other forms by whatever name called under the Goods and Services Tax Act, Income Tax Act or any other tax law, in its name i.e. in the name of the Transferee Company, taking into account and considering the claims, benefits and obligations of the Transferor Companies, as if the same are the benefits and obligations of the Transferee Company as on the Appointed Date under this Scheme, and giving effect to the Scheme, in order to meet the statutory due dates or compliances in respect thereof or for the purpose of fully protecting the interest of the Transferor Company and the Transferee Company.

7.3.4 On the basis of approval and/or non-approval of the Scheme as per Clause 19 of the Scheme, the Transferor Companies and the Transferee Company may if so required and without prejudice to the period of limitation if any, specified in respect of the revised returns, revise the returns, declarations and/or claims filed at any time on or after the Appointed Date as per this Clause 7.3.

#### 7.4 Procedural Formalities Post-Sanction of the Scheme

- 7.4.1 The Transferee Company shall, at any time after the coming into effect of this Scheme or pursuant to effect having been given under Clause 7.3 of the 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 Companies have been a party, in order to give formal effect to the above provisions. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Companies and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Companies.
- 7.4.2 Upon the Scheme becoming effective, for statistical purposes only and without any separate deed, instrument or writing, the Transferor Companies and/or the Transferee Company shall, if required, simultaneously with the amendment in the register of charges file particulars of the modified charge with the concerned RoC. Any documentation subsequently entered into with the term lenders or the working capital lenders of the Transferor Companies and the 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 Companies.
- 7.4.3 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 7.4.3 relating to the Transferor Companies, shall stand transferred to and vested in the 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 Transferee Company shall facilitate the statutory authorities by filing such applications, which shall be granted/ approved in favour of the Transferee Company based on the sanction order of the Scheme by the NCLT.

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

7.5 Conduct of Business

7.5.1 Subject to the steps, if any, taken under the Clause 7.3 of this Scheme, with effect from the Appointed Date and until occurrence of the Effective Date:

7.5.1.1 the Transferor Companies undertake to carry on and shall be deemed to have carried on all their business activities and stand possessed of their properties and assets, for and on account of and in trust for the Transferee Company; and

7.5.1.2 all the income or profits accruing to the Transferor Companies and all charges, expenses, taxes thereon or losses accumulated or otherwise arising or incurred by it shall, for all purposes, be treated as and deemed to be the income, profits, expenses, taxes or losses, as the case may be, of the Transferee Company; and

7.5.1.3 all the assets as acquired by the Transferor Companies for carrying on its business, operations or activities and the liabilities relating thereto shall be deemed to have been acquired and so contracted for and on behalf of the Transferee Company

7.5.1.4 the Transferor Companies shall carry on their business, with reasonable diligence and business prudence and in the same manner as they had been doing hitherto and shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts or incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitment either for itself or on behalf of its affiliates or associates or any third party, or sell, transfer, alienate, charge, mortgage or encumber or deal, in any of their properties/ assets, except : (a) when the same is expressly provided in this Scheme; or (b) when the same is in the ordinary course of business as carried on

by them as on the date of filing of this Scheme in the NCLT; or (c) when a prior written consent of the Transferee Company has been obtained in this regard;

7.5.1.5 except by mutual consent of the Board of Directors of the Transferor Companies and the Transferee Company and subject to changes that are already made and mentioned in this Scheme and/or changes pursuant to commitments, obligations or arrangements prior to the Appointed Date or as part of this Scheme, pending sanction of this Scheme by the NCLT, the Transferor Companies shall not make any change in its capital structure either by any increase (by issue of equity shares, bonus shares, preference shares, convertible debentures or otherwise), decrease, reduction, reclassification, sub-division or consolidation, re-organization or in any other manner, which would have the effect of re-organisation of capital of the Transferor Companies; and

7.5.1.6 the Transferor Companies shall not vary or alter, except in the ordinary course of its business or pursuant to any pre-existing obligations undertaken prior to the date of approval of the Scheme by the Board of Directors of the Transferor Companies, the terms and conditions of employment of any of its employees, nor shall they conclude settlement with any union or its employees except with the written concurrence of the Transferee Company; and

7.5.1.7 the Transferor Companies shall not alter or substantially expand its business except with the written concurrence of the Transferee Company; and

7.5.1.8 save as otherwise mentioned in this Scheme, the Transferor Companies shall not amend its memorandum of association and / or their articles of association, except with the written concurrence of the Transferee Company.

7.5.2 Notwithstanding anything contained in this Scheme, subject to the Applicable Laws, the Board of Directors of the Transferee Company shall be entitled to consider, pursue, manage, undertake and conduct business of Transferee Company inter-alia including, any corporate actions, issue of securities and bonus shares, buy back of securities, reorganization, restructuring of its businesses, strategic acquisition or sale of any business, joint ventures, business combinations etc., as it may deem prudent and necessary in the interest of the Transferee Company.

- 7.5.3 Upon the Scheme becoming effective and with effect from the Appointed Date, all debts, liabilities, duties and obligations of the Transferor Companies as on the Appointed Date, whether or not provided in their books, and all liabilities which arise or accrue on or after the Appointed Date shall be deemed to be the debts, liabilities, duties and obligations of the Transferee Company.
- 7.5.4 Upon the Scheme becoming effective and with effect from the Appointed Date, the Transferee Company shall be deemed to have commenced and shall carry on and shall be authorized to carry on the business of the Transferor Companies.
- 7.5.5 For the purpose of giving effect to the amalgamation order passed under sections 230 to 232 and other applicable provisions of the Act in respect of the Scheme by NCLT, the Transferee Company shall, at any time pursuant to the order on the Scheme, be entitled to get the recordal of the change in the legal right(s).

#### **PART-IV**

### **CONSIDERATION, ACCOUNTING TREATMENT AND TAX TREATMENT OF TRANSFEEE COMPANY**

#### **8 CONSIDERATION**

- 8.1 Upon the coming into effect of the Scheme, no consideration will accrue to or be received by the Transferor Company 1 and Transferor Company 2 in consideration of the amalgamation of the Transferor Company 1 and Transferor Company 2 with the Transferee Company pursuant to Part III of the Scheme. In consideration of the consequential extinguishment of the shareholding in the Transferor Company 1 and Transferor Company 2, and after taking into consideration that Transferor Company 2 would be a subsidiary of Transferor Company 1, the Transferee Company shall, without any further act or deed and without any further payment, issue and allot:

*193 fully paid equity shares of Rs. 10 each of HSSPL with voting rights for every 100 fully paid equity shares, pro rata to the shareholders of Rituh, other than the Transferee Company and/or Transferor Company 2, whose name is recorded in the register of members of Rituh as on the Record Date, or as the case may be, to such of their heirs, executors, administrators or the successors-in-title;*

*21 fully paid equity shares of Rs. 10 each of HSSPL with voting rights, for every 200 fully paid equity shares, pro rata to the shareholders of Paladin, other than the Transferee Company and/ or the Transferor Company 1, whose name is recorded in the register of members of Paladin as on the Record Date, or as the case may be, to such of their heirs, executors, administrators or the successors-in-title;*

*1 (One), 9.5% Non-Cumulative Non-Convertible Redeemable Preference shares of face value Rs. 100 each of HSSL having the same terms and conditions and paid-up value as that of 9.5% Non-Cumulative Non-Convertible Redeemable Preference Shares of Paladin as on the Record Date, for each such preference shares of Paladin to each preference shareholder of Paladin, other than the Transferee Company and/ or Transferor Company 1, whose name is recorded in the register of members of Paladin as on the Record Date or as the case may be, to such of their heirs, executors, administrators or the successors-in-title;*

No fractional shares shall be issued by the Transferee Company in respect of the share entitlement of the shareholders of the Transferor Companies under this Scheme.

8.2 In case any shareholder of the Transferor Companies is entitled to a fraction of a share of the Transferee Company, the Board of Directors of the Transferee Company shall at their absolute discretion:

(a) **Cash Settlement:** Consolidate all such fractional entitlements and pay the cash equivalent thereof to the respective shareholders, calculated based on the fair value of the shares as on the record date or a date immediately preceding the allotment, as determined by the Board. It is hereby clarified that any such shares representing consolidated fractions that are not allotted to shareholders shall be deemed to be cancelled or extinguished upon the completion of the distribution process, without any further act, deed, or instrument;

**OR**

(b) **Nominee:** Consolidate all such fractional shares and allot the same to a **Nominee** appointed by the Board of the Transferee Company who shall pay the cash equivalent thereof to the respective shareholders, calculated based on the fair value of the shares as on the Appointed Date.

8.3 Upon New Shares being issued and allotted by the Transferee Company to the members of the Transferor Company 1 and Transferor Company 2 in accordance with Clause 8.1, the share certificates and/or depository receipts in relation to the shares held by the said members in the

respective Transferor Companies shall stand cancelled and extinguished and be of no effect on and from the date of such issue and allotment without any necessity of them being surrendered.

- 8.4 Upon coming into effect of this Scheme, the shares or the share certificates of the Transferor Company 2, in relation to the shares held by the Transferee Company or by Transferor Company 1 or its nominees, as the case may be without any further application, acts, instruments or deeds, be deemed to have been automatically cancelled and be of no effect without any necessity of them being surrendered.
- 8.5 Inter-Company investments amongst the Transferor Companies shall stand automatically cancelled pursuant to the Scheme by operation of law and correspondingly, the share capital of those respective Transferor Companies shall stand reduced to that extent. However, this being consequential in nature, shall be treated as an integral part of the Scheme.
- 8.6 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Transferor Companies, the Board of Directors of the Transferee Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in the registered holder were operative as on Record Date, in order to remove any difficulties, after the effectiveness of this Scheme.
- 8.7 The New Shares to be issued to the members of Transferor Companies under Clause 8.1 above shall be subject to the Memorandum and Articles of Association of the Transferee Company. The approval of this Scheme by the shareholders of the Transferee Company shall be deemed to be due compliance of the provisions of sections 13, 14, 42, 62 and other relevant and applicable provisions of the Act, for issue and allotment of Equity Shares by Transferee Company to the shareholders of respective Transferor Companies, as provided in this Scheme.
- 8.8 The Equity Shares to be issued to the members of Transferor Companies under Clause 8.1 above shall rank pari passu with the existing equity shares of Transferee Company in all respects.

## **9 CHANGE IN MEMORANDUM OF ASSOCIATION AND ARTICLES OF ASSOCIATION OF THE TRANSFEEE COMPANY**

- 9.1 Upon this Scheme becoming effective and upon the amalgamation of the Transferor Companies in the Transferee Company pursuant to the terms of this Scheme, the entire authorized share

capital of the Transferor Companies shall stand transferred from the authorized share capital of the Transferor Companies to the authorized share capital of the Transferee Company.

9.2 The stamp duty or filing fees paid on the authorized share capital of the Transferor Companies are permitted to be utilized and applied towards the increase in the authorized share capital of the Transferee Company in accordance with Clause 9.1, and no further demand of additional stamp duty or fee shall be raised or made upon the Transferee Company by any regulatory authorities in relation to such increase in the authorized share capital of the Transferee Company, including by the Registrar of Companies and no separate procedure or instrument or deed shall be required for the same.

9.3 Consequently, the Memorandum of Association and Articles of Association of the Transferee Company shall, without any further act or deed, be appropriately amended and altered to reflect the combined authorized share capital and object clause.

i. Clause VA of the Memorandum of Association shall be substituted with the following:

*“The Authorized Share Capital of the Company is Rs. 40,79,00,000/- (Rupees Forty Crores Seventy Nine Lakhs Only) divided into 1,07,90,000 (One Crore Seven Lakhs Ninety Thousand) Equity Shares of Rs. 10/- (Rupees Ten Only) each, and 30,00,000 9.5% Non-Cumulative Non-Convertible Redeemable Preference Shares (NCRPS) of Rs. 100/- (Rupees Hundred Only) each with the rights, privileges and conditions, attaching thereto as are provided by the Articles of Association of the Company for the time being and with the power to increase or reduce the capital provided for in the Articles of Association.”*

ii. Clause III A of the Memorandum of Association shall be substituted with the following

- “1. To carry on business as manufacturers, traders, dealers, distributors, importers, exporters, indenting agents, general merchants or otherwise in organic and inorganic chemicals including speciality additives like pigments, dispersing agents, defoamers, biocides, dispersing agents, rheology modifiers, treated silicas, emulsions, dispersions, resins and allied chemicals for surface coatings industry, printing inks, cosmetics, adhesives, emulsions and dispersions, construction, rubber, leather coatings, paper coatings, all kinds of paints, stiff, ready mixed, decorative, industrial, marine, varnishes, colours, enamels, resins and all other intermediary and ancillary products. .
2. To carry on the business of manufacturers, buyers, sellers, dealers, importers, exporters, of all types of paintbrushes such as oil paint brushes, fine paint brushes, craft brushes, acrylic brushes, artist brushes, fine art brushes, industrial brushes and other customized brushes for water based paints, acrylic paints, polyurethane paints, epoxy paints, resins silicate paints, primers, applicators and varnishes, all types of rollers such as paint roller, pencil roller, foam roller, velvet roller, cloth roller and texture roller and all types of painting tools such as roller covers, roller frame, mixers, paint trays, paint sets and extension poles.

3. To carry on the business of dealing in ingredients by or through local procurement, importing, storing, distributing, selling or otherwise disposing of relating to food, pharmaceutical and / or personal care industries from vendors in India and / or abroad.
4. To carry on the business of manufacturing, producing, repackaging, acquiring, buying, selling, leasing, processing, developing, retreating, refining, storing, distributing, piping and / or transporting and / or otherwise dealing in all kinds of ingredients relating to food, pharmaceutical and personal care industries and classes of chemicals, chemical compositions, chemical products, compositions, and all the articles, materials and parts entering or used in the said products or required by the said industries and to do all things necessary, suitable or proper for the accomplishment of any of the said purposes.
5. To carry on the business of running health care centres, yoga centres, gymnasiums and to conduct classes, seminars, demonstrations, educational and training programmes for betterment of mind, body and for health care and to organize, conduct, or sponsor from time to time, health and fitness camps or workshops, yoga camps or workshops, to encourage and make people aware about a fit and healthy lifestyle and to acquire, establish, run, manage, take on franchise or hire or lease, and operate training schools or institutions to provide world class vocational and technical training, education in wellness, yoga and preventive healthcare.
- 5A. To buy, sell, manufacture, import, export, distribute, outsource, trade and otherwise deal in all kinds and varieties of yoga related products and accessories and health care products, including but not limited to yoga mats, yoga props and yoga apparels.”

iii. Clause III B of the Memorandum of Association shall be substituted with the following:

“THE OBJECTS INCIDENTAL OR ANCILLIARY TO THE ATTAINMENT OF THE MAIN OBJECTS:

1. To pay out of the funds of the Company all expenses which the Company may lawfully pay with respect to the formation, registration and issue of capital of the Company, including brokerage and commission.
2. To amalgamate, merge, enter into partnership, joint venture, union of interests, cooperation or any arrangement for sharing profits or limiting competition with any person, firm or company carrying on any business which the Company is authorised to carry on.
3. To undertake or participate in the management, supervision or control of the business or operations of any other company, firm or person.
4. To receive money on loan or otherwise and to borrow or raise money in such manner as the Company shall think fit, including by issue of debentures or debenture stock, and to secure repayment thereof by mortgage, charge or lien on the assets of the Company, provided that the Company shall not carry on banking business as defined under the Banking Regulation Act, 1949.
5. To purchase, acquire or take over the whole or any part of the business, goodwill, property, assets, rights, privileges or liabilities of any person, firm or company.

6. To enter into arrangements with the Central or State Governments, local authorities or other statutory bodies and to obtain licences, permits, approvals, concessions, rights and privileges necessary or desirable for the objects of the Company.
7. To employ experts, consultants, engineers, technicians and other professionals to investigate, examine or advise upon any business, property or undertaking of the Company.
8. To sell, mortgage, lease, exchange, licence or otherwise deal with the whole or any part of the property and assets of the Company.
9. To establish, promote or assist in establishing any company or companies for acquiring all or any part of the property or business of the Company or for any purpose beneficial to the Company.
10. To draw, make, accept, endorse, discount, negotiate and issue bills of exchange, promissory notes and other negotiable instruments.
11. To procure the registration, incorporation or recognition of the Company in any country or place outside India and to carry on business abroad.
12. To donate or contribute in cash or kind for charitable, benevolent, national, public or useful purposes, subject to applicable law.
13. To apply for, purchase, acquire, protect and renew patents, patent rights, trademarks, copyrights, licences, concessions, know-how and other intellectual property rights and to use, develop, licence or otherwise turn the same to account.
14. To establish and maintain provident fund, pension fund, superannuation fund, gratuity fund or other welfare funds for directors, officers and employees of the Company and their dependents.
15. To open, maintain and operate bank accounts of all kinds including overdraft accounts.
16. To distribute among the members of the Company, in specie or kind, any property of the Company or proceeds thereof in the event of winding up, in accordance with law.
17. To invest and deal with the monies of the Company not immediately required in such manner as may be determined by the Board.
18. To advertise, promote and make known the business and products of the Company by such means as may be expedient.
19. To accept gifts, bequests, devises and donations from any person and to make gifts to any person or institution, subject to law.
20. To manufacture, buy, purchase, hire, lease, acquire, sell or otherwise deal in machinery, plant, tools, equipment, apparatus, components, spare parts, accessories and materials required for the business of the Company.
21. To carry on the business of import, export, trading and to act as an export house in India or elsewhere in the world for all kinds of goods, commodities, products, chemicals, pharmaceuticals and articles of every description.
22. To acquire, hold, develop, lease, exchange, sell, mortgage or otherwise deal in land, buildings, flats, offices, factories, warehouses, godowns and other residential, commercial or industrial properties and to construct, develop and improve the same.
23. To undertake research and development activities, establish laboratories and conduct experiments and investigations for improving products, processes, techniques and quality control.
24. To open branches, depots, offices and appoint agents, distributors, dealers, stockists and brokers in India or outside India.

25. To undertake, promote and implement corporate social responsibility (CSR), rural development, social welfare and community upliftment programmes and to incur expenditure thereon.
26. To do all such other lawful acts, deeds and things as may be incidental or conducive to the attainment of the above objects.”
- 9.4 The Transferee Company shall, within the prescribed statutory period from the Effective Date, file the following forms with the Registrar of Companies (ROC) to give effect to the transfer and allotment:
- (a) **Form INC-28:** To file the certified copy of the Order of the NCLT sanctioning the Scheme, which shall be deemed as the notice for the alteration of the Capital Clause.
- (b) **Form PAS-3:** A Return of Allotment in respect of the shares issued to the shareholders of the Transferor Companies as consideration for the merger.
- 9.5 Further, if required, the Transferee Company shall take necessary steps to further increase and alter its Authorised Share Capital suitably to enable it to issue and allot the Shares required to be issued and allotted by it in terms of Clause 8 of this Scheme.
- 9.6 It is hereby clarified that for the purposes of increasing the authorized share capital of the Transferee Company in accordance with Clause 9.1 and/or Clause 9.3 above, the consent/approval of the shareholders of the Transferee Company to this Scheme shall be deemed to their consent/approval for increasing the authorised share capital and also to the alternation of the memorandum and articles of association of the Transferee Company as may be required under the Act and that no further resolution under section 13, section 61 or any other applicable provisions of the Act, would be required to be separately passed.

## **10 ACCOUNTING TREATMENT**

- 10.1 On the Scheme becoming effective and with effect from the Appointed Date, the Transferee Company shall account for the amalgamation in its books of accounts as per applicable Accounting Standards prescribed under **Section 133** of the Companies Act, 2013, including, in particular, Accounting Standard (AS) 14 Accounting for Amalgamations of Companies (Accounting Standards) Rules, 2021 on the basis that the amalgamation is an amalgamation in the nature of merger and thus, applying the Pooling of Interest Method as prescribed in AS 14. The assets and liabilities of Transferor Companies shall be recorded by the Transferee Company

at their carrying amounts in the books of the Transferor Companies as on the respective Appointed Date.

- 10.2 The identity of the reserves and surplus of Transferor Companies would be preserved and they shall appear in the financial statements of the Transferee Company in the same form in which they appeared in the financial statements of the respective Transferor Companies as on the respective Appointed Date.
- 10.3 The face value of the shares issued by the Transferee Company to the shareholders of Transferor Company 1 and Transferor Company 2 pursuant to Clause 8.1 above of the Scheme shall be credited to the Share Capital of the Transferee Company.
- 10.4 The value of investments held by the Transferee Company in the Transferor Company 2 as on the Effective Date (on giving effect to the merger of Transferor Company 1 into Transferee Company) shall stand cancelled pursuant to the Amalgamation.
- 10.5 Any inter-company balances and transaction between the Transferor Companies and / or between the Transferor Companies and the Transferee Company, if any shall stand cancelled.
- 10.6 With effect from the Appointed Date and until the Effective Date, the Transferor Companies shall continue to carry out all inter-company transactions with the Transferee Company in the ordinary course of business, which transactions shall be deemed to have been carried out for and on account of the Transferee Company; provided that upon the Scheme becoming effective, all such inter-company transactions, including but not limited to the sale and purchase of goods or services, inter-corporate deposits, and loans, shall stand neutralized, and all corresponding inter-company balances, including accounts payables and receivables, shall be cancelled and extinguished without any further act, deed, or instrument, such that there shall be no further obligation or liability in that behalf between the companies.
- 10.7 Upon the scheme coming into effect, the surplus if any, of value of the assets, over the liabilities and reserves of the Transferor Companies, acquired and recorded by the Transferee Company in terms of clause 10.1 (subject to adjustment as per clause 10.4 and 10.5 above including in particular cancellation of investments referred to in clause 10.4) over the face value of the new shares issued and allotted pursuant to clause 8.1 to shareholders of the Transferor Companies (as per clause 10.3); shall be adjusted in "Capital Reserve Account" in the financial statements

of the Transferee Company and the deficit, if any, in this regard, shall be reduced from the capital reserves of the Transferee Company and failing such capital reserves will be adjusted against the revenue reserves, including but not limited to, retained earnings of the Transferee Company.

- 10.8 No adjustments shall be made to reflect fair values, or to recognize any new assets or liabilities. The only adjustments that are made are to harmonize accounting policies;
- 10.9 In case any differences in accounting policy between the Transferor Companies and Transferee Company, the impact of the same till the Appointed Date will be quantified and adjusted in accordance with Accounting Standard (AS) 5 'Net Profit or Loss for the period, prior period items and changes in Accounting Policies', in the books of the Transferee Company to ensure that the financial statement of the Transferee Company reflect the financial position on the basis of consistent accounting policy.
- 10.10 In addition, the Transferee Company shall pass such accounting entries, as may be necessary, in connection with the Scheme, to comply with any of the applicable accounting standards and generally accepted accounting principles adopted in India.

## **11 TAX**

- 11.1 Any tax liabilities under the IT Act or other applicable laws/regulations dealing with taxes/ duties/ levies allocable or related to the business of Transferor Companies whether or 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 the Transferee Company.
- 11.2 Any surplus in the provision for taxation/ duties/ levies account and any entitlement to credit, refund or set off including but not limited to the advance tax, tax deducted at source and MAT credit (credit of tax paid under section 115JB of the Income Tax Act, 1962), GST credit, as on the date immediately preceding the Appointed Date will also be transferred to the Transferee Company. Any refund under the IT Act or other applicable laws/ regulations dealing with taxes/ duties/ levies allocable or related to the business of Transferor Companies or due to Transferor Companies, consequent to the assessment made in respect of Transferor Companies, shall also belong to and be received by Transferee Company and the Transferee Company be and is hereby

authorised to make applications and seek and obtain all such refunds for and on behalf of the Transferor Companies as if the Transferee Company is the Transferor Company.

- 11.3 The tax payments (including without limitation income tax, tax on distribution of dividends, GST or any other taxes as may be applicable from time to time) whether by way of tax deducted at source, advance tax or otherwise howsoever, by Transferor Companies whether before or after the Appointed Date, shall be deemed to be paid by Transferee Company and shall, in all proceedings, be dealt with accordingly. Notwithstanding the above, any tax deducted at source by either the Transferor Companies or the Transferee Company on account of intercompany transactions, if any, between Transferee Company and Transferor Companies post the Appointed Date, shall be deemed to be advance tax paid by the Transferee Company and shall, in all proceedings, be dealt with accordingly.
- 11.4 Any withholding tax certificate or any other tax related certificate issued in the name of the Transferor Companies shall be deemed to be issued in the name of the Transferee Company.
- 11.5 Upon the Scheme becoming Effective, with effect from the Appointed Date, Transferor Companies and Transferee Company are expressly permitted to prepare and/or revise, as the case may be, their financial statements and returns along with the prescribed forms, filings and annexure under the IT Act, GST laws and other tax laws, if required, to give effects to provisions of the Scheme.
- 11.6 All tax assessments proceedings/appeals of whatsoever nature by or against the Transferor Companies pending at and/or arising after the Appointed Date and relating to Transferor Companies shall be continued and/or enforced until the Effective Date as desired by Transferee Company. As and from the Effective Date, the tax proceedings/ appeals shall be continued and enforced by or against Transferee Company in the same manner and to the same extent as would or might have been continued and enforced by or against Transferor Companies. Further, subject to the provisions of the relevant statutes the aforementioned proceedings shall not abate or be discontinued nor be in any way prejudicially affected by reason of the amalgamation of Transferor Companies with Transferee Company or anything contained in the Scheme.
- 11.7 Upon the Scheme coming into effect, any obligation for deduction of tax at source on any payment made by or to be made by Transferor Companies shall be made or deemed to have

been made and duly complied with by the Transferee Company and the Transferee Company shall accordingly, be entitled to claim the credit of the tax so deducted at source.

## **12 STAFF AND EMPLOYEES**

12.1 On the scheme becoming operative, all the staff and employees of the Transferor Companies in service on the effective date shall be deemed to have become staff and employees of the Transferee Company without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Transferee Company shall not be less favourable than those applicable to them on the effective date.

12.2 It is expressly provided that, on the scheme becoming effective, the provident fund, gratuity fund or any other fund created for the benefit of staff and employees of the Transferor Companies shall become the fund of the Transferee Company for all purposes whatsoever in relation to the administration or operation of such funds or funds or funds in relation to the obligation to make contribution to the said funds, if any. It is clarified that the services of the staff and employees of the Transferor Companies will be treated as having been continuous for the purpose of said fund or funds.

## **13 LEGAL PROCEEDINGS**

13.1 If any suit, appeal or other proceeding of whatever nature by or against the Transferor Companies are pending, the same shall not abate or be discontinued or be in any way prejudicially affected by reason of the scheme or by anything contained in this scheme, but the said suit, appeal or other legal 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 Companies as if this scheme had not been made.

13.2 Subject to the above clause, in case any litigation, suits, recovery proceedings which are to be initiated or may be initiated against the Transferor Companies, the Transferee Company shall be made party thereto and payment and expenses made thereto shall be liability of the Transferee Company.

## **14 CONTRACT, DEEDS AND OTHER INSTRUMENTS**

- 14.1 Subject to other provisions as contained therein, all contracts, deeds, bonds, debentures, agreement and other instruments of whatever nature to which the Transferor Company(ies) is party, subsisting or having effect immediately before the effective date shall remain in force and effect or in favour of the Transferee Company, as the case may be, and may be enforced as fully and as effectually as if, instead of Transferor Company(ies) had been a party thereto.
- 14.2 It is clarified that in case of any such instruments including contracts, deeds, bonds etc., wherever required, Transferee Company shall amend or modify such instrument etc., as may be appropriate, by appending, attaching or affixing there to such addendum, stickers, papers, supplementary modification deeds etc., with or without affixing the common seal of the Company, to denote and signify the transferee company as a party thereto stepping instead and in place of Transferor Companies. Further, Transferee Company shall be deemed to be authorized to execute any such deeds, writing or confirmations on behalf of the Transferor Company(ies) and to implement and to carry out all formalities required on part of the Transferor Companies to give effect to the provision of this scheme.

## **15 SAVING OF CONCLUDED TRANSACTIONS**

- 15.1 The transfer of assets, properties and liabilities under Clause 7 of Part III above and also the continuance of proceedings by or against the Transferor Companies under the same Clause shall not affect any transaction or proceedings already concluded by the Transferor Companies on and 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 done and executed by the Transferor Companies.

## **16 DISSOLUTION OF THE TRANSFEROR COMPANIES**

- 16.1 On the Scheme becoming effective, the Transferor Companies shall stand dissolved automatically without winding up in accordance with the provisions of Section 230 and 232 of the Act.
- 16.2 On and from the Effective Date, name of the Transferor Companies shall be removed from the records of the RoC and records relating to the Transferor Companies shall be transferred and merged with the records of the Transferee Company.

## **PART-V**

### **GENERAL / RESIDUARY TERMS AND CONDITIONS**

#### **17 APPLICATION TO NCLT**

The Transferee Company and the Transferor Companies shall, with all reasonable dispatch, make respective applications to the NCLT and or applicable authority, under sections 230 to 232 of the Act, seeking order for dispensing with or for convening, holding and/or conducting of the meetings of the classes of their respective members and creditors (secured and unsecured) as per the requirements of the Act.

#### **18 CONDITIONALITY OF THE SCHEME**

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

- 18.1 The approval by the requisite majorities of the classes of persons, including shareholders, creditors of the Transferor Companies and the Transferee Company as may be directed by the NCLT under Section 230- 232 of the Act;
- 18.2 The sanctioning of this Scheme by the NCLT, whether with any modifications or amendments as NCLT may deem fit or otherwise;
- 18.3 The filing of the certified copies of the orders of the NCLT sanctioning the scheme of Amalgamation with the Registrar of Companies by the Transferor Companies and the Transferee Company, as the case may be
- 18.4 Any other sanctions and orders as may be directed by the NCLT in respect of the Scheme.
- 18.5 The merger of Transferor Company 2 into the Transferee Company is and shall be subject to the merger of the Transferor Company 1 into the Transferee Company.
- 18.6 Upon this Scheme becoming effective, in accordance with sub-section 6 of Section 232 of the Act, the Scheme shall be deemed to be effective from the Appointed Date.

#### **19 MODIFICATION OR AMENDMENTS TO THE SCHEME**

19.1 The Transferor Companies and the Transferee Company (acting through their respective Boards of Directors) may assent to any modifications or amendments to this Scheme, which the NCLT and/or any other authorities may deem fit to direct or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/or carrying out this Scheme. The Transferor Companies and the Transferee Company (acting through its respective Boards of Directors) be and is hereby authorized to take such steps and do all acts, deeds and things as may be necessary, desirable or proper to give effect to this Scheme and to resolve any doubts, difficulties or questions, whether by reason of any order of the NCLT or of any directive or order of any other authorities or otherwise howsoever arising out of, under or by virtue of this Scheme and/or any matters concerning or connected therewith.

19.2 For the purpose of giving effect to any such alterations or modifications, the Board of Directors of the respective Companies are hereby further authorized to delegate all or any of the powers acting on behalf of the Company to any Director, Company Secretary, or any other Key Managerial Personnel (KMP) or authorized official of the Company (hereinafter referred to as the '**Authorized Officials**').

19.3 The said Authorized Officials shall be empowered to:

- a. Sign and execute all such applications, affidavits, undertakings, and documents as may be necessary for the modification of the Scheme;
- b. Accept such conditions or modifications as may be suggested by the NCLT, Regional Director, Registrar of Companies, or Official Liquidator, which in their opinion do not materially change the substance of the Scheme; and
- c. Do all such acts, deeds, and things as may be necessary or expedient to resolve any doubts or difficulties that may arise during the implementation of the Scheme.

All such alterations, modifications, or amendments accepted by the Authorized Officials shall be deemed to have been accepted by the Board of Directors and the stakeholders of the respective Companies, and shall form an integral part of this Scheme.

19.4 In the event of any of the conditions that may be imposed by the NCLT or other authorities which the Transferor Companies and Transferee Company may find unacceptable for any reason, then the Transferor Companies and/or Transferee Company are at liberty to withdraw the Scheme. The Board of Directors of Transferor Companies and Transferee Company shall

be entitled, in a mutually agreeable manner, to revoke, cancel and declare the Scheme to be of no effect if they are of view that the coming into effect of the Scheme could have adverse implications on Transferor Companies and/or Transferee Company.

19.5 If any issue arises as whether any asset, liability, employee pertains to the Transferor Companies and/or Transferee Company, or not under this Scheme, the same shall be decided by the Board of Directors of the Transferor Companies and/or Transferee Company, as relevant, on the basis of relevant books of account and other evidence that they may deem relevant for said purposes. Their decision will be final and conclusive.

19.6 The provisions of this Scheme as they relate to the amalgamation of Transferor Companies into and with Transferee Company have been drawn up to comply with the conditions relating to “amalgamation” as defined under section 2(1B) of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said section of the Income-Tax Act, 1961, 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 Income-Tax Act, 1961, shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with section 2(1B) of the Income-Tax Act, 1961. Such modification will, however, not affect the other parts of the Scheme.

## **20 EFFECT OF NON-RECEIPT OF APPROVALS**

20.1 In the event that the Scheme is not sanctioned by the NCLT or in the event any of the consents, approvals, permissions, resolutions, agreements, sanctions or conditions enumerated in the Scheme are not obtained or complied with or for any other reason, the Scheme cannot be implemented, the Scheme shall become null and void. The Transferee Company shall bear the cost, charges and expenses in connection with the Scheme unless otherwise mutually agreed.

20.2 The non-receipt of any sanctions or approvals for vesting in the Transferee Company a particular asset or liability forming part of the Transferor Companies getting transferred pursuant to this Scheme, shall not affect the effectiveness of the respective section of the Scheme, if the Boards of Directors of the Transferor Companies and/or Transferee Company so decide. In the event of non-receipt of approval of any lender / creditor for the transfer of any liability of the Transferor Companies, then at the option of the Boards of Directors of the

Transferor Companies, it may discharge such liability by issuing a security / recognizing a liability in favour of Transferee Company on the same terms.

- 20.3 In particular and without prejudice to the generality of the foregoing, the Transferor Companies and the Transferee Company will reverse any steps taken by them in implementation of Clause 7 of this Scheme.

## **21 COSTS, CHARGES & EXPENSES**

All costs, charges, taxes including duties, levies and other expenses, if any (save as expressly otherwise agreed) arising out of, in connection to or in relation to or incurred in carrying out and implementing this Scheme and to put it into operation shall be borne by the Transferee Company.

## **22 MISCELLANEOUS**

If any part of this Scheme hereof is invalid, ruled illegal by any NCLT of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the Transferor Companies and Transferee Company 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 Transferor Companies and/or Transferee Company, in which case the Transferor Companies and Transferee Company shall attempt to bring about a modification in the Scheme, as will best preserve for the Transferor Companies and Transferee Company the benefits and obligations of the Scheme, including but not limited to such Part.