

**COMPOSITE SCHEME OF ARRANGEMENT
UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE SECTIONS OF THE
COMPANIES ACT, 2013**

AMONG

**VMT SPINNING COMPANY LIMITED
("TRANSFEROR COMPANY 1")**

AND

**VTL INVESTMENTS LIMITED
("TRANSFEROR COMPANY 2")**

AND

**VARDHMAN NISSHINBO GARMENTS COMPANY LIMITED
("TRANSFEROR COMPANY 3")**

AND

**VARDHMAN ACRYLICS LIMITED
("TRANSFEROR COMPANY 4")**

AND

**VARDHMAN TEXTILES LIMITED
("TRANSFEREE COMPANY")**

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

Printed This Copy
For Chairman's Review
(Copy)
Company Secretary
2018-2019

INTRODUCTION

A. PREAMBLE

This Composite Scheme of Arrangement ("**Scheme**") is presented under the provisions of Sections 230 – 232 and other relevant provisions of the Act (*as defined hereinafter*), for the: (i) amalgamation of the Transferor Company 1 (*as defined hereinafter*) with and into the Transferee Company (*as defined hereinafter*); (ii) amalgamation of the Transferor Company 2 (*as defined hereinafter*) with and into the Transferee Company; (iii) amalgamation of the Transferor Company 3 (*as defined hereinafter*) with and into the Transferee Company; (iv) amalgamation of the Transferor Company 4 (*as defined hereinafter*) with and into the Transferee Company; (v) transfer of the authorized share capital from each of the Transferor Companies (*as defined hereinafter*) to the Transferee Company; and (vi) dissolution without winding up of the each of the Transferor Companies, pursuant to the provisions of Sections 230 – 232 and other relevant provisions of the Act and the relevant provisions of this Scheme. In addition, this Scheme also provides for various other matters consequential or otherwise integrally connected herewith.

B. RATIONALE FOR THE SCHEME

The management of each of the Transferor Companies and the Transferee Company believe that the business existing in the Transferor Companies should be consolidated with the Transferee Company for the following primary reasons:

- The amalgamation of the Transferor Companies with and into the Transferee Company will enable consolidation of the business and operations of the Transferor Companies into the Transferee Company, which complement the business of the Transferee Company and which will provide substantial impetus to growth, enable synergies, reduce operational costs, increase operational efficiencies and enable optimal utilization of various resources as a result of pooling of financial, managerial and technical resources, and technologies of both the Transferor Companies and the Transferee Company, thereby significantly contributing to business efficiency, future growth and maximizing shareholder value.
- The amalgamation of the Transferor Companies with and into the Transferee Company will lead to the integration of complementing businesses in one entity, the Transferee Company.
- Since the Transferor Company 1, Transferor Company 2 and Transferor Company 3 are wholly-owned subsidiaries of the Transferee Company, the merger of the aforementioned companies with and into the Transferee Company is likely to create more value for their respective stakeholders and shareholders, eliminate multiple companies in similar businesses and improve efficiencies of the consolidated business.
- The amalgamation of the Transferor Companies with and into the Transferee Company will lead to elimination of inter-company transactions and balances between the Transferor Companies and the Transferee Company and the consolidation of the fibre, fabric and garment businesses in one entity.

C. PARTS OF THE SCHEME

This Scheme is divided into the following sections:

1. SECTION I



AMALGAMATION OF THE TRANSFEROR COMPANY 1 WITH AND INTO THE TRANSFEREE COMPANY

Part A deals with the definitions and share capital of the Transferee Company and Transferor Company 1.

Part B deals with the amalgamation of the Transferor Company 1 with and into the Transferee Company, in accordance with Section 2 (1B) of the IT Act (*as defined hereinafter*) and Sections 230 to 232 and other relevant provisions of the Act.

Part C deals with the discharge of consideration for the amalgamation of the Transferor Company 1 with and into the Transferee Company.

Part D deals with the accounting treatment in the books of the Transferee Company, transfer of the authorized share capital from the Transferor Company 1 to the Transferee Company and dissolution without winding up of the Transferor Company 1.

2. SECTION II

AMALGAMATION OF THE TRANSFEROR COMPANY 2 WITH AND INTO THE TRANSFEREE COMPANY

Part A deals with the definitions and share capital of the Transferee Company and the Transferor Company 2.

Part B deals with the amalgamation of the Transferor Company 2 with and into the Transferee Company, in accordance with Section 2 (1B) of the IT Act and Sections 230 to 232 and other relevant provisions of the Act.

Part C deals with the discharge of consideration for the amalgamation of the Transferor Company 2 with and into the Transferee Company.

Part D deals with the accounting treatment in the books of the Transferee Company, transfer of the authorized share capital from the Transferor Company 2 to the Transferee Company and dissolution without winding up of the Transferor Company 2.

3. SECTION III

AMALGAMATION OF THE TRANSFEROR COMPANY 3 WITH AND INTO THE TRANSFEREE COMPANY

Part A deals with the definitions and share capital of the Transferee Company and the Transferor Company 3.

Part B deals with the amalgamation of the Transferor Company 3 with and into the Transferee Company, in accordance with Section 2 (1B) of the IT Act and Sections 230 to 232 and other relevant provisions of the Act.

Part C deals with the discharge of consideration for the amalgamation of the Transferor Company 3 with and into the Transferee Company.

Part D deals with the accounting treatment in the books of the Transferee Company, transfer of the authorized share capital from the Transferor Company 3 to the Transferee Company and dissolution without winding up of the Transferor Company 3.



4. **SECTION IV**

AMALGAMATION OF THE TRANSFEROR COMPANY 4 WITH AND INTO THE TRANSFEREE COMPANY

Part A deals with the definitions and share capital of the Transferee Company and the Transferor Company 4.

Part B deals with the amalgamation of the Transferor Company 4 with and into the Transferee Company, in accordance with Section 2 (1B) of the IT Act and Sections 230 to 232 and other relevant provisions of the Act.

Part C deals with the discharge of consideration for the amalgamation of the Transferor Company 4 with and into the Transferee Company.

Part D deals with the accounting treatment in the books of the Transferee Company, transfer of the authorized share capital from the Transferor Company 4 to the Transferee Company and dissolution without winding up of the Transferor Company 4.

5. **SECTION V**

Section V deals with the general terms and conditions applicable to the Scheme.



SECTION I

AMALGAMATION OF THE TRANSFEROR COMPANY 1 (AS DEFINED HEREINAFTER) WITH AND INTO THE TRANSFEREE COMPANY (AS DEFINED HEREINAFTER)

PART A

WHEREAS:

- A. **VMT Spinning Company Limited** (hereinafter referred to as the “**Transferor Company 1**”), is a public company incorporated under the Companies Act, 1956 having its registered office at Vardhman Premises, Chandigarh Road, Ludhiana, Punjab 141010, India with permanent account number AABCV8087C and the corporate identification number U17117PB1990PLC014070. The Transferor Company 1 was incorporated on June 27, 1990 and the e-mail address of the Transferor Company 1 is secretarial.lud@vardhman.com. The Transferor Company 1 is engaged in the business of manufacturing cotton and blended yarn. The Transferor Company 1 is a wholly-owned subsidiary of the Transferee Company.
- B. **Vardhman Textiles Limited** (hereinafter referred to as the “**Transferee Company**”), is a public company incorporated under the Companies Act, 1956 having its registered office at Chandigarh Road, Ludhiana, Punjab 141010, India with permanent account number AABCM4692E and the corporate identification number L17111PB1973PLC003345. The Transferee Company was incorporated on October 8, 1973 and the e-mail address of the Transferee Company is secretarial.lud@vardhman.com. The Transferee Company is a textile company which is engaged in the business of manufacturing cotton yarn, synthetic yarn and woven fabrics. The equity shares of the Transferee Company are listed on the Stock Exchanges (as defined hereinafter).
- C. In terms of Section I of this Scheme, it is now proposed, *inter alia*, to amalgamate the Transferor Company 1 with and into the Transferee Company, pursuant to and under Sections 230 – 232 and other applicable provisions of the Act, in the manner provided for in Section I of the Scheme.
- D. The amalgamation of the Transferor Company 1 with and into the Transferee Company, pursuant to and in accordance with this Scheme, shall be in accordance with Section 2(1B) of the IT Act.

I. DEFINITIONS

For the purposes of Section I of this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the meanings mentioned herein below:

- (a) “**Act**” means the Companies Act, 2013 (Act No. 18 of 2013) and the rules, regulations, circulars and notifications issued thereunder, including without limitation the Companies (Compromises, Arrangements and Amalgamation) Rules 2016, each as amended from time to time.
- (b) “**Applicable Laws**” means any statute, law, regulation, ordinance, rule, judgment, order, decree, clearance, approval, 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.
- (c) “**Appointed Date**” means the opening of business hours on April 1, 2020, being the time and date with effect from which this Scheme will be deemed to be effective, in the manner described in



Clause 1.3 of Section V of the Scheme.

- (d) **"Effective Date"** means the date on which the last of the conditions set out in Clause 1.5 of Section V of the Scheme is satisfied and the Scheme is made effective with effect from the Appointed Date.
- (e) **"Governmental Authorities"** means any government authority, statutory authority, regulatory authority, government department, agency, commission, board, tribunal or court or other law, rule or regulation making entity having or purporting to have jurisdiction on each of the Transferee Company and Transferor Companies, or any one party or any state or other subdivision thereof or any municipality, district or other subdivision thereof.
- (f) **"IT Act"** means the Income Tax Act, 1961 (Act No. 43 of 1961), and the rules, regulations, circulars and notifications issued thereunder, each as amended, modified, replaced or supplemented from time to time.
- (g) **"RoC"** means the Registrar of Companies, Chandigarh.
- (h) **"Scheme"** means this composite scheme of arrangement among the Transferor Company 1, Transferor Company 2, Transferor Company 3, Transferor Company 4, the Transferee Company and their respective shareholders and creditors, pursuant to the provisions of Sections 230 – 232 and other applicable provisions of the Act, and rules made thereunder.
- (i) **"SEBI Circular"** means SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, read with SEBI Circular No. CFD/DIL3/CIR/2017/26 dated March 23, 2017; SEBI Circular No. CFD/DIL3/CIR/2017/105 dated September 21, 2017 and SEBI Circular No. CFD/DIL3/CIR/2018/2 dated January 3, 2018, and includes any substitution, modification or reissuance thereof.
- (j) **"Stock Exchanges"** means the stock exchanges where the equity shares of the Transferee Company are listed and are admitted to trading, viz, BSE Limited and the National Stock Exchange of India Limited.
- (k) **"Transferee Company"** has the meaning ascribed to it in Recital B of Section I hereto.
- (l) **"Transferor Companies"** means, collectively, the Transferor Company 1, the Transferor Company 2, the Transferor Company 3 and the Transferor Company 4.
- (m) **"Transferor Company I"** has the meaning ascribed to it in Recital A of Section I hereto and shall include without limitation:
- (i) all assets, whether moveable or immovable, whether tangible or intangible, plant and machinery, equipment, stocks and inventory, including all rights, title, interests, claims, covenants, undertakings, of the Transferor Company 1 in such assets;
 - (ii) all investments, receivables, loans, security deposits and advances extended, including accrued interest thereon, of the Transferor Company 1;
 - (iii) all debts, borrowings and liabilities, whether present or future, whether secured or unsecured, availed by the Transferor Company 1;
 - (iv) all permits, rights, entitlements, licenses, approvals, grants, allotments, recommendations, clearances, tenancies, offices, taxes, tax deferrals and benefits, subsidies, concessions, refund of any tax, duty, cess or of any excess payment, tax credits



(including, without limitation, all amounts claimed as refund, whether or not so recorded in the books of accounts and credits in respect of income tax, such as carry forward tax losses comprising of unabsorbed depreciation), tax deducted at source, CENVAT, sales tax, value added tax, central sales tax, turnover tax, excise duty, service tax, goods and services tax and minimum alternate tax credit), of the Transferor Company 1;

- (v) all trademarks, service marks, domain names, patents and other intellectual property rights of every kind and description whatsoever, of the Transferor Company 1;
 - (vi) all privileges and benefits of, or under, all contracts, agreements, purchase and sale orders, memoranda of understanding, bids, tenders, expressions of interest, letters of intent, commitments, undertakings, deeds, bonds, investments undertaken by or arrangements of any kind, and all other rights including lease rights, licenses, powers and facilities of every kind and description whatsoever, of the Transferor Company 1;
 - (vii) insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, to which the Transferor Company 1 is a party, or to the benefit of which the Transferor Company 1 is eligible;
 - (viii) all employees of the Transferor Company 1;
 - (ix) all advance payments, earnest monies, security deposits, advance rentals, payment against warrants, if any, or other rights or entitlements of the Transferor Company 1;
 - (x) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings, suits, appeals, applications or proceedings of whatsoever nature, initiated by or against the Transferor Company 1; and
 - (xi) all books, records, files, papers, computer programs, engineering and process information, manuals, data, production methodologies, production plans, catalogues, quotations, websites, sales and advertising material, marketing strategies, list of present and former customers, customer credit information, customer pricing information, and other records, whether in physical form or electronic form or in any other form, in connection with or relating to the Transferor Company 1.
- (n) **"Tribunal"** means the National Company Law Tribunal, Chandigarh bench.

The expressions, which are used in this Section I of the Scheme and not defined in Section I shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under Section II, Section III, Section IV or Section V of the Scheme or in absence thereof, the Act, the IT Act, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 (including the regulations made thereunder), the Depositories Act, 1996 and other Applicable Laws, rules, regulations, bye-laws, guidelines, circulars, as the case may be, including any statutory modification or re-enactment thereof, from time to time.

2. SHARE CAPITAL

- 2.1. The share capital of the Transferee Company, as on March 31, 2019 is as under:



Share Capital	Amount (INR)
<i>Authorized Share Capital</i>	
9,00,00,000 equity shares of INR 10 each	90,00,00,000
1,00,00,000 redeemable cumulative preference shares of INR 10 each	10,00,00,000
Total	100,00,00,000
<i>Issued, Subscribed and Paid-up Share Capital</i>	
5,74,78,160 equity shares of INR 10 each	57,47,81,600
Total	57,47,81,600

- 2.2. Since March 31, 2019 and until the date of the Scheme being approved by the board of directors of the Transferee Company, there has been no change in the issued, subscribed or paid up capital of the Transferee Company, save and except in relation to the issuance and allotment of 20,000 (Twenty Thousand) equity shares by the Transferee Company to its employees under the employee stock option plan of the Transferee Company on April 8, 2019 and July 2, 2019. The shares of the Transferee Company are listed on the Stock Exchanges.
- 2.3. The share capital of the Transferor Company 1, as on March 31, 2019 is as under:

Share Capital	Amount (INR)
<i>Authorized Capital</i>	
2,50,00,000 equity shares of INR 10 each	25,00,00,000
1,00,00,000 redeemable cumulative preference shares of INR 10 each	10,00,00,000
Total	35,00,00,000
<i>Issued, Subscribed and Paid-up Capital</i>	
2,07,00,240 equity shares of INR 10 each fully paid-up	20,70,02,400
Total	20,70,02,400

- 2.4. Since March 31, 2019 and until the date of the Scheme being approved by the board of directors of the Transferor Company 1, there has been no change in the issued, subscribed or paid up capital of the Transferor Company 1. The shares of the Transferor Company 1 are not listed on any stock exchanges.
- 2.5. As on the date of approval of the Scheme by the board of directors of the Transferor Company 1, 100% (One Hundred per cent.) of the paid up equity share capital of the Transferor Company 1, on a fully-diluted basis, is held by the Transferee Company.

3. OBJECTS

- 3.1. The main objects of the Transferee Company are as follows:

i. To carry on all or any of the following business, namely cotton spinners and doublers,



flax, hemp and jute spinners, linen and cloth manufacturers, flax, hemp jute and wool merchants, wool combers, worsted stuff manufacturers, bleachers and dyers, makers of vitriol, bleaching and dyeing materials.

- ii. *To purchase, comb, prepare, spin, dye and deal in cotton flax, hemp, jute, wool, silk and any fibrous substances.*
- iii. *To weave and otherwise manufacture, buy and sell and deal in linen, cloth and other goods and fabrics, whether textile footed, netted or looped.*
- iv. *To carry on the business of manufacturing woollen, felt, silken, cotton, hemp and any other fibrous material and products whether allied to the aforesaid or not in India or elsewhere.*
- v. *To carry on the business of spinners, weavers, manufacturers, ginner, balers and pressers of cotton, kapas, yarn, cotton waste, yarn waste, hemp, jute and other fibrous material and the cultivation thereof.*
- vi. *To carry on the business of buyers, sellers, dealers, exporters and importers of woollen, silken, cotton, hemp and other fibrous material or any goods or merchandise whatsoever and to transact all manufacturing or treating and processes and mercantile business and to purchase and vend raw materials and manufactured articles.*
- vii. *To carry on the business of Machine Combers and Re-combers of all types of fibres and materials, whether artificial or synthetic, to sort, blend, prepare wiley, scour, carb, scribble, comb, dye, bleach, carbonize, spin, twist, double, wind, warp, weave, mend, finish, make up, back, buy, sell, import, export and deal in fibres, whether natural artificial or synthetic, tops, yarn woven, fabrics and textile fabrics and materials of kinds and to carry on all or any of the trades or businesses of Combers, Re-combers, Top makers, Spinners, Weavers, Doublers, Manufacturers, Printers, Dyers and Finishers, Bleachers, Carbonizers, Waterproofers of textile materials and fabrics of all kinds of Mill Owners generally, merchants, agents, importers, exporters, factors, agents, sellers of and dealers, in wool, worsted, silk hair alpaca, mohair, cotton, flax, jute, hemp, artificial and synthetic fibres and all or any fibrous substances, tops, noils, wasters paps and byproducts generally and all or any textile products, manufactured or unmanufactured.*
- viii. *To purchase or take on lease or otherwise acquire and work any spinning mills, weaving mills, ginning factories or presses for pressing merchandise into bales or any other similar concern and the property, business and goodwill appertaining thereto.*
- ix. *To buy, sell, import, export, exchange and deal in cloth yarn, cotton in process, raw cotton, jute, wool, silk, rayon, hemp and other fibrous articles, also drugs, chemicals, dyes, metals, stores and other articles and things.*
- x. *To undertake dyeing, bleaching or printing of yarn cloth, cotton in process, raw cotton, silk, rayon, wool, jute, hemp and other fibres for any person, firm, company or corporation or otherwise by the agents of the Company.*
- xi. *To carry on and undertake business of leasing and to finance leasing operations of all kinds, finance, trading, hire purchase, purchasing, selling, exporting, importing, hiring or letting on hire all kinds of plant, machinery and equipments whether electrical, electronic or mechanical including tractors, tuggers, shunters, transport/commercial vehicles of any kinds for use in land, water and air, motor cars, motorcycles, scooters, construction/industrial equipments, earthmoving machinery, cranes, excavators,*



loaders, implements, tools utensils, ships, dredgers, tugs, barges, aeroplanes, helicopters, wagons, coaches, tram-cars, telex, teleprinters, electronic private automatic branch exchanges, private automatic exchanges, public address systems, television receivers, industrial robots, furniture, domestic or business appliances, computers, tabulators, data processing machines, addressing machines and other sophisticated office machinery and appliances and to assist in financing of all and every kind and description of hire purchase or easy payment system or deferred payment or similar transactions and subsidies, finance or assist in subsidizing or financing the sale, purchase and maintenance of its goods, articles, commodities of all and every kind upon any terms and to purchase or otherwise deal in all forms of immovable or movable property including land and buildings and of consumer, commercial and industrial items and to lease or otherwise deal with them in any manner including resale thereof regardless whether the property purchased and leased be new and/or used.

3.2. The incidental and ancillary objects of the Transferee Company include:

- i. *To acquire and undertake all or any part of the business, property and liabilities of any person or company carrying on any business which this Company is authorised to carry on, or possessed of property suitable for the purposes of the Company.*
- ii. *To amalgamate, either into partnership or into any arrangements for sharing profits, union of interests, co-operation, joint venture or reciprocal concession or for limiting competition with any person, firm or body corporate whether in India or outside, carrying on or engaged in, or about to carry on or engage in, any business or transaction which the Company is authorised to carry on or which can be carried on in conjunction therewith or which is capable of being conducted so as directly or indirectly to benefit the Company further to enter into any arrangement or contract with any person, association or body corporate whether in India or Outside, for technical collaboration, technical knowhow or for such other purposes that may seem calculated beneficial and conducive to the objects of the Company.*

3.3. The main objects of the Transferor Company 1 are as follows:

- i. *To manufacture buy, sell or otherwise deal in all kind of sewing threads, industrial threads and other threads, in India or abroad.*
- ii. *To carry on business of spinning, weaving, manufacturing, bleaching, dyeing, printing, mercerizing and otherwise treating and selling yarn, cloth and other fabrics, woven or knitted from raw cotton, cotton and yarn waste, jute, wool, staple fibre, artificial silk and other suitable materials and generally to carry on the business of cotton and synthetic spinning, weaving and knitting in all their branches.*
- iii. *To carry on or to be interested in all or any of the business of cotton spinners and doublers cotton yarn waste spinners doublers, flax, hemp, jute and wool merchants, wool combers, worsted stuff manufacturer, bleachers and dyers, and makers of vitriol, bleaching, dyeing and finishing materials and to purchase, comb, prepare, spin, dye and deal in flax, hemp, jute, wool, cotton, silk and other fibrous substances, natural or manmade, and to weave or otherwise manufacture, buy, sell, deal in linen, cloth and other goods and fabrics, whether textiles felted, netted or looped.*

3.4. The incidental and ancillary objects of the Transferor Company 1 include:

10. *To amalgamate with any companies having objects together or in part similar to those of this Company.*



4. PROMOTERS AND DIRECTORS

4.1 The names of the promoters and directors of the Transferee Company as on June 30, 2019, along with their addresses are set forth below:

S. No.	Name	Promoter/Director	Address
1.	Prafulbhai Anubhai Shah	Director	9, Pathik, Shital Bagh, Paldi, Ahmedabad-380 007
2.	Shri Paul Oswal	Director/ Promoter	2722, Auro Mirra Bhawan, Gurdev Nagar, Pakhowal Road, Ludhiana - 141001
3.	Rajender Mohan Malla	Director	C-6/3, First Floor, Safdarjung Dev Area, New Delhi - 110016
4.	Ashok Kumar Kundra	Director	House No. 1138, Sector- 44 B, Chandigarh
5.	Neeraj Jain	Director	B-19-167/1, Col. Gurdial Singh Road, Civil Lines, Ludhiana
6.	Darshan Lal Sharma	Director	B-XX-770/2, Gurdev Nagar, Pakhowal Road, Ludhiana
7.	Sachit Jain	Director/ Promoter	2722, Auro Mirra Bhawan, Gurdev Nagar, Pakhowal Road, Ludhiana - 141001
8.	Suchita Jain	Director/ Promoter	2722, Auro Mirra Bhawan, Gurdev Nagar, Pakhowal Road, Ludhiana - 141001
9.	Subash Khanchand Bijlani	Director	J-17, South City-I, Gurgaon-122 001 (Haryana)
10.	Harpreet Kang	Director	Victoria Farms Village, Jhande, Baddowal, Ludhiana - 142021
11.	Devendra Bhushan Jain	Director	Rattan Kunj, 7 Bungalows Road, Andheri (W) Near Nana Nani Park, Vesava (Versova), Mumbai-400061
12.	Parampal Singh	Director	House no. 351-B, Bhai Randhir Singh Nagar, Ludhiana, Punjab-141012
13.	Adishwar Enterprises LLP	Promoter	2722, Auro Mirra Bhawan, Gurdev Nagar, Pakhowal Road, Ludhiana - 141001
14.	VTL Investments Limited	Promoter	Chandigarh Road, Ludhiana, Punjab 141010, India
15.	Vardhman Holdings Limited	Promoter	Chandigarh Road, Ludhiana, Punjab 141010, India
16.	Mahavir Spinning Mills Private Limited	Promoter	Chandigarh Road, Ludhiana, Punjab 141010, India
17.	Santon Finance & Investment Company Limited	Promoter	Chandigarh Road, Ludhiana, Punjab 141010, India
18.	Ramaniya Finance & Investment Company Limited	Promoter	Chandigarh Road, Ludhiana, Punjab 141010, India
19.	Flamingo Finance &	Promoter	Chandigarh Road, Ludhiana,



S. No.	Name	Promoter/Director	Address
	Investment Company Limited		Punjab 141010, India
20.	Devakar Investments & Trading Co. Private Limited	Promoter	Chandigarh Road, Ludhiana, Punjab 141010, India
21.	Shakun Oswal	Promoter	2722, Auro Mirra Bhawan, Gurdev Nagar, Pakhowal Road, Ludhiana - 141001
22.	Soumya Jain	Promoter	2722, Auro Mirra Bhawan, Gurdev Nagar, Pakhowal Road, Ludhiana - 141001
23.	Sagrika Jain	Promoter	2722, Auro Mirra Bhawan, Gurdev Nagar, Pakhowal Road, Ludhiana - 141001
24.	Shakun Oswal, Partner, Eastern Trading Company	Promoter	2722, Auro Mirra Bhawan, Gurdev Nagar, Pakhowal Road, Ludhiana - 141001
25.	Shri Paul Oswal, Partner, Amber Syndicate	Promoter	2722, Auro Mirra Bhawan, Gurdev Nagar, Pakhowal Road, Ludhiana - 141001
26.	Shri Paul Oswal, Partner, Northern Trading Company	Promoter	2722, Auro Mirra Bhawan, Gurdev Nagar, Pakhowal Road, Ludhiana - 141001
27.	Shri Paul Oswal, Partner, Paras Syndicate	Promoter	2722, Auro Mirra Bhawan, Gurdev Nagar, Pakhowal Road, Ludhiana - 141001

- 4.2 The names of the promoters and directors of the Transferor Company 1 as on June 30, 2019, along with their addresses are set forth below:

S. No.	Name	Promoter/Director	Address
1.	Shri Paul Oswal	Director	2722, Auro Mirra Bhawan, Gurdev Nagar, Pakhowal Road, Ludhiana - 141001
2.	Neeraj Jain	Director	B-19-167/1, Col. Gurdial Singh Road, Civil Lines, Ludhiana
3.	Darshan Lal Sharma	Director	B-XX-770/2, Gurdev Nagar, Pakhowal Road, Ludhiana
4.	Vardhman Textiles Limited	Promoter	Chandigarh Road, Ludhiana, Punjab 141010, India

5. OTHER DISCLOSURES

- 5.1. No investigations or proceedings under the Act are pending against the Transferee Company or the Transferor Company.
- 5.2. The Transferee Company was incorporated on October 8, 1973. There has been no change in the name, registered office or objects of the Transferee Company during the last 5 (five) years.
- 5.3. The Transferor Company 1 was incorporated on June 27, 1990. There has been no change in the name, registered office or objects of the Transferor Company 1 during the last 5 (five) years.
- 5.4. The Scheme will not have any adverse effect on any directors, key managerial personnel,



promoters, non-promoter members, debenture holders, creditors and employees of the Transferee Company. The Scheme will be in the best interest of all the stakeholders in the Transferee Company.

- 5.5. The Scheme will not have any adverse effect on any directors, key managerial personnel, promoters, non-promoter members, creditors and employees of the Transferor Company 1. The Transferor Company 1 does not have any debenture holders or depositors. The Scheme will be in the best interest of all the stakeholders in the Transferor Company 1.
- 5.6. The benefits of the Scheme to the Transferee Company, the Transferor Company 1 and their respective members, creditors and employees, as perceived by the board of directors of the Transferee Company and the Transferor Company 1, respectively, are mentioned in Paragraph B of the Introduction to the Scheme (*Rationale*).
- 5.7. The board of directors of the Transferee Company has approved the Scheme at its meeting held on August 13, 2019. The particulars of the meeting of the board of directors of the Transferee Company are set forth below:

S. No.	Particulars of board meeting	Details
1.	Names of directors who voted in favour of the resolution	Shri Paul Oswal, Suchita Jain, Sachit Jain, Neeraj Jain, Prafull Anubhai, Ashok Kumar Kundra, Subash Khanchand Bijlani, Devendra Bhushan Jain, Rajender Mohan Malla, Darshan Lal Sharma and Parampal Singh
2.	Names of directors who voted against the resolution	Nil
3.	Names of directors who did not vote or participate in the resolution	Nil

- 5.8. The board of directors of the Transferor Company 1 has approved the Scheme at its meeting held on August 12, 2019. The particulars of the meeting of the board of directors of the Transferor Company 1 are set forth below:

S. No.	Particulars of board meeting	Details
1.	Names of directors who voted in favour of the resolution	Shri Paul Oswal, Darshan Lal Sharma and Neeraj Jain
2.	Names of directors who voted against the resolution	Nil
3.	Names of directors who did not vote or participate in the resolution	Nil

PART B

6. AMALGAMATION OF THE TRANSFEROR COMPANY 1 WITH AND INTO THE TRANSFEE COMPANY

- 6.1 Subject to the provisions of Section I of the Scheme in relation to the modalities of amalgamation, upon Section I of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, the Transferor Company 1, together with all its properties, assets, investments, borrowings, approvals, intellectual property rights, insurance covers or claims, records, rights, benefits, interests, employees, contracts, obligations, proceedings and liabilities, shall amalgamate with and into the Transferee Company, and all presents and future



properties, assets, investments, borrowings, approvals, intellectual property rights, insurance covers or claims, records, rights, benefits, interests, employees, contracts, obligations, proceedings and liabilities of the Transferor Company 1 shall stand transferred to and vested in, and shall become the property of and an integral part of the Transferee Company subject to the existing charges and encumbrances, if any, (to the extent such charges or encumbrances are outstanding on the Effective Date), by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed required by either of the Transferor Company 1 or the Transferee Company. Without prejudice to the generality of the above, in particular, the Transferor Company 1 shall stand amalgamated with and into the Transferee Company, in the manner described in sub-paragraphs (a) – (m) below:

- a. Upon Section I of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all immovable property (including land, buildings and any other immovable property) of the Transferor Company 1, whether freehold or leasehold, and any documents of title, rights and easements in relation thereto, shall stand vested in or be deemed to be vested in the Transferee Company, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed done by the Transferor Company 1 or the Transferee Company. Upon Section I of the Scheme coming into effect on the Effective Date and 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, rent and charges, and fulfill all obligations, in relation to or applicable to such immovable properties and the relevant landlords, owners and lessors shall continue to comply with the terms, conditions and covenants under all relevant lease/ license or rent agreements and shall, in accordance with the terms of such agreements, refund the security deposits and advance / prepaid lease / license fee, if any, to the Transferee Company. Upon Section I of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, the title to the immovable properties of the Transferor Company 1 shall be deemed to have been mutated and recognised as that of the Transferee Company and the mere filing of the vesting order of the Tribunal sanctioning the Scheme with the appropriate Registrar or Sub-Registrar of Assurances or with the relevant Governmental Authorities shall suffice as record of continuing title with the Transferee Company pursuant to the Section I of the Scheme becoming effective and shall constitute a deemed mutation and substitution thereof. The Transferee Company shall in pursuance of the vesting order of the Tribunal be entitled to the delivery and possession of all documents of title to such immovable property in this regard.
- b. Upon Section I of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all the assets of the Transferor Company 1 as are movable in nature or are otherwise capable of being transferred by physical or constructive delivery and, or, by endorsement and delivery, or by vesting and recordal, including equipment, furniture and fixtures, shall stand vested in the Transferee Company, and shall become the property and an integral part of the Transferee Company, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed done by the Transferor Company 1 or the Transferee Company. The vesting pursuant to this sub-clause shall be deemed to have occurred by physical or constructive delivery or by endorsement and delivery, or by vesting and recordal, as appropriate to the property being vested and the title to such property shall be deemed to have been transferred accordingly to the Transferee Company.
- c. Upon Section I of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, any and all other movable property (except those specified elsewhere in this Clause) including investments in shares and any other securities, all sundry debts and receivables, outstanding loans and advances, if any, relating to the Transferor Company 1, recoverable in cash or in kind or for value to be received,



actionable claims, bank balances and deposits, if any with Governmental Authorities, semi-Governmental Authorities, local and other authorities and bodies, customers and other persons, cheques on hand, shall, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 1 or the Transferee Company become the property of the Transferee Company. Without prejudice to the foregoing, the Transferee Company shall be entitled to deposit at any time after the Effective Date, cheques received in the name of the Transferor Company 1, to enable the Transferee Company to receive the amounts thereunder. Where any of the outstanding receivables attributed to the Transferor Company 1 have been received by the Transferor Company 1 after the Appointed Date, but before the Effective Date, the same shall be deemed to have been received by the Transferor Company 1 for and on behalf of the Transferee Company.

- d. Upon Section I of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all debts, borrowings, liabilities, contingent liabilities, duties and obligations, secured or unsecured, relating to the Transferor Company 1, whether provided for or not in the books of accounts of the Transferor Company 1 or disclosed in the balance sheet of such Transferor Company 1, shall stand transferred to and vested in the Transferee Company, and the same shall be assumed to the extent they are outstanding on the Effective Date and become and be deemed to be the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 1 or the Transferee Company. 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. However, if any lender of the Transferor Company 1 requires satisfaction of the charge over the properties of the Transferor Company 1 and recordal of a new charge with the Transferee Company, the Transferee Company shall for good order and for statistical purposes, file appropriate forms with the RoC as accompanied by the vesting order of the Tribunal sanctioning the Scheme, or a certified copy of the same, and any deed of modification or novation executed *inter alios* by the Transferee Company. Where any of the loans, liabilities and obligations attributed to the Transferor Company 1 have been discharged by the Transferor Company 1 after the Appointed Date but before the Effective Date, such discharge shall be deemed to have been done by the Transferor Company 1 for and on behalf of the Transferee Company.
- e. Upon Section I of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all incorporeal or intangible property of the Transferor Company 1 shall stand vested in the Transferee Company and shall become the property and an integral part of the Transferee Company, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 1 or the Transferee Company.
- f. Upon Section I of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all letters of intent, contracts, deeds, bonds, agreements, insurance policies, capital investment, subsidies, guarantees and indemnities, schemes, arrangements and other instruments of whatsoever nature in relation to the Transferor Company 1 to which it is a party or to the benefit of which it may be entitled or eligible, shall be in full force and effect against or in favour of the Transferee Company, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 1 or the Transferee Company, and may be enforced as fully and effectually as if, instead of the Transferor Company 1, the Transferee Company had been a party or beneficiary or obligee thereto. Without prejudice to the generality of the foregoing, bank guarantees,



performance guarantees, letters of credit, agreements with any Governmental Authority, hire purchase agreements, lending agreements and such other agreements, deeds, documents and arrangements pertaining to the business of Transferor Company 1 or to the benefit of which the Transferor Company 1 may be eligible and which are subsisting or have effect immediately before the Effective Date, including all rights and benefits (including benefits of any deposit, advances, receivables or claims) arising or accruing therefrom, shall, upon this Scheme becoming effective, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, be deemed to be bank guarantees, performance guarantees, letters of credit, agreements, deeds, documents, and arrangements, as the case may be, of the Transferee Company, without any further act, instrument or deed of the Transferor Company 1 or the Transferee Company and shall be appropriately transferred or assigned by the concerned parties / Governmental Authority in favour of the Transferee Company. However, the Transferee Company shall undertake all necessary compliances prescribed under Applicable Laws to effectuate transfer of goods and services tax credits of the Transferor Company 1 to the Transferee Company.

- g. Upon Section I of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all permits, grants, allotments, recommendations, rights, entitlements, licenses and registrations including relating to trademarks, logos, patents and other intellectual property rights, approvals, clearances, tenancies, privileges, powers, offices, easements, goodwill, entitlements, facilities of every kind and description of whatsoever nature, in relation to the Transferor Company 1, to which the Transferor Company 1 is a party or to the benefit of which the Transferor Company 1 may be eligible, shall be enforceable by or against the Transferee Company, as fully and effectually as if, instead of the Transferor Company 1, the Transferee Company had been a party or beneficiary or obligee thereto, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 1 or the Transferee Company.
- h. Upon Section I of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, any statutory licenses, no-objection certificates, permissions, registrations (including, but not limited to, sales tax, service tax, goods and services tax, excise, value added tax, central sales tax (if any)), approvals, consents, permits, quotas, easements, goodwill, entitlements, allotments, concessions, exemptions, advantages, or rights required to carry on the operations of the Transferor Company 1 or granted to the Transferor Company 1 shall stand vested in or transferred to the Transferee Company, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 1 or the Transferee Company, and shall be appropriately transferred or assigned by the concerned statutory authorities in favour of the Transferee Company upon amalgamation of the Transferor Company 1 with and into the Transferee Company pursuant to Section I of this Scheme. The benefit of all statutory and regulatory permissions, environmental approvals and consents including statutory licenses, permissions, approvals or consents required to carry on the operations of the Transferor Company 1 shall vest in and become available to the Transferee Company upon Section I of this Scheme, coming into effect on the Effective Date and with effect from the Appointed Date, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 1 or the Transferee Company.
- i. Upon Section I of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, the Transferee Company shall bear the burden and the benefits of any legal or other proceedings initiated by or against the Transferor Company 1. Upon Section I of the Scheme coming into effect on the Effective Date



and with effect from the Appointed Date, if any notice, dispute, suit, appeal, complaint, claim or other proceeding of whatsoever nature by or against the Transferor Company 1, including (but not limited to) those before any Governmental Authority, be pending, the same shall not abate, be discontinued or in any way be prejudicially affected by reason of the amalgamation of Transferor Company 1 with and into the Transferee Company, or of anything contained in this Scheme, but the proceedings shall 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 1, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 1 or the Transferee Company. Upon Section 1 of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, where required, the Transferee Company undertakes to have such legal or other proceedings initiated by or against the Transferor Company 1 transferred in its name and to have the same continued, prosecuted and enforced by or against the Transferee Company. The Transferee Company also undertakes to handle all legal or other proceedings which may be initiated against the Transferor Company 1 after the Effective Date in respect of the period up to the Effective Date, in its own name and account and further undertakes to pay all amounts including interest, penalties, damages, etc. which the Transferor Company 1 may be called upon to pay or secure in respect of any liability or obligation relating to the Transferor Company 1 for the period up to the Effective Date.

- j. Upon Section 1 of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all persons that were employed in the Transferor Company 1 immediately before such date shall become employees of the Transferee Company, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 1 or the Transferee Company, on terms and conditions no less favourable than those that were applicable to such employees immediately prior to such amalgamation, with the benefit of continuity of service on the same terms and conditions as were applicable to such employees immediately prior to such amalgamation and without any break or interruption in service. It is clarified that such employees of the Transferor Company 1 that become employees of the Transferee Company by virtue of this Scheme, shall continue to be governed by the terms of employment as were applicable to them immediately before such amalgamation and shall not be entitled to be governed by employment policies, and shall not be entitled to avail of any benefits under any scheme or settlement or otherwise that are applicable and available to any other employees, of the Transferee Company, unless and otherwise so stated by the Transferee Company in writing in respect of all employees, class of employees or any particular employee. The Transferee Company undertakes to continue to abide by any agreement/ settlement, if any, entered into by the Transferor Company 1 in respect of such employees forming part of the Transferor Company 1 with their respective employees/ employee unions. With regard to provident fund, gratuity fund, superannuation fund or any other special fund or obligation created or existing for the benefit of such employees of the Transferor Company 1, upon Section 1 of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, the Transferee Company shall stand substituted for the Transferor Company 1, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 1 or the Transferee Company, for all purposes whatsoever relating to the obligations to make contributions to the said funds in accordance with the provisions of such schemes or funds in the respective trust deeds or other documents. The existing provident fund benefits, gratuity benefits and superannuation benefits or any other special benefits or obligation, if any, created or used by the Transferor Company 1 (or an affiliate of the Transferor Company 1 on



behalf of the Transferor Company 1) for its employees being transferred to the Transferee Company pursuant to this Scheme shall be continued by the Transferee Company for the benefit of such employees on the same terms and conditions. It is the aim and intent of the Scheme that all the rights, duties, powers and obligations of the Transferor Company 1 in relation to such schemes or funds shall become those of the Transferee Company. Further, upon Section 1 of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, any prosecution or disciplinary action initiated, pending or contemplated against and any penalty imposed in this regard on any employee forming part of the Transferor Company 1 shall be continued/continue to operate against the relevant employee and shall be enforced by the Transferee Company, without any further act, instrument or deed of the Transferor Company 1 or the Transferee Company.

- k. Upon Section 1 of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all direct and indirect taxes of any nature, duties and cess or any other like payment or deductions made by the Transferor Company 1 to any statutory authorities, including (but not limited to) income tax, service tax, security transaction tax, value added tax, central sales tax, customs duty, minimum alternate tax, advance tax, excise duty, goods and services tax, or any other like payments made by the Transferor Company 1 to any statutory authorities), or other collections made by the Transferor Company 1 and relating to the period after the Appointed Date up to the Effective Date, shall be deemed to have been on account of, or on behalf of, or paid by, or made by the Transferee Company, without any further act, instrument or deed of the Transferor Company 1 or the Transferee Company. Further, upon Section 1 of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all deduction otherwise admissible to Transferor Company 1 including payment admissible on actual payment or on deduction of appropriate taxes or on payment of tax deducted at source (including, but not limited to, under Section 43B, Section 40, Section 40A etc. of the IT Act) shall be eligible for deduction to the Transferee Company upon fulfilment of the applicable conditions under the IT Act. Further, the Transferee Company shall be entitled to claim credit for taxes deducted at source/ paid against its tax/ duty liabilities/ minimum alternate tax, advance tax, service tax, value added tax liability etc., notwithstanding the certificates/ challans or other documents for payment of such taxes/ duties, as the case may be, being in the name of the Transferor Company 1. Upon the Scheme coming into effect on the Effective Date, all taxes payable by or refundable to or being the entitlement of the Transferor Company 1, including all or any refunds or claims shall be treated as the tax liability or refunds/ credits/ claims, as the case may be, of the Transferee Company, and any tax incentives, advantages, privileges, exemptions, credits, entitlements (including, but not limited to, credits in respect of income tax, including carry forward tax losses, unabsorbed depreciation, sales tax, closing balance of CENVAT, value added tax, turnover tax, central sales tax, excise duty, goods and services tax, security transaction tax, minimum alternate tax and duty entitlement credit certificates), holidays, remissions, reductions, as would have been available to the Transferor Company 1, shall upon this Scheme becoming effective, be available to the Transferee Company, and losses and unabsorbed depreciation of the Transferor Company 1 be carried forward and set off against tax on future taxable income of the Transferee Company in accordance with provisions of Section 72A of the IT Act. The Transferee Company shall undertake all necessary compliances prescribed under applicable laws to effectuate transfer of credits of goods and services tax of the Transferor Company 2 to the Transferee Company.

- l. Upon Section 1 of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all taxes payable by the Transferor Company 1 including all or any refunds of claims shall be treated as the tax liability or refunds/ claims as the case may be, of the Transferee Company, without any further act, instrument or deed



of the Transferor Company 1 or the Transferee Company, and the Transferee Company shall be entitled to file/ revise its statutory returns and related tax payment certificates and to claim refunds and advance tax credits as may be required consequent to the implementation of the Scheme, and all tax compliances under Applicable Laws by the Transferor Company 1 shall be deemed to have been undertaken by the Transferee Company.

- m. The 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 other writings or arrangements including any forms or depository instructions, with any party to any contract or arrangement in relation to the Transferor Company 1 to which the Transferor Company 1 is a party, and make any filings with the Governmental Authorities, 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 writing in the name of and on behalf of the Transferor Company 1 and to carry out or perform all such formalities or compliances referred to above on behalf of the Transferor Company 1, *inter alia*, in its capacity as the successor entity of the Transferor Company 1.

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

- (i) The Transferor Company 1 shall carry on and be deemed to have been carrying on all the business and activities of the Transferor Company 1 for and on behalf of and in trust for the Transferee Company.
- (ii) All profits/ losses accruing to the Transferor Company 1 and all taxes thereon arising or incurred by it, shall, for all purposes, be treated as the profits, losses or taxes as the case may be, of the Transferee Company.
- (iii) All accretions and depletions in relation to the Transferor Company 1 shall be for and on account of the Transferee Company.

6.3 Upon this Scheme becoming effective and the consequent amalgamation of the Transferor Company 1 with and into the Transferee Company, (x) the secured creditors of the Transferee Company shall be entitled to security over such properties and assets forming part of the Transferor Company 1 on the Appointed Date on which the secured creditors of the Transferor Company 1 have security, on a *pari passu* basis with the secured creditors of the Transferor Company 1, and (y) the secured creditors of the Transferor Company 1 shall be entitled to security over such properties and assets forming part of the Transferee Company on the Appointed Date on which the secured creditors of the Transferee Company have security, on a *pari passu* basis with the secured creditors of the Transferee Company. For the avoidance of doubt, it is clarified that all the assets of the Transferor Company 1 and the Transferee Company which are not currently encumbered shall, subject to Applicable Laws, remain free and available for creation of any security thereon in future in relation to any new indebtedness that may be incurred by the Transferee Company. For this purpose, no further consent from the existing creditors shall be required and the sanction of this Scheme shall be considered as a specific consent of such creditors.

6.4 The Transferee Company and the Transferor Company 1 shall, respectively, make appropriate filings with the Governmental Authorities in order to give formal effect to the provisions of this Clause 6 above, and the relevant Governmental Authorities shall take the same on record, and shall make and duly record the necessary substitution/ endorsement in the name of the Transferee Company upon this Scheme becoming effective in accordance with the terms hereof.

6.5 The Transferee Company shall, at any time after this Scheme becoming effective in accordance



with the provisions hereof, if so required under Applicable Laws, do all such acts or things as may be necessary to transfer/ obtain the approvals, consents, exemptions, registrations, no-objection certificates, permits, quotas, rights, entitlements, licenses and certificates which were held or enjoyed by the Transferor Company 1. For the avoidance of doubt, it is clarified that if the consent of either a third party or Governmental Authority is required to give effect to the provisions of this Clause, the said third party or Governmental Authority shall make and duly record the necessary substitution/ endorsement in the name of the Transferee Company pursuant to the sanction of this Scheme by the Tribunal, and upon this Scheme becoming effective. The Transferee Company shall file appropriate applications/ documents with the relevant authorities concerned for information and record purposes, and 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 1 and to carry out or perform all such acts, formalities or compliances referred to above as may be required in this regard.

PART C

7. CONSIDERATION

The Transferor Company 1 is the wholly owned subsidiary of the Transferee Company. Accordingly, upon Section I of the Scheme becoming effective, all the equity shares as held by the Transferee Company in the Transferor Company 1 either by itself or through its nominees shall stand cancelled and extinguished. Therefore, there will be no issue and allotment of shares as consideration by the Transferee Company upon Section I of the Scheme coming into effect as the Transferee Company cannot issue shares of the Transferee Company to itself.

The investments in the shares of the Transferor Company 1, appearing in the books of account of the Transferee Company shall, without any further act or deed, stand cancelled.

PART D

8. ACCOUNTING TREATMENT

Pursuant to Section I of the Scheme coming into effect on the Effective Date with effect from the Appointed Date, the Transferee Company shall account for the amalgamation of the Transferor Company 1 in its books in accordance with principles as laid down in Appendix C to the Indian Accounting Standard 103 (Business Combination) in the following manner:

- 8.1. All assets and liabilities of the Transferor Company 1 shall be recorded by the Transferee Company at their respective book values as appearing in the books of the Transferor Company 1 as on the Appointed Date.
- 8.2. The balance of the reserves appearing in the financial statements of the Transferor Company 1 as on the Appointed Date will be aggregated with the corresponding balance appearing in the financial statements of the Transferee Company.
- 8.3. Inter-company holdings and balances, if any, between the Transferee Company and the Transferor Company 1 or between any of the Transferor Companies inter-se shall stand cancelled. The difference, if any, between the cost of investments and face value of inter-company holdings shall be adjusted against balance of capital reserve of the Transferee Company post-merger.
- 8.4. In case of any differences in accounting policy between the Transferor Company 1 and the Transferee Company, the accounting policies of the Transferee Company will prevail and the difference till the Appointed Date will be quantified and adjusted in the capital reserves /



goodwill to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.

- 8.5. Notwithstanding the above, the board of directors (or a duly authorized committee of board of directors) of the Transferee Company, in consultation with its statutory auditors, is authorised to record assets, liabilities and reserves and surplus in compliance with prevailing accounting standards.

9. TRANSFER OF THE AUTHORIZED SHARE CAPITAL

- 9.1 As an integral part of the Scheme and upon the effectiveness of Section I of the Scheme, the authorised share capital of the Transferor Company 1 amounting to INR 35,00,00,000 (Indian Rupees Thirty Five Crores only) shall stand consolidated and vested in, and merged with the authorised share capital of the Transferee Company and the authorised share capital of the Transferee Company as set out in Clause 2.1 of Section I of the Scheme hereinabove shall stand enhanced to INR 135,00,00,000 (Indian Rupees One Hundred and Thirty Five Crores only) divided into 11,50,00,000 (Eleven Crores Fifty Lakh) equity shares of face value of INR 10 (Indian Rupees Ten only) each and 2,00,00,000 (Two Crores) redeemable cumulative preference shares of face value of INR 10 (Indian Rupees Ten only) each, without any further act, instrument or deed by the Transferee Company and without any liability for payment of any additional fees or stamp duty in respect of such increase as the stamp duty and fees have already been paid by the Transferor Company 1 on such authorized capital, the benefit of which stands vested in the Transferee Company pursuant to the Scheme becoming effective on the Effective Date.

- 9.2 For the avoidance of doubt, it is clarified that, in case, the authorised share capital of the Transferee Company and/ or the Transferor Company 1, as the case may be, undergoes any change, prior to this Scheme becoming effective, then this Clause 9 shall automatically stand modified/ adjusted accordingly to take into account the effect of such change.

- 9.3 It is hereby clarified that for the purposes of this Clause 9 of Part D of Section I of the Scheme, the consent of the shareholders of the Transferee Company to the Scheme shall be deemed to be sufficient for the purposes of effecting the above amendment and increase in authorised share capital of the Transferee Company, and no further act, instrument or deed by the Transferee Company or resolutions or actions under Sections 13, 61 and any other applicable provisions of the Act would be required to be separately passed or taken and pursuant to Section 232(3)(i) of the Act and the fee paid by the Transferor Company 1 on its authorized share capital shall be set off against any fee payable by the Transferee Company on its authorized share capital subsequent to the amalgamation. Upon this Scheme coming into effect, the Transferee Company shall, if required, file the necessary documents/ intimations as per the provisions of the Act with the RoC or any other applicable authority to record the aforesaid change in its authorised share capital in the manner set out in this Clause 9.

10. DISSOLUTION OF THE TRANSFEROR COMPANY 1

Upon Section I of the Scheme coming into effect, the Transferor Company 1 shall, without any further act, instrument or deed of the Transferor Company 1 or the Transferee Company, stand dissolved without winding up.



SECTION II

AMALGAMATION OF THE TRANSFEROR COMPANY 2 (AS DEFINED HEREINAFTER) WITH AND INTO THE TRANSFEEE COMPANY (AS DEFINED HEREINAFTER).

PART A

WHEREAS:

- A. **VTL Investments Limited** (hereinafter referred to as the "**Transferor Company 2**"), is a public company incorporated under the Companies Act, 1956 having its registered office at Vardhman Premises, Chandigarh Road, Ludhiana, Punjab 141010, India with permanent account number AABCV7449L and the corporate identification number U17231PB1994PLC014256. The Transferor Company 2 was incorporated on February 23, 1994 and the e-mail address of the Transferor Company 2 is secretarial.lud@vardhman.com. The Transferor Company 2 is a non-banking financial company registered with the Reserve Bank of India having registration number N-06.00592. The Transferor Company 2 is a wholly-owned subsidiary of the Transferee Company.
- B. **Vardhman Textiles Limited** (hereinafter referred to as the "**Transferee Company**"), is a public company incorporated under the Companies Act, 1956 having its registered office at Chandigarh Road, Ludhiana, Punjab 141010, India with permanent account number AABCM4692E and the corporate identification number L17111PB1973PLC003345. The Transferee Company was incorporated on October 8, 1973 and the e-mail address of the Transferee Company is secretarial.lud@vardhman.com. The Transferee Company is a textile company which is engaged in the business of manufacturing cotton yarn, synthetic yarn and woven fabrics. The equity shares of the Transferee Company are listed on the Stock Exchanges (as defined hereinafter).
- C. In terms of Section II of this Scheme, it is now proposed, *inter alia*, to amalgamate the Transferor Company 2 with and into the Transferee Company, pursuant to and under Sections 230 – 232 and other applicable provisions of the Act, in the manner provided for in Section II of the Scheme.
- D. The amalgamation of the Transferor Company 2 with the Transferee Company, pursuant to and in accordance with this Scheme, shall be in accordance with Section 2(1B) of the IT Act.

1. DEFINITIONS

For the purposes of Section II of this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the meanings mentioned herein below:

- (a) "**Transferor Company 2**" has the meaning ascribed to it in Recital A of Section II hereto and shall include without limitation:
- (i) all assets, whether moveable or immoveable, whether tangible or intangible, plant and machinery, equipment, stocks and inventory, including all rights, title, interests, claims, covenants, undertakings, of the Transferor Company 2 in such assets;
 - (ii) all investments, receivables, loans, security deposits and advances extended, including accrued interest thereon, of the Transferor Company 2;
 - (iii) all debts, borrowings and liabilities, whether present or future, whether secured or unsecured, availed by the Transferor Company 2;



- (iv) all permits, rights, entitlements, licenses, approvals, grants, allotments, recommendations, clearances, tenancies, offices, taxes, tax deferrals and benefits, subsidies, concessions, refund of any tax, duty, cess or of any excess payment, tax credits (including, without limitation, all amounts claimed as refund, whether or not so recorded in the books of accounts and credits in respect of income tax, such as carry forward tax losses comprising of unabsorbed depreciation), tax deducted at source, CENVAT, sales tax, value added tax, central sales tax, turnover tax, excise duty, service tax, goods and services tax and minimum alternate tax credit), of the Transferor Company 2;
- (v) all trademarks, service marks, domain names, patents and other intellectual property rights of every kind and description whatsoever, of the Transferor Company 2;
- (vi) all privileges and benefits of, or under, all contracts, agreements, purchase and sale orders, memoranda of understanding, bids, tenders, expressions of interest, letters of intent, commitments, undertakings, deeds, bonds, investments undertaken by or arrangements of any kind, and all other rights including lease rights, licenses, powers and facilities of every kind and description whatsoever, of the Transferor Company 2;
- (vii) insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, to which the Transferor Company 2 is a party, or to the benefit of which the Transferor Company 2 is eligible;
- (viii) all employees of the Transferor Company 2;
- (ix) all advance payments, earnest monies, security deposits, advance rentals, payment against warrants, if any, or other rights or entitlements of the Transferor Company 2;
- (x) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings, suits, appeals, applications or proceedings of whatsoever nature, initiated by or against the Transferor Company 2; and
- (xi) all books, records, files, papers, computer programs, engineering and process information, manuals, data, production methodologies, production plans, catalogues, quotations, websites, sales and advertising material, marketing strategies, list of present and former customers, customer credit information, customer pricing information, and other records, whether in physical form or electronic form or in any other form, in connection with or relating to the Transferor Company 2.

The expressions, which are used in this Section II of the Scheme and not defined in Section II shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under Section I, Section III, Section IV or Section V of the Scheme or in absence thereof, the Act, the IT Act, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 (including the regulations made thereunder), the Depositories Act, 1996 and other Applicable Laws, rules, regulations, bye-laws, guidelines, circulars, as the case may be, including any statutory modification or re-enactment thereof, from time to time.

2. SHARE CAPITAL

- 2.1. The share capital of the Transferee Company, as on March 31, 2019, is as set forth in Clause 2.1 of Section I of this Scheme.
- 2.2. Since March 31, 2019 and until the date of the Scheme being approved by the board of directors of the Transferee Company, there has been no change in the issued, subscribed or paid up capital of the Transferee Company, save and except in relation to the issuance and allotment of 20,000



(Twenty Thousand) equity shares by the Transferee Company to its employees under the employee stock option plan of the Transferee Company on April 8, 2019 and July 2, 2019. The shares of the Transferee Company are listed on the Stock Exchanges.

- 2.3. The share capital of the Transferor Company 2, as on March 31, 2019 is as under:

Share Capital	Amount (INR)
<i>Authorized Capital</i>	
1,00,00,000 equity shares of INR 10 each	10,00,00,000
Total	10,00,00,000
<i>Issued, Subscribed and Paid-up Capital</i>	
40,00,000 equity shares of INR 10 each	4,00,00,000
Total	4,00,00,000

- 2.4. Since March 31, 2019 and until the date of the Scheme being approved by the board of directors of the Transferor Company 2, there has been no change in the issued, subscribed or paid up capital of the Transferor Company 2. The shares of the Transferor Company 2 are not listed on any stock exchanges.
- 2.5. As on the date of approval of the Scheme by the board of directors of the Transferor Company 2, 100% (One Hundred per cent.) of the paid up equity share capital of the Transferor Company 2, on a fully-diluted basis, is held by the Transferee Company.

3. OBJECTS

- 3.1. The main objects, and the incidental and ancillary objects of the Transferee Company are as set forth in Clause 3.1 and Clause 3.2 of Section I of this Scheme.
- 3.2. The main objects of the Transferor Company 2 are as follows:
- i. *To carry on and undertake the business of finance, investment, loan and guarantee company and to invest in, acquire, subscribe, purchase, hold, sell, divest or otherwise deal in securities, shares, stocks, equity linked securities, debentures, debenture stock, bonds, commercial papers, acknowledgements, deposits, notes, obligations, futures, calls, derivatives, currencies and securities of any kind whatsoever, whether issued or guaranteed by any person, company, firm, body, trust, entity, government, state, dominion, sovereign, ruler, commissioner, public body or authority, supreme, municipal, local or otherwise, whether in India or abroad.*
- 3.3. The incidental and ancillary objects of the Transferor Company 2 include:
- i. *To acquire and undertake the whole or any part of the business, goodwill and assets of any person, firm or company, carrying on or proposing to carry on any of the business which the Company is authorized to carry on and as part of the consideration for such acquisition to undertake all or any of the liabilities of such person, firm or company, or to acquire an interest in, amalgamate with, or enter into partnership or any arrangement for sharing profits, or for cooperation, or joint venture or mutual assistance with any such person, firm or company, or for subsidising or otherwise assisting any such person,*



firm or company, and to give or accept by way of consideration for any of the acts or things aforesaid or property acquired, any shares, debentures, debenture stock or securities that may be agreed upon, and to hold and retain or sell, mortgage and deal with any shares, debentures, debenture stock or securities so received.

- ii. *To sell or otherwise dispose of whole or any part of the business or property, of the Company, either or together in portion/s, for such consideration as the Company may deem fit, and in particular for shares, debentures or securities of any company purchasing the same.*

4. PROMOTERS AND DIRECTORS

- 4.1 The names of the promoters and directors of the Transferee Company as on June 30, 2019, along with their addresses, are set forth in Clause 4.1 of Section I of this Scheme.
- 4.2 The names of the promoters and directors of the Transferor Company 2 as on July 01, 2019, along with their addresses, are set forth below:

S. No.	Name	Promoter/Director	Address
1.	Suchita Jain	Director	2722, Auro Mirra Bhawan, Gurdev Nagar, Pakhowal Road, Ludhiana - 141001
2.	Vikas Kumar	Director	House no. 626, Chandigarh Road Sector 33, Focal Point SO Ludhiana 141010 Punjab India
3.	Rajeev Thapar	Director	T-2, Moti Nagar, Near Bharat Sewak School, Moti Nagar, Focal Point Ludhiana 141010 Punjab India
4.	Vardhman Textiles Limited	Promoter	Chandigarh Road, Ludhiana, Punjab 141010, India

5. OTHER DISCLOSURES

- 5.1. No investigations or proceedings under the Act are pending against the Transferee Company or the Transferor Company 2.
- 5.2. The Transferee Company was incorporated on October 8, 1973. There has been no change in the name, registered office or objects of the Transferee Company during the last 5 (five) years.
- 5.3. The Transferor Company 2 was incorporated on February 23, 1994. There has been no change in the name, registered office or objects of the Transferor Company 2 during the last 5 (five) years.
- 5.4. The Scheme will not have any adverse effect on any directors, key managerial personnel, promoters, non-promoter members, debenture holders, creditors and employees of the Transferee Company.
- 5.5. The Scheme will be in the best interest of all the stakeholders in the Transferee Company.
- 5.6. The Scheme will not have any adverse effect on any directors, key managerial personnel, promoters, non-promoter members, creditors and employees of the Transferor Company 2. The Transferor Company 2 does not have any debenture holders or depositors. The Scheme will be in the best interest of all the stakeholders in the Transferor Company 2.



- 5.7. The benefits of the Scheme to the Transferee Company, the Transferor Company 2 and their respective members, creditors and employees as perceived by the board of directors of the Transferee Company and the Transferor Company 2, respectively, are mentioned in Paragraph B of the Introduction to the Scheme (*Rationale*).
- 5.8. The board of directors of the Transferee Company has approved the Scheme at its meeting held on August 13, 2019. The particulars of the meeting of the board of directors of the Transferee Company are set out below:

S. No.	Particulars of board meeting	Details
1.	Names of directors who voted in favour of the resolution	Shri Paul Oswal, Suchita Jain, Sachit Jain, Neeraj Jain, Prafull Anubhai, Ashok Kumar Kundra, Subash Khanchand Bijlani, Devendra Bhushan Jain, Rajender Mohan Malla, Darshan Lal Sharma and Parampal Singh
2.	Names of directors who voted against the resolution	Nil
3.	Names of directors who did not vote or participate in the resolution	Nil

- 5.12. The board of directors of the Transferor Company 2 has approved the Scheme at its meeting held on August 12, 2019. The particulars of the meeting of the board of directors of the Transferor Company 2 are set out below:

S. No.	Particulars of board meeting	Details
1.	Names of directors who voted in favour of the resolution	Suchita Jain, Rajeev Thapar and Vikas Kumar
2.	Names of directors who voted against the resolution	Nil
3.	Names of directors who did not vote or participate in the resolution	Nil

PART B

6. AMALGAMATION OF THE TRANSFEROR COMPANY 2 WITH AND INTO THE TRANSFEE COMPANY

- 6.1. Subject to the provisions of Section II of the Scheme in relation to the modalities of amalgamation, upon Section II of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, the Transferor Company 2, together with all its properties, assets, investments, borrowings, approvals, intellectual property rights, insurance covers or claims, records, rights, benefits, interests, employees, contracts, obligations, proceedings and liabilities, shall amalgamate with and into the Transferee Company, and all presents and future properties, assets, investments, borrowings, approvals, intellectual property rights, insurance covers or claims, records, rights, benefits, interests, employees, contracts, obligations, proceedings and liabilities of the Transferor Company 2 shall stand transferred to and vested in and shall become the property of and an integral part of the Transferee Company subject to the existing charges and encumbrances, if any, (to the extent such charges or encumbrances, if any, are outstanding on the Effective Date), by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed required by either of the Transferor Company 2 or the Transferee Company. Without prejudice to the generality



of the above, in particular, the Transferor Company 2 shall stand amalgamated with and into the Transferee Company, in the manner described in sub-paragraphs (a) – (m) below:

- a. Upon Section II of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all immovable property (including land, buildings and any other immovable property) of the Transferor Company 2, whether freehold or leasehold, and any documents of title, rights and easements in relation thereto, shall stand vested in or be deemed to be vested in the Transferee Company, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed done by the Transferor Company 2 or the Transferee Company. Upon Section II of the Scheme coming into effect on the Effective Date and 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, rent and charges, and fulfill all obligations, in relation to or applicable to such immovable properties and the relevant landlords, owners and lessors shall continue to comply with the terms, conditions and covenants under all relevant lease/ license or rent agreements and shall, in accordance with the terms of such agreements, refund the security deposits and advance / prepaid lease / license fee, if any, to the Transferee Company. Upon Section II of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, the title to the immovable properties of the Transferor Company 2 shall be deemed to have been mutated and recognised as that of the Transferee Company and the mere filing of the vesting order of the Tribunal sanctioning the Scheme with the appropriate Registrar or Sub-Registrar of Assurances or with the relevant Governmental Authorities shall suffice as record of continuing titles with the Transferee Company pursuant to Section II of the Scheme becoming effective and shall constitute a deemed mutation and substitution thereof. The Transferee Company shall in pursuance of the vesting order of the Tribunal be entitled to the delivery and possession of all documents of title to such immovable property in this regard.
- b. Upon Section II of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all the assets of the Transferor Company 2 as are movable in nature or are otherwise capable of being transferred by physical or constructive delivery and, or, by endorsement and delivery, or by vesting and recordal, including equipment, furniture and fixtures, shall stand vested in the Transferee Company, and shall become the property and an integral part of the Transferee Company, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed done by the Transferor Company 2 or the Transferee Company. The vesting pursuant to this sub-clause shall be deemed to have occurred by physical or constructive delivery or by endorsement and delivery, or by vesting and recordal, as appropriate to the property being vested and the title to such property shall be deemed to have been transferred accordingly to the Transferee Company.
- c. Upon Section II of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, any and all other movable property (except those specified elsewhere in this Clause) including investments in shares and any other securities, all sundry debts and receivables, outstanding loans and advances, if any, relating to the Transferor Company 2, recoverable in cash or in kind or for value to be received, actionable claims, bank balances and deposits, if any with Governmental Authorities, semi-Governmental Authorities, local and other authorities and bodies, customers and other persons, cheques on hand, shall, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 2 or the Transferee Company become the property of the Transferee Company. Without prejudice to the foregoing, the Transferee Company shall be entitled to deposit at any time after the Effective Date, cheques received in the name of the Transferor Company 2, to enable the Transferee Company to receive the



amounts thereunder. Where any of the outstanding receivables attributed to the Transferor Company 2 have been received by the Transferor Company 2 after the Appointed Date, but before the Effective Date, the same shall be deemed to have been received by the Transferor Company 2 for and on behalf of the Transferee Company.

- d. Upon Section II of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all debts, borrowings, liabilities, contingent liabilities, duties and obligations, secured or unsecured, relating to the Transferor Company 2, whether provided for or not in the books of accounts of the Transferor Company 2 or disclosed in the balance sheet of such Transferor Company 2, shall stand transferred to and vested in the Transferee Company, and the same shall be assumed to the extent they are outstanding on the Effective Date and become and be deemed to be the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 2 or the Transferee Company. 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. However, if any lender of the Transferor Company 2 requires satisfaction of the charge over the properties of the Transferor Company 2 and recordal of a new charge with the Transferee Company, the Transferee Company shall for good order and for statistical purposes, file appropriate forms with the RoC as accompanied by the vesting order of the Tribunal sanctioning the Scheme, or a certified copy of the same, and any deed of modification or novation executed *inter alios* by the Transferee Company. Where any of the loans, liabilities and obligations attributed to the Transferor Company 2 have been discharged by the Transferor Company 2 after the Appointed Date but before the Effective Date, such discharge shall be deemed to have been done by the Transferor Company 2 for and on behalf of the Transferee Company.
- e. Upon Section II of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all incorporeal or intangible property of the Transferor Company 2 shall stand vested in the Transferee Company and shall become the property and an integral part of the Transferee Company, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 2 or the Transferee Company.
- f. Upon Section II of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all letters of intent, contracts, deeds, bonds, agreements, insurance policies, capital investment, subsidies, guarantees and indemnities, schemes, arrangements and other instruments of whatsoever nature in relation to the Transferor Company 2 to which it is a party or to the benefit of which it may be entitled or eligible, shall be in full force and effect against or in favour of the Transferee Company, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 2 or the Transferee Company, and may be enforced as fully and effectually as if, instead of the Transferor Company 2, the Transferee Company had been a party or beneficiary or obligee thereto. Without prejudice to the generality of the foregoing, bank guarantees, performance guarantees, letters of credit, agreements with any governmental authority, hire purchase agreements, lending agreements and such other agreements, deeds, documents and arrangements pertaining to the business of Transferor Company 2 or to the benefit of which the Transferor Company 2 may be eligible and which are subsisting or have effect immediately before the Effective Date, including all rights and benefits (including benefits of any deposit, advances, receivables or claims) arising or accruing therefrom, shall, upon this Scheme becoming effective, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, be deemed to be bank



guarantees, performance guarantees, letters of credit, agreements, deeds, documents, and arrangements, as the case may be, of the Transferee Company, without any further act, instrument or deed of the Transferor Company 2 or the Transferee Company and shall be appropriately transferred or assigned by the concerned parties / Governmental Authority in favour of the Transferee Company. However, the Transferee Company shall undertake all necessary compliances prescribed under Applicable Laws to effectuate transfer of goods and services tax credits of the Transferor Company 2 to the Transferee Company.

- g. Upon Section II of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all permits, grants, allotments, recommendations, rights, entitlements, licenses and registrations including relating to trademarks, logos, patents and other intellectual property rights, approvals, clearances, tenancies, privileges, powers, offices, easements, goodwill, entitlements, facilities of every kind and description of whatsoever nature, in relation to the Transferor Company 2 to which the Transferor Company 2 is a party or to the benefit of which the Transferor Company 2 may be eligible, shall be enforceable by or against the Transferee Company, as fully and effectually as if, instead of the Transferor Company 2, the Transferee Company had been a party or beneficiary or obligee thereto, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 2 or the Transferee Company.
- h. Upon Section II of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, any statutory licenses, no-objection certificates, permissions, registrations (including, but not limited to, sales tax, service tax, goods and services tax, excise, value added tax, central sales tax (if any)), approvals, consents, permits, quotas, easements, goodwill, entitlements, allotments, concessions, exemptions, advantages, or rights required to carry on the operations of the Transferor Company 2 or granted to the Transferor Company 2 shall stand vested in or transferred to the Transferee Company, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 2 or the Transferee Company, and shall be appropriately transferred or assigned by the concerned statutory authorities in favour of the Transferee Company upon amalgamation of the Transferor Company 2 with and into the Transferee Company pursuant to Section II of this Scheme. The benefit of all statutory and regulatory permissions, environmental approvals and consents including statutory licenses, permissions, approvals or consents required to carry on the operations of the Transferor Company 2 shall vest in and become available to the Transferee Company upon Section II of this Scheme, coming into effect on the Effective Date and with effect from the Appointed Date, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 2 or the Transferee Company.
- i. Upon Section II of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, the Transferee Company shall bear the burden and the benefits of any legal or other proceedings initiated by or against the Transferor Company 2. Upon Section II of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, if any notice, dispute, suit, appeal, complaint, claim or other proceeding of whatsoever nature by or against the Transferor Company 2, including (but not limited to) those before any Governmental Authority, be pending, the same shall not abate, be discontinued or in any way be prejudicially affected by reason of the amalgamation of Transferor Company 2 with and into the Transferee Company, or of anything contained in this Scheme but the proceedings shall 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 2, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 2 or the Transferee Company. Upon Section II of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, where required, the Transferee Company undertakes to have such legal or other proceedings initiated by or against the Transferor Company 2 transferred in its name and to have the same continued, prosecuted and enforced by or against the Transferee Company. The Transferee Company also undertakes to handle all legal or other proceedings which may be initiated against the Transferor Company 2 after the Effective Date in respect of the period up to the Effective Date, in its own name and account and further undertakes to pay all amounts including interest, penalties, damages, etc. which the Transferor Company 2 may be called upon to pay or secure in respect of any liability or obligation relating to the Transferor Company 2 for the period up to the Effective Date.

- j. Upon Section II of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all persons that were employed in the Transferor Company 2 immediately before such date shall become employees of the Transferee Company, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 2 or the Transferee Company, on the terms and conditions no less favourable than those that were applicable to such employees immediately prior to such amalgamation, with the benefit of continuity of service on the same terms and conditions as were applicable to such employees immediately prior to such amalgamation and without any break or interruption in service. It is clarified that such employees of the Transferor Company 2 that become employees of the Transferee Company by virtue of this Scheme, shall continue to be governed by the terms of employment as were applicable to them immediately before such amalgamation and shall not be entitled to be governed by employment policies, and shall not be entitled to avail of any benefits under any scheme or settlement or otherwise that are applicable and available to any other employees of the Transferee Company, unless and otherwise so stated by the Transferee Company in writing in respect of all employees, class of employees or any particular employee. The Transferee Company undertakes to continue to abide by any agreement/ settlement, if any, entered into by the Transferor Company 2 in respect of such employees forming part of the Transferor Company 2 with their respective employees/ employee unions. With regard to provident fund, gratuity fund, superannuation fund or any other special fund or obligation created or existing for the benefit of such employees of the Transferor Company 2, upon Section II of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, the Transferee Company shall stand substituted for the Transferor Company 2, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 2 or the Transferee Company, for all purposes whatsoever relating to the obligations to make contributions to the said funds in accordance with the provisions of such schemes or funds in the respective trust deeds or other documents. The existing provident fund benefits, gratuity benefits and superannuation benefits or any other special benefits or obligation, if any, created or used by the Transferor Company 2 (or an affiliate of the Transferor Company 2 on behalf of the Transferor Company 2) for its employees being transferred to the Transferee Company pursuant to this Scheme shall be continued by the Transferee Company for the benefit of such employees on the same terms and conditions. It is the aim and intent of the Scheme that all the rights, duties, powers and obligations of the Transferor Company 2 in relation to such schemes or funds shall become those of the Transferee Company. Further, upon Section II of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, any prosecution or disciplinary action initiated, pending or contemplated against and any penalty imposed in this regard



on any employee forming part of the Transferor Company 2 shall be continued/ continue to operate against the relevant employee and shall be enforced by the Transferee Company, without any further act, instrument or deed of the Transferor Company 2 or the Transferee Company.

- k. Upon Section II of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all direct and indirect taxes of any nature, duties and cess or any other like payment or deductions made by the Transferor Company 2 to any statutory authorities, including (but not limited to) income tax, service tax, security transaction tax, value added tax, central sales tax, customs duty, minimum alternate tax, advance tax, excise duty, goods and services tax, or any other like payments made by the Transferor Company 2 to any statutory authorities), or other collections made by the Transferor Company 2 and relating to the period after the Appointed Date up to the Effective Date, shall be deemed to have been on account of, or on behalf of, or paid by, or made by the Transferee Company, without any further act, instrument or deed of the Transferor Company 2 or the Transferee Company. Further, upon Section II of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all deduction otherwise admissible to Transferor Company 2 including payment admissible on actual payment or on deduction of appropriate taxes or on payment of tax deducted at source (including, but not limited to, under Section 43B, Section 40, Section 40A etc. of the IT Act) shall be eligible for deduction to the Transferee Company upon fulfilment of the applicable conditions under the IT Act. Further, the Transferee Company shall be entitled to claim credit for taxes deducted at source/ paid against its tax/ duty liabilities/ minimum alternate tax, advance tax, service tax, value added tax liability etc., notwithstanding the certificates/ challans or other documents for payment of such taxes/ duties, as the case may be, being in the name of the Transferor Company 2. Upon the Scheme coming into effect on the Effective Date, all taxes payable by or refundable to or being the entitlement of the Transferor Company 2, including all or any refunds or claims shall be treated as the tax liability or refunds/ credits/ claims, as the case may be, of the Transferee Company, and any tax incentives, advantages, privileges, exemptions, credits, entitlements (including, but not limited to, credits in respect of income tax, including carry forward tax losses, unabsorbed depreciation, sales tax, closing balance of CENVAT, value added tax, turnover tax, central sales tax, excise duty, goods and services tax, security transaction tax, minimum alternate tax and duty entitlement credit certificates), holidays, remissions, reductions, as would have been available to the Transferor Company 2, shall upon this Scheme becoming effective, be available to the Transferee Company, and losses and unabsorbed depreciation of the Transferor Company 2 be carried forward and set off against tax on future taxable income of the Transferee Company in accordance with provisions of Section 72A of the IT Act. The Transferee Company shall undertake all necessary compliances prescribed under applicable laws to effectuate transfer of credits of goods and services tax of the Transferor Company 3 to the Transferee Company.
- l. Upon Section II of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all taxes payable by the Transferor Company 2 including all or any refunds of claims shall be treated as the tax liability or refunds/ claims as the case may be, of the Transferee Company, without any further act, instrument or deed of the Transferor Company 2 or the Transferee Company, and the Transferee Company shall be entitled to file/ revise its statutory returns and related tax payment certificates and to claim refunds and advance tax credits as may be required consequent to the implementation of the Scheme, and all tax compliances under Applicable Laws by the Transferor Company 2 shall be deemed to have been undertaken by the Transferee Company.
- m. The 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 other writings or arrangements including any forms or depository instructions, with any party to any contract or arrangement in relation to the Transferor Company to which the Transferor Company 2 is a party, and making any filings with the Governmental Authorities, 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 writing in the name of and on behalf of the Transferor Company 2 and to carry out or perform all such formalities or compliances referred to above on behalf of the Transferor Company 2, *inter alia*, in its capacity as the successor entity of the Transferor Company 2.

- 6.2. With effect from the Appointed Date, and up to and including the Effective Date:
- (i) The Transferor Company 2 shall carry on and be deemed to have been carrying on all the business and activities of the Transferor Company 2 for and on behalf of and in trust for the Transferee Company.
 - (ii) All profits/ losses accruing to the Transferor Company 2 and all taxes thereon arising or incurred by it, shall, for all purposes, be treated as the profits, losses or taxes as the case may be, of the Transferee Company.
 - (iii) All accretions and depletions in relation to the Transferor Company 2 shall be for and on account of the Transferee Company.
- 6.3. All assets of the Transferor Company 2 and the Transferee Company which are not currently encumbered shall, subject to Applicable Laws, remain free and available for creation of any security thereon in future in relation to any new indebtedness that may be incurred by the Transferee Company. For this purpose, no further consent from the existing creditors shall be required and the sanction of this Scheme shall be considered as a specific consent of such creditors.
- 6.4. The Transferee Company and the Transferor Company 2 shall, respectively, make appropriate filings with the Governmental Authorities in order to give formal effect to the provisions of this Clause 6 above, and the relevant Governmental Authorities shall take the same on record, and shall make and duly record the necessary substitution/ endorsement in the name of the Transferee Company upon this Scheme becoming effective in accordance with the terms hereof.
- 6.5. The Transferee Company shall, at any time after this Scheme becoming effective in accordance with the provisions hereof, if so required under Applicable Laws, do all such acts or things as may be necessary to transfer/ obtain the approvals, consents, exemptions, registrations, no-objection certificates, permits, quotas, rights, entitlements, licenses and certificates which were held or enjoyed by the Transferor Company 2. For the avoidance of doubt, it is clarified that if the consent of either a third party or Governmental Authority is required to give effect to the provisions of this Clause, the said third party or Governmental Authority shall make and duly record the necessary substitution/ endorsement in the name of the Transferee Company pursuant to the sanction of this Scheme by the Tribunal, and upon this Scheme becoming effective. The Transferee Company shall file appropriate applications/ documents with the relevant authorities concerned for information and record purposes and 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 2 and to carry out or perform all such acts, formalities or compliances referred to above as may be required in this regard.

PART C



7. CONSIDERATION

The Transferor Company 2 is the wholly owned subsidiary of the Transferee Company. Accordingly, upon Section II of the Scheme becoming effective, all the equity shares as held by the Transferee Company in the Transferor Company 2 either by itself or through its nominees shall stand cancelled and extinguished. Therefore, there will be no issue and allotment of shares as consideration by the Transferee Company upon Section II of the Scheme coming into effect as the Transferee Company cannot issue shares of the Transferee Company to itself.

The investments in the shares of the Transferor Company 2, appearing in the books of account of the Transferee Company shall, without any further act or deed, stand cancelled.

PART D

8. ACCOUNTING TREATMENT

Pursuant to Section II of the Scheme coming into effect on the Effective Date with effect from the Appointed Date, the Transferee Company shall account for the amalgamation of the Transferor Company 2 with the Transferee Company in its books in accordance with principles as laid down in Appendix C to the Indian Accounting Standard 103 (Business Combination) in the following manner:

- 8.1. All assets and liabilities of the Transferor Company 2 shall be recorded by the Transferee Company at their respective book values as appearing in the books of the Transferor Company 2 as on the Appointed Date.
- 8.2. The balance of the reserves appearing in the financial statements of the Transferor Company 2 as on the Appointed Date will be aggregated with the corresponding balance appearing in the financial statements of the Transferee Company.
- 8.3. Inter-company holdings and balances, if any, between the Transferee Company and the Transferor Company 2 or between any of the Transferor Companies inter-se shall stand cancelled. The difference, if any, between the cost of investments and face value of inter-company holdings shall be adjusted against balance of capital reserve of the Transferee Company post-merger.
- 8.4. In case of any differences in accounting policy between the Transferor Company 2 and the Transferee Company, the accounting policies of the Transferee Company will prevail and the difference till the Appointed Date will be quantified and adjusted in the capital reserves / goodwill to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.
- 8.5. Notwithstanding the above, the board of directors (or a duly authorized committee of board of directors) of the Transferee Company, in consultation with its statutory auditors, is authorised to record assets, liabilities and reserves and surplus in compliance with prevailing accounting standards.

9. TRANSFER OF THE AUTHORIZED SHARE CAPITAL

- 9.1. As an integral part of the Scheme and upon the effectiveness of Section II of the Scheme, the authorised share capital of the Transferor Company 2 amounting to INR 10,00,00,000 (Indian Rupees Ten Crores only) shall stand consolidated and vested in and merged with the authorised share capital of the Transferee Company and the authorised share capital of the Transferee Company as set out in Clause 2.1 of Section I of the Scheme herein above shall stand enhanced



to INR 110,00,00,000 (Indian Rupees One Hundred and Ten Crores only) divided into 10,00,00,000 (Ten Crores) equity shares of face value of INR 10 (Indian Rupees Ten only) each and 1,00,00,000 (One Crore) redeemable cumulative preference shares of face value of INR 10 (Indian Rupees Ten only) each, without any further act, instrument or deed by the Transferee Company and without any liability for payment of any additional fees or stamp duty in respect of such increase as the stamp duty and fees have already been paid by the Transferor Company 2 on such authorized capital, the benefit of which stands vested in the Transferee Company pursuant to the Scheme becoming effective on the Effective Date.

- 9.2. For the avoidance of doubt, it is clarified that, in case, the authorised share capital of the Transferee Company and/ or the Transferor Company 2, as the case may be, undergoes any change, prior to this Scheme becoming effective, then this Clause 9 shall automatically stand modified/ adjusted accordingly to take into account the effect of such change.
- 9.3. It is hereby clarified that for the purposes of this Clause 9 of Part D of Section II of the Scheme, the consent of the shareholders of the Transferee Company to the Scheme shall be deemed to be sufficient for the purposes of effecting the above amendment and increase in authorised share capital of the Transferee Company, and no further act, instrument or deed by the Transferee Company or resolutions or actions under Sections 13, 61 and any other applicable provisions of the Act would be required to be separately passed or taken and pursuant to Section 232(3)(i) of the Act and the fee paid by the Transferor Company 2 on its authorized share capital shall be set off against any fee payable by the Transferee Company on its authorized share capital subsequent to the amalgamation. Upon this Scheme coming into effect, the Transferee Company shall, if required, file the necessary documents/ intimations as per the provisions of the Act with the RoC or any other applicable authority to record the aforesaid change in its authorised share capital in the manner set out in this Clause 9.

10. DISSOLUTION OF THE TRANSFEROR COMPANY 2

Upon Section II of the Scheme coming into effect, the Transferor Company 2 shall, without any further act, instrument or deed of the Transferor Company 2 or the Transferee Company, stand dissolved without winding up.

11. REDUCTION OF SHARE CAPITAL OF THE TRANSFEE COMPANY

Pursuant to a scheme of arrangement and demerger between Vardhman Spinning and General Mills Limited (presently known as Vardhman Holdings Limited) and Mahavir Spinning Mills Limited (presently known as VTL), as approved by the Hon'ble High Court of Punjab and Haryana *vide* the order dated March 4, 2005, the Transferor Company 2 was allotted 7,56,000 equity shares of the Transferee Company. However, as the Transferor Company 2 is a wholly owned subsidiary of the Transferee Company, such equity shares do not have any voting rights in the Transferee Company.

Upon Section II of the Scheme becoming effective, and upon the dissolution of the Transferor Company 2, the existing share capital of the Transferee Company held by the Transferor Company 2 shall automatically stand cancelled without any action, instrument, deed or payment required to be done or made by the Transferor Company 2 or the Transferee Company. In accordance with the explanation to Section 230 of the Act, the provisions of Section 66 of the Act shall not apply to any such reduction effected in pursuance of the order of the Tribunal sanctioning the Scheme.



SECTION III

AMALGAMATION OF THE TRANSFEROR COMPANY 3 (AS DEFINED HEREINAFTER) WITH AND INTO THE TRANSFEREE COMPANY (AS DEFINED HEREINAFTER).

PART A

WHEREAS:

- A. **Vardhman Nisshinbo Garments Company Limited** (hereinafter referred to as the “**Transferor Company 3**”), is a public company incorporated under the Companies Act, 1956 having its registered office at Vardhman Premises, Chandigarh Road, Ludhiana, Punjab 141010, India with permanent account number AACCV9943L and the corporate identification number U18100PB2009PLC032764. The Transferor Company 3 was incorporated on April 17, 2009 and the e-mail address of the Transferor Company 3 is secretarial.lud@vardhman.com. The Transferor Company 3 is engaged in the business of manufacturing and sale of garments (mainly shirts). The Transferor Company 3 is a wholly-owned subsidiary of the Transferee Company.
- B. **Vardhman Textiles Limited** (hereinafter referred to as the “**Transferee Company**”), is a public company incorporated under the Companies Act, 1956 having its registered office at Chandigarh Road, Ludhiana, Punjab 141010, India with permanent account number AABCM4692E and the corporate identification number L17111PB1973PLC003345. The Transferee Company was incorporated on October 8, 1973 and the e-mail address of the Transferee Company is secretarial.lud@vardhman.com. The Transferee Company is a textile company which is engaged in the business of manufacturing cotton yarn, synthetic yarn and woven fabrics. The equity shares of the Transferee Company are listed on the Stock Exchanges (as defined hereinafter).
- C. In terms of Section III of this Scheme, it is now proposed, *inter alia*, to amalgamate the Transferor Company 3 with and into the Transferee Company, pursuant to and under Sections 230 – 232 and other applicable provisions of the Act, in the manner provided for in Section I of the Scheme.
- D. The amalgamation of the Transferor Company 3 with and into the Transferee Company pursuant to and in accordance with this Scheme shall be in accordance with Section 2(1B) of the IT Act.

I. DEFINITIONS

For the purposes of Section III of this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the meanings mentioned herein below:

- (a) “**Transferor Company 3**” has the meaning ascribed to it in Recital A of Section III hereto and shall include without limitation:
- (i) all assets, whether moveable or immoveable, whether tangible or intangible, plant and machinery, equipment, stocks and inventory, including all rights, title, interests, claims, covenants, undertakings, of the Transferor Company 3 in such assets;
 - (ii) all investments, receivables, loans, security deposits and advances extended, including accrued interest thereon, of the Transferor Company 3;
 - (iii) all debts, borrowings and liabilities, whether present or future, whether secured or unsecured, availed by the Transferor Company 3;



- (iv) all permits, rights, entitlements, licenses, approvals, grants, allotments, recommendations, clearances, tenancies, offices, taxes, tax deferrals and benefits, subsidies, concessions, refund of any tax, duty, cess or of any excess payment, tax credits (including, without limitation, all amounts claimed as refund, whether or not so recorded in the books of accounts and credits in respect of income tax, such as carry forward tax losses comprising of unabsorbed depreciation), tax deducted at source, CENVAT, sales tax, value added tax, central sales tax, turnover tax, excise duty, service tax, goods and services tax and minimum alternate tax credit), of the Transferor Company 3;
- (v) all trademarks, service marks, domain names, patents and other intellectual property rights of every kind and description whatsoever, of the Transferor Company 3;
- (vi) all privileges and benefits of, or under, all contracts, agreements, purchase and sale orders, memoranda of understanding, bids, tenders, expressions of interest, letters of intent, commitments, undertakings, deeds, bonds, investments undertaken by or arrangements of any kind, and all other rights including lease rights, licenses, powers and facilities of every kind and description whatsoever, of the Transferor Company 3;
- (vii) insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, to which the Transferor Company 3 is a party, or to the benefit of which the Transferor Company 3 is eligible;
- (viii) all employees of the Transferor Company 3;
- (ix) all advance payments, earnest monies, security deposits, advance rentals, payment against warrants, if any, or other rights or entitlements of the Transferor Company 3;
- (x) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings, suits, appeals, applications or proceedings of whatsoever nature, initiated by or against the Transferor Company 3; and
- (xi) all books, records, files, papers, computer programs, engineering and process information, manuals, data, production methodologies, production plans, catalogues, quotations, websites, sales and advertising material, marketing strategies, list of present and former customers, customer credit information, customer pricing information, and other records, whether in physical form or electronic form or in any other form, in connection with or relating to the Transferor Company 3.

The expressions, which are used in this Section III of the Scheme and not defined in Section III shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under Section I, Section II, Section IV or Section V of the Scheme or in absence thereof, the Act, the IT Act, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 (including the regulations made thereunder), the Depositories Act, 1996 and other Applicable Laws, rules, regulations, bye-laws, guidelines, circulars, as the case may be, including any statutory modification or re-enactment thereof, from time to time.

2. SHARE CAPITAL

- 2.1. The share capital of the Transferee Company, as on March 31, 2019 is as set forth in Clause 2.1 of Section I of this Scheme.



- 2.2. Since March 31, 2019 and until the date of the Scheme being approved by the board of directors of the Transferee Company, there has been no change in the issued, subscribed or paid up capital of the Transferee Company, save and except in relation to the issuance and allotment of 20,000 (Twenty Thousand) equity shares by the Transferee Company to its employees under the employee stock option plan of the Transferee Company on April 8, 2019 and July 2, 2019. The shares of the Transferee Company are listed on the Stock Exchanges.
- 2.3. The share capital of the Transferor Company 3, as on March 31, 2019 is as under:

Share Capital	Amount (INR)
<i>Authorized Capital</i>	
2,80,00,000 equity shares of INR 10 each	28,00,00,000
1,40,00,000 preference shares of INR 10 each	14,00,00,000
Total	42,00,00,000
<i>Issued, Subscribed and Paid-up Capital</i>	
1,40,00,000 equity shares of INR 10 each	14,00,00,000
1,00,00,000 preference shares of INR 10 each	10,00,00,000
Total	24,00,00,000

- 2.4. Since March 31, 2019 and until the date of the Scheme being approved by the board of directors of the Transferor Company 3, there has been no change in the issued, subscribed or paid up capital of the Transferor Company 3. The shares of the Transferor Company 3 are not listed on any stock exchanges.
- 2.5. As on the date of approval of the Scheme by the board of directors of the Transferor Company 3, 100% (One Hundred per cent.) of the paid up equity share capital of the Transferor Company 3, on a fully-diluted basis, is held by the Transferee Company.

3. OBJECTS

- 3.1. The main objects, and incidental and ancillary objects of the Transferee Company are as set forth in Clause 3.1 and Clause 3.2 of Section I of this Scheme.
- 3.2. The main objects of the Transferor Company 3 are as follows:
- i. To carry on the business of manufacturers, importers and exporters, buyers, sellers, traders, wholesalers, agents, distributors and dealers of all types of textile garments, knitted garments, hosiery goods, trousers, shirts, T-shirts, jackets and other ready-made garments, wearing apparels and clothing accessories of every kind, nature and description, for men, women and children.*
- 3.3. The incidental and ancillary objects of the Transferor Company 3 include:
- i. To amalgamate, either into partnership or into any arrangements for sharing profits, union of interests, co-operation, joint venture or reciprocal concession or for limiting*



competition with any person, firm or body corporate whether in India or outside, carrying on or engaged in, or about to carry on or engage in, any business or transaction which the Company is authorised to carry on or which can be carried on in conjunction therewith or which is capable of being conducted so as directly or indirectly to benefit the Company further to enter into any arrangement or contract with any person, association or body corporate whether in India or outside, for technical collaboration, technical know-how or for such other purposes that may seem calculated, beneficial and conducive to the objects of the Company.

- ii. *To sell or dispose of the undertaking of the Company, or part thereof for such consideration as the Company may think fit and in particular for shares, debentures, or securities of any other company having objects altogether or in part similar to those of this company.*

4. PROMOTERS AND DIRECTORS

- 4.1 The names of the promoters and directors of the Transferee Company as on June 30, 2019 are as set forth in Clause 4.1 of Section I of this Scheme.
- 4.2 The names of the promoters and directors of the Transferor Company 3 as on June 30, 2019, along with their addresses are set forth below:

S. No.	Name	Promoter/Director	Address
1.	Neeraj Jain	Director	B-19-167/1, Col. Gurdial Singh Road, Civil Lines, Ludhiana
2.	Darshan Lal Sharma	Director	B-XX-770/2, Gurdev Nagar, Pakhowal Road, Ludhiana
3.	Vikas Kumar	Director	H. No. 626, Chandigarh Road, Sector -33, Focal Point S.O., Ludhiana -141010
4.	Vardhman Textiles Limited	Promoter	Chandigarh Road, Ludhiana, Punjab 141010, India

5. OTHER DISCLOSURES

- 5.1. No investigations or proceedings under the Act are pending against the Transferee Company or the Transferor Company 3.
- 5.2. The Transferee Company was incorporated on October 8, 1973. There has been no change in the name, registered office or objects of the Transferee Company during the last 5 (five) years.
- 5.3. The Transferor Company 3 was incorporated on April 17, 2009. There has been no change in the name, registered office or objects of the Transferor Company 3 during the last 5 (five) years.
- 5.4. The Scheme will not have any adverse effect on any directors, key managerial personnel, promoters, non-promoter members, debenture holders, creditors and employees of the Transferee Company. The Scheme will be in the best interest of all the stakeholders in the Transferee Company.
- 5.5. The Scheme will not have any adverse effect on any directors, key managerial personnel, promoters, non-promoter members, creditors and employees of the Transferor Company 3. The Transferor Company 3 does not have any debenture holders or depositors. The Scheme would be in the best interest of all the stakeholders in the Transferor Company 3.



- 5.6. The benefits of the Scheme to the Transferee Company, the Transferor Company 3 and their respective members, creditors and employees as perceived by the board of directors of the Transferee Company and the Transferor Company 3, respectively are mentioned in Paragraph B of the Introduction to the Scheme (*Rationale*).
- 5.7. The board of directors of the Transferee Company has approved the Scheme at its meeting held on August 13, 2019. The particulars of the meeting of the board of directors of the Transferee Company are set out below:

S. No.	Particulars of board meeting	Details
1.	Names of directors who voted in favour of the resolution	Shri Paul Oswal, Suchita Jain, Sachit Jain, Neeraj Jain, Prafull Anubhai, Ashok Kumar Kundra, Subash Khanchand Bijlani, Devendra Bhushan Jain, Rajender Mohan Malla, Darshan Lal Sharma and Parampal Singh
2.	Names of directors who voted against the resolution	Nil
3.	Names of directors who did not vote or participate in the resolution	Nil

- 5.8. The board of directors of the Transferor Company 3 has approved the Scheme at its meeting held on August 9, 2019. The particulars of the meeting of the board of directors of the Transferor Company 3 are set out below:

S. No.	Particulars of board meeting	Details
1.	Names of directors who voted in favour of the resolution	Darshan Lal Sharma, Neeraj Jain and Vikas Kumar
2.	Names of directors who voted against the resolution	Nil
3.	Names of directors who did not vote or participate in the resolution	Nil

PART B

6. AMALGAMATION OF THE TRANSFEROR COMPANY 3 WITH AND INTO THE TRANSFEE COMPANY

- 6.1. Subject to the provisions of Section III of the Scheme in relation to the modalities of amalgamation, upon Section III of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, the Transferor Company 3, together with all its properties, assets, investments, borrowings, approvals, intellectual property rights, insurance covers or claims, records, rights, benefits, interests, employees, contracts, obligations, proceedings and liabilities, shall amalgamate with and into the Transferee Company, and all presents and future properties, assets, investments, borrowings, approvals, intellectual property rights, insurance covers or claims, records, rights, benefits, interests, employees, contracts, obligations, proceedings and liabilities of the Transferor Company 3 shall stand transferred to and vested in and shall become the property of and an integral part of the Transferee Company subject to the existing charges and encumbrances, if any, (to the extent such charges or encumbrances are outstanding on the Effective Date), by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed required by either of the Transferor Company 3 or the Transferee Company. Without prejudice to the generality



of the above, in particular, the Transferor Company 3 shall stand amalgamated with and into the Transferee Company, in the manner described in sub-paragraphs (a) – (m) below:

- a. Upon Section III of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all immovable property (including land, buildings and any other immovable property) of the Transferor Company 3, whether freehold or leasehold, and any documents of title, rights and easements in relation thereto, shall stand vested in or be deemed to be vested in the Transferee Company, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed done by the Transferor Company 3 or the Transferee Company. Upon Section III of the Scheme coming into effect on the Effective Date and 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, rent and charges, and fulfill all obligations, in relation to or applicable to such immovable properties and the relevant landlords, owners and lessors shall continue to comply with the terms, conditions and covenants under all relevant lease/ license or rent agreements and shall, in accordance with the terms of such agreements, refund the security deposits and advance / prepaid lease / license fee, if any, to the Transferee Company. Upon Section III of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, the title to the immovable properties of the Transferor Company 3 shall be deemed to have been mutated and recognised as that of the Transferee Company and the mere filing of the vesting order of the Tribunal sanctioning the Scheme with the appropriate Registrar or Sub-Registrar of Assurances or with the relevant Governmental Authorities shall suffice as record of continuing title with the Transferee Company pursuant to the Section III of the Scheme becoming effective and shall constitute a deemed mutation and substitution thereof. The Transferee Company shall in pursuance of the vesting order of the Tribunal be entitled to the delivery and possession of all documents of title to such immovable property in this regard.
- b. Upon Section III of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all the assets of the Transferor Company 3 as are movable in nature or are otherwise capable of being transferred by physical or constructive delivery and, or, by endorsement and delivery, or by vesting and recordal, including equipment, furniture and fixtures, shall stand vested in the Transferee Company, and shall become the property and an integral part of the Transferee Company, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed done by the Transferor Company 3 or the Transferee Company. The vesting pursuant to this sub-clause shall be deemed to have occurred by physical or constructive delivery or by endorsement and delivery, or by vesting and recordal, as appropriate to the property being vested and the title to such property shall be deemed to have been transferred accordingly to the Transferee Company.
- c. Upon Section III of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, any and all other movable property (except those specified elsewhere in this Clause) including investments in shares and any other securities, all sundry debts and receivables, outstanding loans and advances, if any, relating to the Transferor Company 3, recoverable in cash or in kind or for value to be received, actionable claims, bank balances and deposits, if any with Governmental Authorities, semi-Governmental Authorities, local and other authorities and bodies, customers and other persons, cheques on hand, shall, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 3 or the Transferee Company become the property of the Transferee Company. Without prejudice to the foregoing, the Transferee Company shall be entitled to deposit at any time after the Effective Date, cheques received in the name of the Transferor Company 3, to enable the Transferee Company to receive the



amounts thereunder. Where any of the outstanding receivables attributed to the Transferor Company 3 have been received by the Transferor Company 3 after the Appointed Date, but before the Effective Date, the same shall be deemed to have been received by the Transferor Company 3 for and on behalf of the Transferee Company.

- d. Upon Section III of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all debts, borrowings, liabilities, contingent liabilities, duties and obligations, secured or unsecured, relating to the Transferor Company 3, whether provided for or not in the books of accounts of the Transferor Company 3 or disclosed in the balance sheet of such Transferor Company 3, shall stand transferred to and vested in the Transferee Company, and the same shall be assumed to the extent they are outstanding on the Effective Date and become and be deemed to be the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 3 or the Transferee Company. 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. However, if any lender of the Transferor Company 3 requires satisfaction of the charge over the properties of the Transferor Company 3 and recordal of a new charge with the Transferee Company, the Transferee Company shall for good order and for statistical purposes, file appropriate forms with the RoC as accompanied by the vesting order of the Tribunal sanctioning the Scheme, or a certified copy of the same, and any deed of modification or novation executed *inter alios* by the Transferee Company. Where any of the loans, liabilities and obligations attributed to the Transferor Company 3 have been discharged by the Transferor Company 3 after the Appointed Date but before the Effective Date, such discharge shall be deemed to have been done by the Transferor Company 3 for and on behalf of the Transferee Company.
- e. Upon Section III of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all incorporeal or intangible property of the Transferor Company 3 shall stand vested in the Transferee Company and shall become the property and an integral part of the Transferee Company, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 3 or Transferee Company.
- f. Upon Section III of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all letters of intent, contracts, deeds, bonds, agreements, insurance policies, capital investment, subsidies, guarantees and indemnities, schemes, arrangements and other instruments of whatsoever nature in relation to the Transferor Company 3 to which it is a party or to the benefit of which it may be entitled or eligible, shall be in full force and effect against or in favour of the Transferee Company, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 3 or the Transferee Company, and may be enforced as fully and effectually as if, instead of the Transferor Company 3, the Transferee Company had been a party or beneficiary or obligee thereto. Without prejudice to the generality of the foregoing, bank guarantees, performance guarantees, letters of credit, agreements with any Governmental Authority, hire purchase agreements, lending agreements and such other agreements, deeds, documents and arrangements pertaining to the business of Transferor Company 3 or to the benefit of which the Transferor Company 3 may be eligible and which are subsisting or have effect immediately before the Effective Date, including all rights and benefits (including benefits of any deposit, advances, receivables or claims) arising or accruing therefrom, shall, upon this Scheme becoming effective, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, be deemed to be



bank guarantees, performance guarantees, letters of credit, agreements, deeds, documents, and arrangements, as the case may be, of the Transferee Company, without any further act, instrument or deed of the Transferor Company 3 or the Transferee Company and shall be appropriately transferred or assigned by the concerned parties / Governmental Authority in favour of the Transferee Company. However, the Transferee Company shall undertake all necessary compliances prescribed under Applicable Laws to effectuate transfer of goods and services tax credits of the Transferor Company 3 to the Transferee Company.

- g. Upon Section III of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all permits, grants, allotments, recommendations, rights, entitlements, licenses and registrations including relating to trademarks, logos, patents and other intellectual property rights, approvals, clearances, tenancies, privileges, powers, offices, easements, goodwill, entitlements, facilities of every kind and description of whatsoever nature, in relation to the Transferor Company 3, to which the Transferor Company 3 is a party or to the benefit of which the Transferor Company 3 may be eligible, shall be enforceable by or against the Transferee Company, as fully and effectually as if, instead of the Transferor Company 3, the Transferee Company had been a party or beneficiary or obligee thereto, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 3 or the Transferee Company.
- h. Upon Section III of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, any statutory licenses, no-objection certificates, permissions, registrations (including, but not limited to, sales tax, service tax, goods and services tax, excise, value added tax, central sales tax (if any)), approvals, consents, permits, quotas, easements, goodwill, entitlements, allotments, concessions, exemptions, advantages, or rights required to carry on the operations of the Transferor Company 3 or granted to the Transferor Company 3 shall stand vested in or transferred to the Transferee Company, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 3 or the Transferee Company, and shall be appropriately transferred or assigned by the concerned statutory authorities in favour of the Transferee Company upon amalgamation of the Transferor Company 3 with and into the Transferee Company pursuant to Section III of this Scheme. The benefit of all statutory and regulatory permissions, environmental approvals and consents including statutory licenses, permissions or approvals or consents required to carry on the operations of the Transferor Company 3 shall vest in and become available to the Transferee Company upon Section III of this Scheme, coming into effect on the Effective Date and with effect from the Appointed Date, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 3 or the Transferee Company.
- i. Upon Section III of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, the Transferee Company shall bear the burden and the benefits of any legal or other proceedings initiated by or against the Transferor Company 3. Upon Section III of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, if any notice, dispute, suit, appeal, complaint, claim or other proceeding of whatsoever nature by or against the Transferor Company 3, including (but not limited to) those before any Governmental Authority, be pending, the same shall not abate, be discontinued or in any way be prejudicially affected by reason of the amalgamation of Transferor Company 3 with and into the Transferee Company, or of anything contained in this Scheme but the proceedings shall 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 3, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 3 or the Transferee Company, as if this Scheme had not been made. Upon Section III of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, where required, the Transferee Company undertakes to have such legal or other proceedings initiated by or against the Transferor Company 3 transferred in its name and to have the same continued, prosecuted and enforced by or against the Transferee Company. The Transferee Company also undertakes to handle all legal or other proceedings which may be initiated against the Transferor Company 3 after the Effective Date in respect of the period up to the Effective Date, in its own name and account and further undertakes to pay all amounts including interest, penalties, damages, etc. which the Transferor Company 3 may be called upon to pay or secure in respect of any liability or obligation relating to the Transferor Company 3 for the period up to the Effective Date.

- j. Upon Section III of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all persons that were employed in the Transferor Company 3 immediately before such date shall become employees of the Transferee Company, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 3 or the Transferee Company, on terms and conditions no less favourable than those that were applicable to such employees immediately prior to such amalgamation, with the benefit of continuity of service on the same terms and conditions as were applicable to such employees immediately prior to such amalgamation and without any break or interruption in service. It is clarified that such employees of the Transferor Company 3 that become employees of the Transferee Company by virtue of this Scheme, shall continue to be governed by the terms of employment as were applicable to them immediately before such amalgamation and shall not be entitled to be governed by employment policies, and shall not be entitled to avail of any benefits under any scheme or settlement or otherwise that are applicable and available to any other employees of the Transferee Company, unless and otherwise so stated by the Transferee Company in writing in respect of all employees, class of employees or any particular employee. The Transferee Company undertakes to continue to abide by any agreement/ settlement, if any, entered into by the Transferor Company 3 in respect of such employees forming part of the Transferor Company 3 with their respective employees/ employee unions. With regard to provident fund, gratuity fund, superannuation fund or any other special fund or obligation created or existing for the benefit of such employees of the Transferor Company 3, upon Section III of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, the Transferee Company shall stand substituted for the Transferor Company 3, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 3 or the Transferee Company, for all purposes whatsoever relating to the obligations to make contributions to the said funds in accordance with the provisions of such schemes or funds in the respective trust deeds or other documents. The existing provident fund benefits, gratuity benefits and superannuation benefits or any other special benefits or obligation, if any, created or used by the Transferor Company 3 (or an affiliate of the Transferor Company 3 on behalf of the Transferor Company 3) for its employees being transferred to the Transferee Company pursuant to this Scheme shall be continued by the Transferee Company for the benefit of such employees on the same terms and conditions. It is the aim and intent of the Scheme that all the rights, duties, powers and obligations of the Transferor Company 3 in relation to such schemes or funds shall become those of the Transferee Company. Further, upon Section III of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, any prosecution or disciplinary action initiated, pending or contemplated against and any penalty imposed



in this regard on any employee forming part of the Transferor Company 3 shall be continued/ continue to operate against the relevant employee and shall be enforced by the Transferee Company, without any further act, instrument or deed of the Transferor Company 3 or the Transferee Company.

- k. Upon Section III of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all direct and indirect taxes of any nature, duties and cess or any other like payment or deductions made by the Transferor Company 3 to any statutory authorities, including (but not limited to) income tax, service tax, security transaction tax, value added tax, central sales tax, customs duty, minimum alternate tax, advance tax, excise duty, goods and services tax, or any other like payments made by the Transferor Company 3 to any statutory authorities), or other collections made by the Transferor Company 3 and relating to the period after the Appointed Date up to the Effective Date, shall be deemed to have been on account of, or on behalf of, or paid by, or made by the Transferee Company, without any further act, instrument or deed of the Transferor Company 3 or the Transferee Company. Further, upon Section III of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all deduction otherwise admissible to Transferor Company 3 including payment admissible on actual payment or on deduction of appropriate taxes or on payment of tax deducted at source (including, but not limited to, under Section 43B, Section 40, Section 40A etc. of the IT Act) shall be eligible for deduction to the Transferee Company upon fulfilment of the applicable conditions under the IT Act. Further, the Transferee Company shall be entitled to claim credit for taxes deducted at source/ paid against its tax/ duty liabilities/ minimum alternate tax, advance tax, service tax, value added tax liability etc., notwithstanding the certificates/ challans or other documents for payment of such taxes/ duties, as the case may be, being in the name of the Transferor Company 3. Upon the Scheme coming into effect on the Effective Date, all taxes payable by or refundable to or being the entitlement of the Transferor Company 3, including all or any refunds or claims shall be treated as the tax liability or refunds/ credits/ claims, as the case may be, of the Transferee Company, and any tax incentives, advantages, privileges, exemptions, credits, entitlements (including, but not limited to, credits in respect of income tax, including carry forward tax losses, unabsorbed depreciation, sales tax, closing balance of CENVAT, value added tax, turnover tax, central sales tax, excise duty, goods and services tax, security transaction tax, minimum alternate tax and duty entitlement credit certificates), holidays, remissions, reductions, as would have been available to the Transferor Company 3, shall upon this Scheme becoming effective, be available to the Transferee Company, and losses and unabsorbed depreciation of the Transferor Company 3 be carried forward and set off against tax on future taxable income of the Transferee Company in accordance with provisions of Section 72A of the IT Act. The Transferee Company shall undertake all necessary compliances prescribed under applicable laws to effectuate transfer of credits of goods and services tax of the Transferor Company 3 to the Transferee Company.
- l. Upon Section III of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all taxes payable by the Transferor Company 3 including all or any refunds of claims shall be treated as the tax liability or refunds/ claims as the case may be, of the Transferee Company, without any further act, instrument or deed of the Transferor Company 3 or the Transferee Company, and the Transferee Company shall be entitled to file/ revise its statutory returns and related tax payment certificates and to claim refunds and advance tax credits as may be required consequent to the implementation of the Scheme, and all tax compliances under Applicable Laws by the Transferor Company 3 shall be deemed to have been undertaken by the Transferee Company.
- m. The 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 other writings or arrangements including any forms or depository instructions, with any party to any contract or arrangement in relation to the Transferor Company to which the Transferor Company 3 is a party and make any filings with the Governmental Authorities, 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 writing in the name of and on behalf of the Transferor Company 3 and to carry out or perform all such formalities or compliances referred to above on behalf of the Transferor Company 3 *inter alia* in its capacity as the successor entity of the Transferor Company 3.

- 6.2. With effect from the Appointed Date, and up to and including the Effective Date:
- (i) The Transferor Company 3 shall carry on and be deemed to have been carrying on all the business and activities of the Transferor Company 3 for and on behalf of and in trust for the Transferee Company.
 - (ii) All profits/ losses accruing to the Transferor Company 3 and all taxes thereon arising or incurred by it, shall, for all purposes, be treated as the profits, losses or taxes as the case may be, of the Transferee Company.
 - (iii) All accretions and depletions in relation to the Transferor Company 3 shall be for and on account of the Transferee Company.
- 6.3. Upon this Scheme becoming effective and the consequent amalgamation of the Transferor Company 3 with and into the Transferee Company, (x) the secured creditors of the Transferee Company shall be entitled to security over such properties and assets forming part of the Transferor Company 3 on the Appointed Date on which the secured creditors of the Transferor Company 3 have security, on a *pari passu* basis with the secured creditors of the Transferor Company 3, and (y) the secured creditors of the Transferor Company 3 shall be entitled to security over such properties and assets forming part of the Transferee Company on the Appointed Date on which the secured creditors of the Transferee Company have security, on a *pari passu* basis with the secured creditors of the Transferee Company. For the avoidance of doubt, it is clarified that all the assets of the Transferor Company 3 and the Transferee Company which are not currently encumbered shall, subject to Applicable Laws, remain free and available for creation of any security thereon in future in relation to any new indebtedness that may be incurred by the Transferee Company. For this purpose, no further consent from the existing creditors shall be required and sanction of this Scheme shall be considered as a specific consent of such creditors.
- 6.4. The Transferee Company and the Transferor Company 3 shall, respectively, make appropriate filings with the Governmental Authorities in order to give formal effect to the provisions of this Clause 6 above, and the relevant Governmental Authorities shall take the same on record, and shall make and duly record the necessary substitution/ endorsement in the name of the Transferee Company upon this Scheme becoming effective in accordance with the terms hereof.
- 6.5. The Transferee Company shall, at any time after this Scheme becoming effective in accordance with the provisions hereof, if so required under Applicable Laws, do all such acts or things as may be necessary to transfer/ obtain the approvals, consents, exemptions, registrations, no-objection certificates, permits, quotas, rights, entitlements, licenses and certificates which were held or enjoyed by the Transferor Company 3. For the avoidance of doubt, it is clarified that if the consent of either a third party or Governmental Authority is required to give effect to the provisions of this Clause, the said third party or Governmental Authority shall make and duly record the necessary substitution/ endorsement in the name of the Transferee Company pursuant to the sanction of this Scheme by the Tribunal, and upon this Scheme becoming effective. The



Transferee Company shall file appropriate applications/ documents with the relevant authorities concerned for information and record purposes and 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 3 and to carry out or perform all such acts, formalities or compliances referred to above as may be required in this regard.

PART C

7. CONSIDERATION

Since Transferor Company 3 is the wholly owned subsidiary of the Transferee Company, accordingly, upon Section III of the Scheme becoming effective, all the equity shares as held by the Transferee Company in the Transferor Company 3 either by itself or through its nominees shall stand cancelled and extinguished. Therefore, there will be no issue and allotment of shares as consideration by the Transferee Company upon Section III of the Scheme coming into effect as the Transferee Company cannot issue shares of the Transferee Company to itself.

The investments in the shares of the Transferor Company 3, appearing in the books of account of the Transferee Company shall, without any further act or deed, stand cancelled.

PART D

8. ACCOUNTING TREATMENT

Pursuant to Section III of the Scheme coming into effect on the Effective Date with effect from the Appointed Date, the Transferee Company shall account for the amalgamation of the Transferor Company 3 with the Transferee Company in its books in accordance with principles as laid down in Appendix C to the Indian Accounting Standard 103 (Business Combination) in the following manner:

- 8.1. All assets and liabilities of the Transferor Company 3 shall be recorded by the Transferee Company at their respective book values as appearing in the books of the Transferor Company 3 as on the Appointed Date.
- 8.2. The balance of the reserves appearing in the financial statements of the Transferor Company 3 as on the Appointed Date will be aggregated with the corresponding balance appearing in the financial statements of the Transferee Company.
- 8.3. Inter-company holdings and balances, if any, between the Transferee Company and the Transferor Company 3 or between any of the Transferor Companies inter-se shall stand cancelled. The difference, if any, between the cost of investments and face value of inter-company holdings shall be adjusted against balance of capital reserve of the Transferee Company post-merger.
- 8.4. In case of any differences in accounting policy between the Transferor Company 3 and the Transferee Company, the accounting policies of the Transferee Company will prevail and the difference till the Appointed Date will be quantified and adjusted in the capital reserves / goodwill to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.
- 8.5. Notwithstanding the above, the board of directors (or a duly authorized committee of board of directors) of the Transferee Company, in consultation with its statutory auditors, is authorised to record assets, liabilities and reserves and surplus in compliance with prevailing accounting standards.



9. TRANSFER OF THE AUTHORIZED SHARE CAPITAL

- 9.1. As an integral part of the Scheme and upon the effectiveness of Section III of the Scheme, the authorised share capital of the Transferor Company 3 amounting to INR 42,00,00,000 (Indian Rupees Forty Two Crores only) shall stand consolidated and vested in and merged with the authorised share capital of the Transferee Company and the authorised share capital of the Transferee Company as set out in Clause 2.1 of Section I of the Scheme shall stand enhanced to INR 142,00,00,000 (Indian Rupees One Hundred and Forty Two Crores only) divided into 11,80,00,000 (Eleven Crores Eighty Lakh) equity shares of face value of INR 10 (Indian Rupees Ten only) each, 1,00,00,000 (One Crore) redeemable cumulative preference shares of face value of INR 10 (Indian Rupees Ten only) each and 1,40,00,000 (One Crore Forty Lakh) preference shares of face value of INR 10 (Indian Rupees Ten only) each, without any further act, instrument or deed by the Transferee Company and without any liability for payment of any additional fees or stamp duty in respect of such increase as the stamp duty and fees has already been paid by Transferor Company 3 on such authorized capital, the benefit of which stands vested in the Transferee Company pursuant to the Scheme becoming effective on the Effective Date.
- 9.2. For the avoidance of doubt, it is clarified that, in case, the authorised share capital of the Transferee Company and/ or the Transferor Company 3, as the case may be, undergoes any change, prior to this Scheme becoming effective, then this Clause 9 shall automatically stand modified/ adjusted accordingly to take into account the effect of such change.
- 9.3. It is hereby clarified that for the purposes of this Clause 9 of Part D of Section III of the Scheme, the consent of the shareholders of the Transferee Company to the Scheme shall be deemed to be sufficient for the purposes of effecting the above amendment and increase in authorised share capital of the Transferee Company, and no further act, instrument or deed by the Transferee Company or resolutions or actions under Sections 13, 61 and any other applicable provisions of the Act would be required to be separately passed or taken and pursuant to Section 232(3)(i) of the Act and the fee paid by the Transferor Company 3 on its authorized share capital shall be set off against any fee payable by the Transferee Company on its authorized share capital subsequent to the amalgamation. Upon this Scheme coming into effect, the Transferee Company shall, if required, file the necessary documents/ intimations as per the provisions of the Act with the RoC or any other applicable authority to record the aforesaid change in its authorised share capital in the manner set out in this Clause 9.

10. DISSOLUTION OF THE TRANSFEROR COMPANY 3

Upon Section III of the Scheme coming into effect, the Transferor Company 3 shall, without any further act, instrument or deed of the Transferor Company 3 or the Transferee Company, stand dissolved without winding up.



SECTION IV

AMALGAMATION OF THE TRANSFEROR COMPANY 4 (AS DEFINED HEREINAFTER) WITH AND INTO THE TRANSFEREE COMPANY (AS DEFINED HEREINAFTER)

PART A

WHEREAS:

- A. **Vardhman Acrylics Limited** (hereinafter referred to as the "**Transferor Company 4**"), is a public company incorporated under the Companies Act, 1956 having its registered office at Vardhman Premises, Chandigarh Road, Ludhiana, Punjab 141010, India with permanent account number AAACV7602E and the corporate identification number L51491PB1990PLC019212. The Transferor Company 4 was incorporated on December 24, 1990 and the e-mail address of the Transferor Company 4 is secretarial.lud@vardhman.com. The Transferor Company 4 is engaged in the business of manufacturing acrylic fibre. The Transferor Company 4 is a subsidiary of the Transferee Company. The equity shares of the Transferor Company 4 are listed on the National Stock Exchange of India Limited ("NSE").
- B. **Vardhman Textiles Limited** (hereinafter referred to as the "**Transferee Company**"), is a company incorporated under the Companies Act, 1956 having its registered office at Chandigarh Road, Ludhiana, Punjab 141010, India with permanent account number AABCM4692E and the corporate identification number L17111PB1973PLC003345. The Transferee Company was incorporated on October 8, 1973 and the e-mail address of the Transferee Company is secretarial.lud@vardhman.com. The Transferee Company is a textile company which is engaged in the business of manufacturing cotton yarn, synthetic yarn and woven fabrics. The equity shares of the Transferee Company are listed on the Stock Exchanges (*as defined hereinafter*).
- C. In terms of Section IV of this Scheme, it is now proposed, *inter alia*, to amalgamate the Transferor Company 4 with and into the Transferee Company, pursuant to and under Sections 230 – 232 and other applicable provisions of the Act, in the manner provided for in Section IV of the Scheme.
- D. The amalgamation of the Transferor Company 4 with the Transferee Company, pursuant to and in accordance with this Scheme, shall be in accordance with Section 2(1B) of the IT Act.

I. DEFINITIONS

For the purposes of Section IV of this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the meanings mentioned herein below:

- (a) "**Record Date**" has the meaning ascribed to it in Clause 7.1 of Section IV hereto.
- (b) "**Transferor Company 4**" has the meaning ascribed to it in Recital A of Section IV hereto and shall include without limitation:
- (i) all assets, whether moveable or immovable, whether tangible or intangible, plant and machinery, equipment, stocks and inventory, including all rights, title, interests, claims, covenants, undertakings, of the Transferor Company 4 in such assets;
- (ii) all investments, receivables, loans, security deposits and advances extended, including accrued interest thereon, of the Transferor Company 4;



- (iii) all debts, borrowings and liabilities, whether present or future, whether secured or unsecured, availed by the Transferor Company 4;
 - (iv) all permits, rights, entitlements, licenses, approvals, grants, allotments, recommendations, clearances, tenancies, offices, taxes, tax deferrals and benefits, subsidies, concessions, refund of any tax, duty, cess or of any excess payment, tax credits (including, without limitation, all amounts claimed as refund, whether or not so recorded in the books of accounts and credits in respect of income tax, such as carry forward tax losses comprising of unabsorbed depreciation), tax deducted at source, CENVAT, sales tax, value added tax, central sales tax, turnover tax, excise duty, service tax, goods and services tax and minimum alternate tax credit), of the Transferor Company 4;
 - (v) all trademarks, service marks, domain names, patents and other intellectual property rights of every kind and description whatsoever, of the Transferor Company 4;
 - (vi) all privileges and benefits of, or under, all contracts, agreements, purchase and sale orders, memoranda of understanding, bids, tenders, expressions of interest, letters of intent, commitments, undertakings, deeds, bonds, investments undertaken by or arrangements of any kind, and all other rights including lease rights, licenses, powers and facilities of every kind and description whatsoever, of the Transferor Company 4;
 - (vii) insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, to which the Transferor Company 4 is a party, or to the benefit of which the Transferor Company 4 is eligible;
 - (viii) all employees of the Transferor Company 4;
 - (ix) all advance payments, earnest monies, security deposits, advance rentals, payment against warrants, if any, or other rights or entitlements of the Transferor Company 4;
 - (x) all legal, tax, regulatory, quasi-judicial, administrative or other proceedings, suits, appeals, applications or proceedings of whatsoever nature, initiated by or against the Transferor Company 4; and
 - (xi) all books, records, files, papers, computer programs, engineering and process information, manuals, data, production methodologies, production plans, catalogues, quotations, websites, sales and advertising material, marketing strategies, list of present and former customers, customer credit information, customer pricing information, and other records, whether in physical form or electronic form or in any other form, in connection with or relating to the Transferor Company 4.
- (c) "Trustee" has the meaning ascribed to it in Clause 7.5 of Section IV hereto.

The expressions, which are used in this Section IV of the Scheme and not defined in Section IV shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under Section I, Section II, Section III or Section V of the Scheme or in absence thereof, the Act, the IT Act, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 (including the regulations made thereunder), the Depositories Act, 1996 and other Applicable Laws, rules, regulations, bye-laws, guidelines, circulars, as the case may be, including any statutory modification or re-enactment thereof, from time to time.

2. SHARE CAPITAL



- 2.1. The share capital of the Transferee Company, as on March 31, 2019 is as set forth in Clause 2.1 of Section I of this Scheme.
- 2.2. Since March 31, 2019 and until the date of the Scheme being approved by the board of directors of the Transferee Company, there has been no change in the issued, subscribed or paid up capital of the Transferee Company, save and except in relation to the issuance and allotment of 20,000 (Twenty Thousand) equity shares by the Transferee Company to its employees under the employee stock option plan of the Transferee Company on April 8, 2019 and July 2, 2019. The shares of the Transferee Company are listed on the Stock Exchanges.
- 2.3. The share capital of the Transferor Company 4, as on March 31, 2019 is as under:

Share Capital	Amount (INR)
<i>Authorized Capital</i>	
15,00,00,000 equity shares of INR 10 each	150,00,00,000
Total	150,00,00,000
<i>Issued, Subscribed and Paid-up Capital</i>	
8,03,63,746 equity shares of INR 10 each fully paid-up	80,36,37,460
Total	80,36,37,460

- 2.4. Since March 31, 2019 and until the date of the Scheme being approved by the board of directors of the Transferor Company 4, there has been no change in the issued, subscribed or paid up capital of the Transferor Company 4. The shares of the Transferor Company 4 are listed on the NSE
- 2.5. As on the date of approval of the Scheme by the board of directors of the Transferor Company 4, 70.74% (Seventy Seven Four per cent.) of the paid up equity share capital of the Transferor Company 4, on a fully-diluted basis, is held by the Transferee Company.

3. OBJECTS

- 3.1. The main objects, and incidental and ancillary objects of the Transferee Company are as set forth in Clause 3.1 and Clause 3.2 of Section I of this Scheme.
- 3.2. The main objects of the Transferor Company 4 are as follows:
- i. *To carry on the business of Manufacturers, Producers, Processors, Spinners, Weavers, Knitters, Combers, Importers, Exporters, Buyers, Sellers of and Dealers in all kinds of Fibres and Yarn whether Synthetic, Artificial or Natural, viz. Polyester, Polypropylene, Nylon, Acrylic, Polynosic or other Synthetic Fibres/Yarns, Artificial Silk, Viscose, Rayon or other Man-Made fibres or yarns, Cotton Wool, Worsted, Shoddy, Silk, Jute Ramie, Hemp, Linen or any other Fibrous Materials, Textile Substances, Allied products, By-products, Waste products and substitutes for all or any of them and to treat and to utilize any waste arising from any such manufacture, production or process and further to carry on the business of ginning, pressing, bailing or otherwise packing of Cotton, Kapas, Yam, waste to all kinds of raw-materials, whether Synthetic, Artificial or Natural, yarn Waste, Hemp, Jute, or other Fibrous materials and the cultivation of such raw materials.*



- ii. *To carry on the business of manufacturers, producers, processors, importers, exporters, buyers sellers of and dealers in all kinds of fibres, fabrics and textiles and hosiery goods prepared or manufactured from Cotton Wool, Worsted, Shoddy, Silk, Jute, Ramie, Hemp, Linen, Viscose, Rayon, Artificial Silk, Nylon, Polyester, Acrylic, Polypropylene, Polynosic or any other Synthetic, Artificial and Natural Yarn, Fibre and converters of Synthetic, Artificial and Natural Fibres including Fibreglass or their wastes or waste products into materials like Cloth, Readymade garments, Made Ups, Ropes, Tapes, Yarns, Hosiery Goods, Dress Makers, Furriers, Clothier and Outfitters.*
- iii. *To carry on the business of Textiles Processing viz. Bleaching, Dyeing, Printing, Finishing and Folding of Fibres, Yarn, Fabrics and Knit-Hosiery of all kinds, whether Natural, Artificial or Synthetic, Cotton, Wool, Silk, Jute, Ramie, Hemp, Linen, Viscose, Rayon, Artificial Silk, Nylon, Polyester, Acrylic, Polypropylene, Polynosic or any other Synthetic Fibre, Yarn or Fabric and their Blends, including worsted Shoddy.*

3.3. The incidental and ancillary objects of the Transferor Company 4 include, *inter alia*:

- i. *To amalgamate with any company or companies having objects altogether or in part similar to those of the Company or to sell, exchange, lease, under lease, surrender, abandon, amalgamate, sub-divide, mortgage or otherwise, deal with either absolutely, conditionally, or for any limited interests, all or any part of the undertaking, property, rights or privileges of the Company, as a going concern or otherwise, to or with any public body, corporation, company, society, or association, or to any persons, for such conditions as the Company may think fit, & in particular for any stock, shares (whether wholly or partly paid), debenture-stock, securities or property or any other company.*

4. PROMOTERS AND DIRECTORS

4.1 The names of the promoters and directors of the Transferee Company as on June 30, 2019, are as set forth in Clause 4.1 of Section I of this Scheme.

4.2 The names of the promoters and directors of the Transferor Company 4 as on June 30, 2019, along with their addresses are set forth below:

S. No.	Name	Promoter/Director	Address
1.	Shri Paul Oswal	Director/ Promoter	2722, Auro Mirra Bhawan, Gurdev Nagar, Pakhowal Road, Ludhiana - 141001
2.	Surinder Kumar Bansal	Director	D-7, Maharani Bagh, New Delhi - 110065, Delhi, India
3.	Bal Krishan Choudhary	Director	1099, Sector - 14, Escorts Nagar, Faridabad- 121007, Haryana, India
4.	Sanjit Paul Singh	Director	House No. 202B, Laburnum Sushant Lok, Block-A, Sector - 28, Gurgaon - 122001, Haryana, India
5.	Darshan Lal Sharma	Director	H. No. B-XX-770/2, Gurdev Nagar, Ludhiana, 141001, Punjab, India
6.	Sachit Jain	Director/ Promoter	2722, Auro Mirra Bhawan, Gurdev Nagar, Pakhowal Road, Ludhiana - 141001
7.	Munish Chandra Gupta	Director	House No. 771, Sector 15, Part II, Farrukhnagar, Gurgaon - 122001, Haryana, India



S. No.	Name	Promoter/Director	Address
8.	Apinder Sodhi	Director	H.NO. 44-45, GLADA Colony, PH 3, Dugri, Basant Avenue, Ludhiana 141013
9.	Shakun Oswal	Promoter	2722, Auro Mirra Bhawan, Gurdev Nagar, Pakhowal Road, Ludhiana - 141001
10.	Devakar Investment & Trading Company (Pvt.) Ltd.	Promoter	Chandigarh Road, Ludhiana, Punjab 141010, India
11.	Santon Finance & Investment Company Limited	Promoter	Chandigarh Road, Ludhiana, Punjab 141010, India
12.	Vardhman Holdings Limited	Promoter	Chandigarh Road, Ludhiana, Punjab 141010, India
13.	VTL Investments Limited	Promoter	Chandigarh Road, Ludhiana, Punjab 141010, India
14.	Vardhman Textiles Limited	Promoter	Chandigarh Road, Ludhiana, Punjab 141010, India
15.	Mahavir Spinning Mills Private Limited	Promoter	Chandigarh Road, Ludhiana, Punjab 141010, India
16.	Adishwar Enterprises LLP	Promoter	2722, Auro Mirra Bhawan, Gurdev Nagar, Pakhowal Road, Ludhiana - 141001
17.	Ramaniya Finance & Investment Company Limited	Promoter	Chandigarh Road, Ludhiana, Punjab 141010, India
18.	Flamingo Finance & Investment Company Limited	Promoter	Chandigarh Road, Ludhiana, Punjab 141010, India

5. OTHER DISCLOSURES

- 5.1. No investigations or proceedings under the Act are pending against the Transferee Company or the Transferor Company 4.
- 5.2. The Transferee Company was incorporated on October 8, 1973. There has been no change in the name, registered office or objects of the Transferee Company during the last 5 (five) years.
- 5.3. The Transferor Company 4 was incorporated on December 24, 1990. There has been no change in the name, registered office or objects of the Transferor Company 4 during the last 5 (five) year.
- 5.4. The Scheme will not have any adverse effect on any directors, key managerial personnel, promoters, non-promoter members, debenture holders, creditors and employees of the Transferee Company. The Scheme will be in the best interest of all the stakeholders in the Transferee Company.
- 5.5. The Scheme will not have any adverse effect on any directors, key managerial personnel, promoters, non-promoter members, creditors and employees of the Transferor Company 4. The Transferor Company 4 does not have any debenture holders or depositors. The Scheme will be in the best interest of all the stakeholders in the Transferor Company 4.
- 5.6. The benefits of the Scheme to the Transferee Company, the Transferor Company 4 and their



respective members, creditors and employees as perceived by the board of directors of the Transferee Company and the Transferor Company 4, respectively are mentioned in Paragraph B of the Introduction to the Scheme (*Rationale*).

- 5.7. The board of directors of the Transferee Company has approved the Scheme at its meeting held on August 13, 2019. The particulars of the meeting of the board of directors of Transferee Company are set out below:

S. No.	Particulars of board meeting	Details
1.	Names of directors who voted in favour of the resolution	Shri Paul Oswal, Suchita Jain, Sachit Jain, Neeraj Jain, Prafull Anubhai, Ashok Kumar Kundra, Subash Khanchand Bijlani, Devendra Bhushan Jain, Rajender Mohan Malla, Darshan Lal Sharma and Parampal Singh
2.	Names of directors who voted against the resolution	Nil
3.	Names of directors who did not vote or participate in the resolution	Nil

- 5.12. The board of directors of the Transferor Company 4 has approved the Scheme at its meeting held on August 9, 2019. The particulars of the meeting of the board of directors of the Transferor Company 4 are set out below:

S. No.	Particulars of board meeting	Details
1.	Names of directors who voted in favour of the resolution	Shri Paul Oswal, Sachit Jain, Bal Krishan Choudhary, Sanjit Paul Singh, Munish Chandra Gupta, Surinder Kumar Bansal, Apinder Sodhi and Darshan Lal Sharma
2.	Names of directors who voted against the resolution	Nil
3.	Names of directors who did not vote or participate in the resolution	Nil

PART B

6. AMALGAMATION OF THE TRANSFEROR COMPANY 4 WITH AND INTO THE TRANSFEEE COMPANY

- 6.1. Subject to the provisions of Section IV of the Scheme in relation to the modalities of amalgamation, upon Section IV of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, the Transferor Company 4, together with all its properties, assets, investments, borrowings, approvals, intellectual property rights, insurance covers or claims, records, rights, benefits, interests, employees, contracts, obligations, proceedings and liabilities, shall amalgamate with and into the Transferee Company, and all presents and future properties, assets, investments, borrowings, approvals, intellectual property rights, insurance covers or claims, records, rights, benefits, interests, employees, contracts, obligations, proceedings and liabilities of the Transferor Company 4 shall stand transferred to and vested in and shall become the property of and an integral part of the Transferee Company subject to the existing charges and encumbrances, if any, (to the extent such charges or encumbrances are outstanding on the Effective Date), by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed required by either of the Transferor Company 4 or the Transferee Company. Without prejudice to the generality



of the above, in particular, the Transferor Company 4 shall stand amalgamated with and into the Transferee Company, in the manner described in sub-paragraphs (a) – (m) below:

- a. Upon Section IV of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all immovable property (including land, buildings and any other immovable property) of the Transferor Company 4, whether freehold or leasehold, and any documents of title, rights and easements in relation thereto, shall stand vested in or be deemed to be vested in the Transferee Company, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed done by the Transferor Company 4 or the Transferee Company. Upon Section IV of the Scheme coming into effect on the Effective Date and 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, rent and charges, and fulfill all obligations, in relation to or applicable to such immovable properties and the relevant landlords, owners and lessors shall continue to comply with the terms, conditions and covenants under all relevant lease/ license or rent agreements and shall, in accordance with the terms of such agreements, refund the security deposits and advance / prepaid lease / license fee, if any, to the Transferee Company. Upon Section IV of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, the title to the immovable properties of the Transferor Company 4 shall be deemed to have been mutated and recognised as that of the Transferee Company and the mere filing of the vesting order of the Tribunal sanctioning the Scheme with the appropriate Registrar or Sub-Registrar of Assurances or with the relevant Governmental Authorities shall suffice as record of continuing titles with the Transferee Company pursuant to the Section IV of the Scheme becoming effective and shall constitute a deemed mutation and substitution thereof. The Transferee Company shall in pursuance of the vesting order of the Tribunal be entitled to the delivery and possession of all documents of title to such immovable property in this regard.
- b. Upon Section IV of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all the assets of the Transferor Company 4 as are movable in nature or are otherwise capable of being transferred by physical or constructive delivery and, or, by endorsement and delivery, or by vesting and recordal, including equipment, furniture and fixtures, shall stand vested in the Transferee Company, and shall become the property and an integral part of the Transferee Company, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed done by the Transferor Company 4 or the Transferee Company. The vesting pursuant to this sub-clause shall be deemed to have occurred by physical or constructive delivery or by endorsement and delivery, or by vesting and recordal, as appropriate to the property being vested and the title to such property shall be deemed to have been transferred accordingly to the Transferee Company.
- c. Upon Section IV of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, any and all other movable property (except those specified elsewhere in this Clause) including investments in shares and any other securities, all sundry debts and receivables, outstanding loans and advances, if any, relating to the Transferor Company 4, recoverable in cash or in kind or for value to be received, actionable claims, bank balances and deposits, if any with Governmental Authorities, semi-Governmental Authorities, local and other authorities and bodies, customers and other persons, cheques on hand, shall, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 4 or the Transferee Company, become the property of the Transferee Company. Without prejudice to the foregoing, the Transferee Company shall be entitled to deposit at any time after the Effective Date, cheques received in the name of the Transferor Company 4, to enable the Transferee Company to receive the



amounts thereunder. Where any of the outstanding receivables attributed to the Transferor Company 4 have been received by the Transferor Company 4 after the Appointed Date, but before the Effective Date, the same shall be deemed to have been received by the Transferor Company 4 for and on behalf of the Transferee Company.

- d. Upon Section IV of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all debts, borrowings, liabilities, contingent liabilities, duties and obligations, secured or unsecured, relating to the Transferor Company 4, whether provided for or not in the books of accounts of the Transferor Company 4 or disclosed in the balance sheet of such Transferor Company 4, shall stand transferred to and vested in the Transferee Company, and the same shall be assumed to the extent they are outstanding on the Effective Date and become and be deemed to be the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 4 or the Transferee Company. 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. However, if any lender of the Transferor Company 4 requires satisfaction of the charge over the properties of the Transferor Company 4 and recordal of a new charge with the Transferee Company, the Transferee Company shall for good order and for statistical purposes, file appropriate forms with the RoC as accompanied by the vesting order of the Tribunal sanctioning the Scheme, or a certified copy of the same, and any deed of modification or novation executed *inter alios* by the Transferee Company. Where any of the loans, liabilities and obligations attributed to the Transferor Company 4 have been discharged by the Transferor Company 4 after the Appointed Date but before the Effective Date, such discharge shall be deemed to have been done by the Transferor Company 4 for and on behalf of the Transferee Company.
- e. Upon Section IV of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all incorporeal or intangible property of the Transferor Company 4 shall stand vested in the Transferee Company and shall become the property and an integral part of the Transferee Company, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 4 or the Transferee Company.
- f. Upon Section IV of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all letters of intent, contracts, deeds, bonds, agreements, insurance policies, capital investment, subsidies, guarantees and indemnities, schemes, arrangements and other instruments of whatsoever nature in relation to the Transferor Company 4 to which it is a party or to the benefit of which it may be entitled or eligible, shall be in full force and effect against or in favour of the Transferee Company, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 4 or the Transferee Company, and may be enforced as fully and effectually as if, instead of the Transferor Company 4, the Transferee Company had been a party or beneficiary or obligee thereto. Without prejudice to the generality of the foregoing, bank guarantees, performance guarantees, letters of credit, agreements with any Governmental Authority, hire purchase agreements, lending agreements and such other agreements, deeds, documents and arrangements pertaining to the business of Transferor Company 4 or to the benefit of which the Transferor Company 4 may be eligible and which are subsisting or have effect immediately before the Effective Date, including all rights and benefits (including benefits of any deposit, advances, receivables or claims) arising or accruing therefrom, shall, upon this Scheme becoming effective, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, be deemed to be



bank guarantees, performance guarantees, letters of credit, agreements, deeds, documents, and arrangements, as the case may be, of the Transferee Company, without any further act, instrument or deed of the Transferor Company 4 or the Transferee Company and shall be appropriately transferred or assigned by the concerned parties / Governmental Authority in favour of the Transferee Company. However, the Transferee Company shall undertake all necessary compliances prescribed under Applicable Laws to effectuate transfer of goods and services tax credits of the Transferor Company 4 to the Transferee Company.

- g. Upon Section IV of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all permits, grants, allotments, recommendations, rights, entitlements, licenses and registrations including relating to trademarks, logos, patents and other intellectual property rights, approvals, clearances, tenancies, privileges, powers, offices, easements, goodwill, entitlements, facilities of every kind and description of whatsoever nature, in relation to the Transferor Company 4, to which the Transferor Company 4 is a party or to the benefit of which the Transferor Company 4 may be eligible, shall be enforceable by or against the Transferee Company, as fully and effectually as if, instead of the Transferor Company 4, the Transferee Company had been a party or beneficiary or obligee thereto, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 4 or the Transferee Company.
- h. Upon Section IV of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, any statutory licenses, no-objection certificates, permissions, registrations (including, but not limited to, sales tax, service tax, goods and services tax, excise, value added tax, central sales tax (if any)), approvals, consents, permits, quotas, easements, goodwill, entitlements, allotments, concessions, exemptions, advantages, or rights required to carry on the operations of the Transferor Company 4 or granted to the Transferor Company 4 shall stand vested in or transferred to the Transferee Company, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 4 or the Transferee Company, and shall be appropriately transferred or assigned by the concerned statutory authorities in favour of the Transferee Company upon amalgamation of the Transferor Company 4 with and into the Transferee Company pursuant to Section IV of this Scheme. The benefit of all statutory and regulatory permissions, environmental approvals and consents including statutory licenses, permissions, approvals or consents required to carry on the operations of the Transferor Company 4 shall vest in and become available to the Transferee Company upon Section IV of this Scheme, coming into effect on the Effective Date and with effect from the Appointed Date, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 4 or the Transferee Company.
- i. Upon Section IV of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, the Transferee Company shall bear the burden and the benefits of any legal or other proceedings initiated by or against the Transferor Company 4. Upon Section IV of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, if any notice, dispute, suit, appeal, complaint, claim or other proceeding of whatsoever nature by or against the Transferor Company 4, including (but not limited to) those before any Governmental Authority, be pending, the same shall not abate, be discontinued or in any way be prejudicially affected by reason of the amalgamation of the Transferor Company 4 with and into the Transferee Company or of anything contained in this Scheme but the proceedings shall 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 4, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 4 or the Transferee Company, as if this Scheme had not been made. Upon Section IV of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, where required, the Transferee Company undertakes to have such legal or other proceedings initiated by or against the Transferor Company 4 transferred in its name and to have the same continued, prosecuted and enforced by or against the Transferee Company. The Transferee Company also undertakes to handle all legal or other proceedings which may be initiated against the Transferor Company 4 after the Effective Date in respect of the period up to the Effective Date, in its own name and account and further undertakes to pay all amounts including interest, penalties, damages, etc. which the Transferor Company 4 may be called upon to pay or secure in respect of any liability or obligation relating to the Transferor Company 4 for the period up to the Effective Date.

- j. Upon Section IV of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all persons that were employed in the Transferor Company 4 immediately before such date shall become employees of the Transferee Company, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 4 or the Transferee Company, on terms and conditions no less favourable than those that were applicable to such employees immediately prior to such amalgamation, with the benefit of continuity of service on the same terms and conditions as were applicable to such employees immediately prior to such amalgamation and without any break or interruption in service. It is clarified that such employees of the Transferor Company 4 that become employees of the Transferee Company by virtue of this Scheme, shall continue to be governed by the terms of employment as were applicable to them immediately before such amalgamation and shall not be entitled to be governed by employment policies, and shall not be entitled to avail of any benefits under any scheme or settlement or otherwise that are applicable and available to any other employees of the Transferee Company, unless and otherwise so stated by the Transferee Company in writing in respect of all employees, class of employees or any particular employee. The Transferee Company undertakes to continue to abide by any agreement/ settlement, if any, entered into by the Transferor Company 4 in respect of such employees forming part of the Transferor Company 4 with their respective employees/ employee unions. With regard to provident fund, gratuity fund, superannuation fund or any other special fund or obligation created or existing for the benefit of such employees of the Transferor Company 4, upon Section IV of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, the Transferee Company shall stand substituted for the Transferor Company 4, by operation of law pursuant to the vesting order of the Tribunal sanctioning the Scheme, without any further act, instrument or deed of the Transferor Company 4 or the Transferee Company, for all purposes whatsoever relating to the obligations to make contributions to the said funds in accordance with the provisions of such schemes or funds in the respective trust deeds or other documents. The existing provident fund benefits, gratuity benefits and superannuation benefits or any other special benefits or obligation, if any, created or used by the Transferor Company 4 (or an affiliate of the Transferor Company 4 on behalf of the Transferor Company 4) for its employees being transferred to the Transferee Company pursuant to this Scheme shall be continued by the Transferee Company for the benefit of such employees on the same terms and conditions. It is the aim and intent of the Scheme that all the rights, duties, powers and obligations of the Transferor Company 4 in relation to such schemes or funds shall become those of the Transferee Company. Further, upon Section IV of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, any prosecution or disciplinary action initiated, pending or contemplated against and any penalty imposed



in this regard on any employee forming part of the Transferor Company 4 shall be continued/ continue to operate against the relevant employee and shall be enforced by the Transferee Company, without any further act, instrument or deed of the Transferor Company 4 or the Transferee Company.

- k. Upon Section IV of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all direct and indirect taxes of any nature, duties and cess or any other like payment or deductions made by the Transferor Company 4 to any statutory authorities, including (but not limited to) income tax, service tax, security transaction tax, value added tax, central sales tax, customs duty, minimum alternate tax, advance tax, excise duty, goods and services tax, or any other like payments made by the Transferor Company 4 to any statutory authorities), or other collections made by the Transferor Company 4 and relating to the period after the Appointed Date up to the Effective Date, shall be deemed to have been on account of, or on behalf of, or paid by, or made by the Transferee Company, without any further act, instrument or deed of the Transferor Company 4 or the Transferee Company. Further, upon Section IV of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all deduction otherwise admissible to Transferor Company 4 including payment admissible on actual payment or on deduction of appropriate taxes or on payment of tax deducted at source (including, but not limited to, under Section 43B, Section 40, Section 40A etc. of the IT Act) shall be eligible for deduction to the Transferee Company upon fulfilment of the applicable conditions under the IT Act. Further, the Transferee Company shall be entitled to claim credit for taxes deducted at source/ paid against its tax/ duty liabilities/ minimum alternate tax, advance tax, service tax, value added tax liability etc., notwithstanding the certificates/ challans or other documents for payment of such taxes/ duties, as the case may be, being in the name of the Transferor Company 4. Upon the Scheme coming into effect on the Effective Date, all taxes payable by or refundable to or being the entitlement of the Transferor Company 4, including all or any refunds or claims shall be treated as the tax liability or refunds/ credits/ claims, as the case may be, of the Transferee Company, and any tax incentives, advantages, privileges, exemptions, credits, entitlements (including, but not limited to, credits in respect of income tax, including carry forward tax losses, unabsorbed depreciation, sales tax, closing balance of CENVAT, value added tax, central sales tax, turnover tax, excise duty, goods and services tax, security transaction tax, minimum alternate tax and duty entitlement credit certificates), holidays, remissions, reductions, as would have been available to the Transferor Company 4, shall upon this Scheme becoming effective, be available to the Transferee Company, and losses and unabsorbed depreciation of the Transferor Company 4 be carried forward and set off against tax on future taxable income of the Transferee Company in accordance with provisions of Section 72A of the IT Act. The Transferee Company shall undertake all necessary compliances prescribed under applicable laws to effectuate transfer of credits of goods and services tax of the Transferor Company 4 to the Transferee Company.
- l. Upon Section IV of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all taxes payable by the Transferor Company 4 including all or any refunds of claims shall be treated as the tax liability or refunds/ claims as the case may be, of the Transferee Company, without any further act, instrument or deed of the Transferor Company 4 or the Transferee Company, and the Transferee Company shall be entitled to file/ revise its statutory returns and related tax payment certificates and to claim refunds and advance tax credits as may be required consequent to the implementation of the Scheme, and all tax compliances under Applicable Laws by the Transferor Company 4 shall be deemed to have been undertaken by the Transferee Company.
- m. The 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 other writings or arrangements including any forms or depository instructions, with any party to any contract or arrangement in relation to the Transferor Company 4 to which the Transferor Company 4 is a party and make any filings with the Governmental Authorities, 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 writing in the name of and on behalf of the Transferor Company 4 and to carry out or perform all such formalities or compliances referred to above on behalf of the Transferor Company 4, *inter alia*, in its capacity as the successor entity of the Transferor Company 4.

- 6.2. With effect from the Appointed Date, and up to and including the Effective Date:
- (i) The Transferor Company 4 shall carry on and be deemed to have been carrying on all the business and activities of the Transferor Company 4 for and on behalf of and in trust for the Transferee Company.
 - (ii) All profits/ losses accruing to the Transferor Company 4 and all taxes thereon arising or incurred by it, shall, for all purposes, be treated as the profits, losses or taxes as the case may be, of the Transferee Company.
 - (iii) All accretions and depletions in relation to the Transferor Company 4 shall be for and on account of the Transferee Company.
- 6.3. Upon this Scheme becoming effective and the consequent amalgamation of the Transferor Company 4 with and into the Transferee Company, (x) the secured creditors of the Transferee Company shall be entitled to security over such properties and assets forming part of the Transferor Company 4 on the Appointed Date on which the secured creditors of the Transferor Company 4 have security, on a *pari passu* basis with the secured creditors of the Transferor Company 4, and (y) the secured creditors of the Transferor Company 4 shall be entitled to security over such properties and assets forming part of the Transferee Company on the Appointed Date on which the secured creditors of the Transferee Company have security, on a *pari passu* basis with the secured creditors of the Transferee Company. For the avoidance of doubt, it is clarified that all the assets of the Transferor Company 4 and the Transferee Company which are not currently encumbered shall, subject to Applicable Laws, remain free and available for creation of any security thereon in future in relation to any new indebtedness that may be incurred by the Transferee Company. For this purpose, no further consent from the existing creditors shall be required and the sanction of this Scheme shall be considered as a specific consent of such creditors.
- 6.4. The Transferee Company and the Transferor Company 4 shall, respectively, make appropriate filings with the Governmental Authorities in order to give formal effect to the provisions of this Clause 6 above, and the relevant Governmental Authorities shall take the same on record, and shall make and duly record the necessary substitution/ endorsement in the name of the Transferee Company upon this Scheme becoming effective in accordance with the terms hereof.
- 6.5. The Transferee Company shall, at any time after this Scheme becoming effective in accordance with the provisions hereof, if so required under Applicable Laws, do all such acts or things as may be necessary to transfer/ obtain the approvals, consents, exemptions, registrations, no-objection certificates, permits, quotas, rights, entitlements, licenses and certificates which were held or enjoyed by the Transferor Company 4. For the avoidance of doubt, it is clarified that if the consent of either a third party or Governmental Authority is required to give effect to the provisions of this Clause, the said third party or Governmental Authority shall make and duly record the necessary substitution/ endorsement in the name of the Transferee Company



pursuant to the sanction of this Scheme by the Tribunal, and upon this Scheme becoming effective. The Transferee Company shall file appropriate applications/ documents with the relevant authorities concerned for information and record purposes and 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 4 and to carry out or perform all such acts, formalities or compliances referred to above as may be required in this regard.

PART C

7. CONSIDERATION

- 7.1. Upon Section IV of the Scheme coming into effect on the Effective Date and upon the amalgamation of the Transferor Company 4 with and into the Transferee Company, the board of directors (or a duly authorized committee of board of directors) of the Transferor Company 4, in consultation with the board of directors (or a duly authorized committee of board of directors) of the Transferee Company, shall determine a record date, being a date on or subsequent to the Effective Date ("**Record Date**") for the allotment of fully paid-up equity shares of face value of INR 10 (Indian Rupees Ten only) each of the Transferee Company to the equity shareholders of the Transferor Company 4 as on the Record Date.
- 7.2. The Transferor Company 2 holds 70,330 equity shares of the Transferor Company 4. Upon Section IV of the Scheme coming into effect, and subject to Section II of the Scheme coming into effect, the Transferor Company 2 will not be issued any shares in the Transferee Company as a shareholder of the Transferor Company 4 on account of the dissolution of the Transferor Company 2.
- 7.3. The entitlement ratio stated in Clauses 7.4 of Part C of Section IV of this Scheme has been determined by the respective boards of directors of the Transferor Company 4 and the Transferee Company, or their respective committees, based on their independent judgment after taking into consideration the valuation report provided by M/s BSR & Associates, LLP, independent chartered accountants, the valuation report provided by Mr. Puneet Khandelwal, registered valuer under the Act, and the fairness opinion provided by M/s SBI Capital Markets Limited, independent merchant banker registered with the Securities and Exchange Board of India.
- 7.4. The respective boards of directors of the Transferor Company 4 and the Transferee Company, or their respective committees, have determined the share entitlement ratio such that for every 24.1 (Twenty Four point One) equity shares of face value of INR 10 (Indian Rupees Ten only) each held in the Transferor Company 4 as on the Record Date, the equity shareholders of the Transferor Company 4 shall be issued 1 (One) equity shares of face value of INR 10 (Indian Rupees Ten only) each credited as fully paid-up in the Transferee Company. The Transferee Company shall, without any further act, instrument or deed, issue and allot to every equity shareholder of the Transferor Company 4 as on the Record Date, the requisite number of equity shares in the Transferee Company. The said equity shares in the Transferee Company to be issued to the equity shareholders of the Transferor Company 4 pursuant to this Clause shall rank *pari passu* in all respects with the existing equity shares of the Transferee Company.
- 7.5. It is hereby clarified that no equity shares shall be issued by the Transferee Company to any equity shareholder of the Transferor Company 4 in respect of fractional entitlements, if any, as on the Record Date, of such equity shareholder at the time of issue and allotment of such equity shares by the Transferee Company. The board of directors (or a duly authorized committee of board of directors) of the Transferee Company shall instead consolidate all such fractional entitlements, (ignoring any fraction remaining after such consolidation), and thereupon shall issue and allot equity shares in lieu thereof to a director or officer of the Transferee Company or such other person as the board of directors (or a duly authorized committee of board of directors) of the Transferee Company shall appoint in this behalf ("**Trustee**") who shall hold such equity shares



in trust for all such equity shareholders of the Transferor Company 4 who are entitled to such fractional balances, with the express understanding that such Trustee, shall be bound by the express understanding to cause the sale of such shares at such time(s), at such price(s) and to such person(s) as the directors or officers of Transferee Company or the Trustee may deem fit and the net sale proceeds thereof, deposited with the Transferee Company (that is, after deduction therefrom of expenses incurred in connection with the sale), shall be distributed by the Transferee Company to the relevant equity shareholders in proportion to their respective fractional entitlements.

- 7.6. On the approval of Section IV of the Scheme by the members of the Transferee Company pursuant to Sections 230-232 of the Act and other relevant provisions of the Act, if applicable, it shall be deemed that the said members have also accorded their consent under Sections 42 and 62(1)(c) of the Act and/ or any other applicable provisions of the Act and rules and regulations framed thereunder as may be applicable for the aforesaid issuance of equity shares of the Transferee Company to the equity shareholders of the Transferor Company 4, and no further resolution or actions shall be required to be undertaken by the Transferee Company under Sections 42 or 62(1)(c) of the Act or any other applicable provisions of the Act, and rules and regulations framed thereunder, including, *inter alia*, issue of a letter of offer.

PART D

8. ACCOUNTING TREATMENT

Pursuant to Section IV of the Scheme coming into effect on the Effective Date with effect from the Appointed Date, the Transferee Company shall account for the amalgamation of the Transferor Company 4 with the Transferee Company in its books in accordance with principles as laid down in Appendix C to the Indian Accounting Standard 103 (Business Combination) in the following manner:

- 8.1. All assets and liabilities of the Transferor Company 4 shall be recorded by the Transferee Company at their respective book values as appearing in the books of the Transferor Company 4 as on the Appointed Date.
- 8.2. The balance of the reserves appearing in the financial statements of the Transferor Company 4 as on the Appointed Date will be aggregated with the corresponding balance appearing in the financial statements of the Transferee Company.
- 8.3. The Transferee Company shall credit to its share capital in its books of account, the aggregate face value of the equity shares issued by it to the shareholders of the Transferor Company 4.
- 8.4. Inter-company holdings and balances, if any, between the Transferee Company and the Transferor Company 4 or between any of the Transferor Companies inter-se shall stand cancelled. The difference, if any, between the cost of investments and face value of inter-company holdings shall be adjusted against balance of capital reserve of the Transferee Company post-merger.
- 8.5. The difference, if any, arising between the carrying value of assets and liabilities and reserves pertaining to the Transferor Company 4 and the face value of shares issued by the Transferee Company after providing for adjustments as stated above shall be adjusted in capital reserve.
- 8.6. In case of any differences in accounting policy between the Transferor Company 4 and the Transferee Company, the accounting policies of the Transferee Company will prevail and the difference till the Appointed Date will be quantified and adjusted in the capital reserves / goodwill to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.



- 8.7. Notwithstanding the above, the board of directors (or a duly authorized committee of board of directors) of the Transferee Company, in consultation with its statutory auditors, is authorised to record assets, liabilities and reserves and surplus in compliance with prevailing accounting standards.

9. TRANSFER OF THE AUTHORIZED SHARE CAPITAL

- 9.1. As an integral part of the Scheme and upon the effectiveness of Section IV of the Scheme, the authorised share capital of the Transferor Company 4 amounting to INR 150,00,00,000 (Indian Rupees One Hundred and Fifty Crores only) shall stand consolidated and vested in and merged with the authorised share capital of the Transferee Company and the authorised share capital of the Transferee Company as set out in Clause 2.1 of Section I of the Scheme shall stand enhanced to INR 250,00,00,000 (Indian Rupees Two Hundred and Fifty Crores only) divided into 24,00,00,000 (Twenty Four Crores) equity shares of face value of INR 10 (Indian Rupees Ten only) each and 1,00,00,000 (One Crore) redeemable cumulative preference shares of face value of INR 10 (Indian Rupees Ten only) each, without any further act, instrument or deed by the Transferee Company and without any liability for payment of any additional fees or stamp duty in respect of such increase as the stamp duty and fees has already been paid by Transferor Company 4 on such authorized capital, the benefit of which stands vested in the Transferee Company pursuant to the Scheme becoming effective on the Effective Date.
- 9.2. For the avoidance of doubt, it is clarified that, in case, the authorised share capital of the Transferee Company and/ or the Transferor Company 4, as the case may be, undergoes any change, prior to this Scheme becoming effective, then this Clause 9 shall automatically stand modified/ adjusted accordingly to take into account the effect of such change.
- 9.3. It is hereby clarified that for the purposes of this Clause 9 of Part D of Section IV of the Scheme, the consent of the shareholders of the Transferee Company to the Scheme shall be deemed to be sufficient for the purposes of effecting the above amendment and increase in authorised share capital of the Transferee Company, and no further act, instrument or deed by the Transferee Company or resolutions or actions under Sections 13, 61 and any other applicable provisions of the Act would be required to be separately passed or taken and pursuant to Section 232(3)(i) of the Act and the fee paid by the Transferor Company 4 on its authorized share capital shall be set off against any fee payable by the Transferee Company on its authorized share capital subsequent to the amalgamation. Upon this Scheme coming into effect, the Transferee Company shall, if required, file the necessary documents/ intimations as per the provisions of Act with the RoC or any other applicable authority to record the aforesaid change in its authorised share capital in the manner set out in this Clause 9.

10. DISSOLUTION OF THE TRANSFEROR COMPANY 4

Upon Section IV of the Scheme coming into effect, the Transferor Company 4 shall, without any further act, instrument or deed of the Transferor Company 4 or the Transferee Company, stand dissolved without winding up.



SECTION V

GENERAL TERMS AND CONDITIONS APPLICABLE TO THE SCHEME

1.1 DEFINITIONS

The terms used in this Section V of the Scheme, shall respectively have the meanings ascribed to them in Section I, Section II, Section III or Section IV of this Scheme, as the context may require.

1.2 APPLICATION TO THE TRIBUNAL

Each of the Transferor Company 1, the Transferor Company 2, the Transferor Company 3, Transferor Company 4 and the Transferee Company shall make applications/ petitions under Sections 230-232 and other applicable provisions of the Act to the Tribunal for the sanction of this Scheme and all matters ancillary or incidental thereto.

1.3 EFFECTIVENESS OF THE SCHEME

Upon the sanction of the Scheme and after the Scheme has become effective upon completion of the conditions listed in Clause 1.5 of this Section V, with effect from the Appointed Date:

- (a) the amalgamation of the Transferor Company 1 with and into the Transferee Company shall be deemed to have occurred, pursuant to Section I of this Scheme, in accordance with Section 2 (1B) of the IT Act;
- (b) the amalgamation of the Transferor Company 2 with the Transferee Company shall be deemed to have occurred, pursuant to Section II of this Scheme, in accordance with Section 2 (1B) of the IT Act;
- (c) the amalgamation of the Transferor Company 3 with the Transferee Company shall be deemed to have occurred, pursuant to Section III of this Scheme, in accordance with Section 2 (1B) of the IT Act; and
- (d) the amalgamation of the Transferor Company 4 with the Transferee Company shall be deemed to have occurred, pursuant to Section IV of this Scheme, in accordance with Section 2 (1B) of the IT Act.

1.4 MODIFICATIONS/ AMENDMENTS TO THE SCHEME

Each of the Transferor Companies and the Transferee Company will be at liberty to apply to the Tribunal from time to time for necessary directions in matters relating to this Scheme or any terms thereof, in terms of the Act.

Subject to the provisions of the SEBI Circular, each of the Transferor Companies and the Transferee Company, through their respective board of directors (which shall include any committee constituted by the respective boards), may assent to any modifications/ amendments to the respective section of this Scheme and/ or to any conditions or limitations that the Tribunal, the Securities and Exchange Board of India, the Stock Exchanges and/ or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them. Each of the Transferor Companies and the Transferee Company, through their respective authorized representatives, be and are hereby authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions, that may arise in relation to the meaning or interpretation of the respective sections of this Scheme or implementation thereof or in any manner whatsoever connected therewith, whether by reason of any directive or order of the Tribunal or any other authority or otherwise,



howsoever arising out of, under or by virtue of this Scheme and/ or any matters concerned or connected therewith and to do and execute all acts, deeds, matters and things necessary for giving effect to this Scheme.

1.5 CONDITIONALITY OF THE SCHEME

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

- (a) the Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective members and secured and unsecured creditors of each of the Transferor Companies and the Transferee Company, as may be directed by the Tribunal or any other competent authority, as may be applicable;
- (b) the Scheme being approved by the Securities and Exchange Board of India and the Stock Exchanges, as required under Applicable Laws;
- (c) the number of votes casted by the public shareholders of the Transferor Company 4 in favour of the Scheme being more than the number of votes casted by the public shareholders of the Transferor Company 4 against the Scheme, as required under Applicable Laws; and the number of votes casted by the public shareholders of the Transferee Company in favour of the Scheme being more than the number of votes casted by the public shareholders of the Transferee Company against the Scheme, as required under Applicable Laws;
- (d) the Scheme being sanctioned by the Tribunal under Sections 230-232 and any other applicable provision of the Act; and
- (e) certified copies of the orders of the Tribunal sanctioning this Scheme being filed with the RoC by the respective companies.

1.6 EFFECT OF NON-RECEIPT OF APPROVALS

1.6.1 In the event of Section I, Section II, Section III or Section IV, or any part thereof, of the Scheme not being sanctioned by (i) the Tribunal or such other competent authority, (ii) the Securities and Exchange Board of India, the Stock Exchanges or any other Governmental Authority whose approval is required under Clause 1.5 of this Section V, (iii) requisite majorities of members, creditors of the relevant Transferor Company or the Transferee Company, or (iv) the public shareholders of the Transferor Company 4 or the Transferee Company, the part not sanctioned shall stand revoked, cancelled and be of no effect, save and except in respect of any further act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided for in the Scheme or as may otherwise arise in law.

1.6.2 The board of directors (or a duly authorized committee of board of directors) of the Transferor Company 1, the Transferor Company 2, the Transferor Company 3, the Transferor Company 4 and the Transferee Company, respectively shall be entitled to revoke, cancel and declare the Scheme or any part thereof to be of no effect and/ or to withdraw the Scheme or any part thereof and respective applications/ petitions filed with the Tribunal if such boards (or a duly authorized committee of such boards of directors) are of view that the coming into effect of the Scheme or of any part thereof, in terms of the provisions of this Scheme or filing of the drawn up orders with any authority could have adverse implication on all/ any of the companies or in case any condition or alteration imposed by the Tribunal or any other authority or entity is not on terms acceptable to them.



- 1.6.3 If any provision of this Scheme is ruled invalid or illegal by the Tribunal, or unenforceable under present or future laws, then it is the intention of the parties to this Scheme that such portion shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such portion shall cause this Scheme to become materially adverse to any party, in which case the parties, through their respective board of directors (or a duly authorized committee of the respective boards of directors) may either decide to revoke the Scheme or may 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 portion.

1.7 COSTS, CHARGES AND EXPENSES

Each of the Transferor Company 1, the Transferor Company 2, the Transferor Company 3, the Transferor Company 4 and the Transferee Company, shall bear all their respective costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto.

1.8 SEVERABILITY OF ANY PART OF THE SCHEME

- 1.8.1. If any part of the Scheme (or any part of a Section thereof) is ruled invalid or illegal by any Court of competent jurisdiction, or unenforceable under present or future laws, or cannot be given effect to due to regulatory or other reasons, then it is the intention of the parties that, at the discretion of the parties, such part shall be severable from the remainder of the Scheme (or any Section thereof) and the Scheme (or any Section thereof) shall not be affected thereby, unless the deletion of such part shall cause the Scheme (or any Section thereof) to become materially adverse to any party, in which case each of the Transferor Companies and the Transferee Company, (acting through their respective boards of directors or a duly authorized committee of board of directors) shall attempt to bring about a modification in the Scheme (or any Section thereof), as will best preserve for the parties, the benefits and obligations of this Scheme (or any Section thereof), including but not limited to such part.
- 1.8.2. Notwithstanding the above, any revocation, cancellation or ineffectiveness of Section I, Section II, Section III or Section IV of the Scheme, either individually or collectively, shall not affect the effectiveness of the other sections of the Scheme.

1.9 CONSOLIDATED AUTHORIZED SHARE CAPITAL OF TRANSFEE COMPANY

- 1.9.1. Upon the Scheme coming into effect, the authorised share capital of the Transferor Companies cumulatively amounting to INR 237,00,00,000 (Indian Rupees Two Hundred and Thirty Seven Crores Only) shall stand consolidated and vested in, and merged with the authorised share capital of the Transferee Company, and the authorised share capital of the Transferee Company shall stand enhanced to INR 337,00,00,000 (Indian Rupees Three Hundred and Thirty Seven Crores Only) divided into 30,30,00,000 (Thirty Crores Thirty Lakh) equity shares of face value of INR 10 (Indian Rupees Ten only) each, 2,00,00,000 (Two Crores) redeemable cumulative preference shares of face value of INR 10 (Indian Rupees Ten only) each and 1,40,00,000 (One Crore Forty Lakh) preference shares of face value of INR 10 (Indian Rupees Ten only) each without any further act, instrument or deed by the Transferee Company and without any liability for payment of any additional fees or stamp duty in respect of such increase as the stamp duty and fees have already been paid by each of the Transferor Companies on such authorized capital, the benefit of which stands vested in the Transferee Company pursuant to the Scheme becoming effective on the Effective Date. Subsequent to the enhancement of the authorized share capital of the Transferee Company, as contemplated herein, the authorized share capital clause of the Memorandum of Association (Clause V) of the Transferee Company shall stand modified and read as follows:



"The Authorised Share Capital of the Company is INR 337,00,00,000 (Indian Rupees Three Hundred and Thirty Seven Crores only) divided into 30,30,00,000 (Thirty Crores Thirty Lakh) equity shares of face value of INR 10 (Indian Rupees Ten only) each, 2,00,00,000 (Two Crores) redeemable cumulative preference shares of face value of INR 10 (Indian Rupees Ten only) each and 1,40,00,000 (One Crore Forty Lakh) preference shares of face value of INR 10 (Indian Rupees Ten only) each"

For the avoidance of doubt, it is clarified that, in case, the authorised share capital of the Transferee Company and/ or the Transferor Companies, as the case may be, undergoes any change, prior to this Scheme becoming effective, then this clause shall automatically stand modified/ adjusted accordingly to take into account the effect of such change.

1.10 AMENDMENT OF THE MEMORANDUM OF ASSOCIATION

1.10.1. Upon the Scheme coming into effect, the main objects clause of the memorandum of association of the Transferee Company shall stand modified and read as follows:

- i. *To carry on all or any of the following business, namely cotton spinners and doublers, flax, hemp and jute spinners, linen and cloth manufacturers, flax, hemp jute and wool merchants, wool combers, worsted stuff manufacturers, bleachers and dyers, makers of vitriol, bleaching and dyeing materials, and manufacturers, producers, processors, spinners, weavers, knitters, combers, importers, exporters, buyers, sellers of and dealers in acrylic fibres.*
- ii. *To purchase, comb, prepare, spin, dye and deal in cotton flax, hemp, jute, wool, silk, acrylic fibre and any fibrous substances.*
- iii. *To weave and otherwise manufacture, buy and sell and deal in linen, cloth and other goods and fabrics (including acrylic fibres), whether textile felted, netted or looped.*
- iv. *To carry on the business of manufacturing woollen, felt, silken, cotton, hemp, acrylic and any other fibrous material and products whether allied to the aforesaid or not in India or elsewhere.*
- v. *To carry on the business of spinners, weavers, manufacturers, ginner, balers and pressers of cotton, kapas, yarn, cotton waste, yarn waste, hemp, jute, acrylic fibre and other fibrous material and the cultivation thereof.*
- vi. *To carry on the business of buyers, sellers, dealers, exporters and importers of woollen, silken, cotton, hemp, acrylic and other fibrous material or any goods or merchandise whatsoever and to transact all manufacturing or treating and processes and mercantile business and to purchase and vend raw materials and manufactured articles.*
- vii. *To carry on the business of Machine Combers and Re-combers of all types of fibres and materials, whether artificial or synthetic, to sort, blend, prepare wiley, scour, carb, scribble, comb, dye, bleach, carbonize, spin, twist, double, wind, warp, weave, mend, finish, make up, back, buy, sell, import, export and deal in fibres, whether natural artificial or synthetic, tops, yarn woven, fabrics and textile fabrics and materials of kinds and to carry on all or any of the trades or businesses of Combers, Re-combers, Top makers, Spinners, Weavers, Doublers, Manufacturers, Printers, Dyers and Finishers, Bleachers, Carbonizers, Waterproofers of textile materials and fabrics of all kinds of Mill Owners generally, merchants, agents, importers, exporters, factors, agents, sellers of and dealers, in wool, worsted, silk hair alpaca, mohair, cotton, flax, jute, hemp, acrylic, artificial and synthetic fibres and all or any fibrous*



substances, tops, noils, wasters paps and byproducts generally and all or any textile products, manufactured or unmanufactured.

- viii. *To purchase or take on lease or otherwise acquire and work any spinning mills, weaving mills, ginning factories or presses for pressing merchandise into bales or any other similar concern and the property, business and goodwill appertaining thereto.*
 - ix. *To buy, sell, import, export, exchange and deal in cloth yarn, cotton in process, raw cotton, jute, wool, silk, rayon, hemp, acrylic and other fibrous articles, also drugs, chemicals, dyes, metals, stores and other articles and things.*
 - x. *To undertake dyeing, bleaching or printing of yarn cloth, cotton in process, raw cotton, silk, rayon, wool, jute, hemp, acrylic and other fibres for any person, firm, company or corporation or otherwise by the agents of the Company.*
 - xi. *To carry on and undertake business of leasing and to finance leasing operations of all kinds, finance, trading, hire purchase, purchasing, selling, exporting, importing, hiring or letting on hire all kinds of plant, machinery and equipments whether electrical, electronic or mechanical including tractors, tuggers, shunters, transport/commercial vehicles of any kinds for use in land, water and air, motor cars, motorcycles, scooters, construction/industrial equipments, earthmoving machinery, cranes, excavators, loaders, implements, tools utensils, ships, dredgers, tugs, barges, aeroplanes, helicopters, wagons, coaches, tram-cars, telex, teleprinters, electronic private automatic branch exchanges, private automatic exchanges, public address systems, television receivers, industrial robots, furniture, domestic or business appliances, computers, tabulators, data processing machines, addressing machines and other sophisticated office machinery and appliances and to assist in financing of all and every kind and description of hire purchase or easy payment system or deferred payment or similar transactions and subsidies, finance or assist in subsidising or financing the sale, purchase and maintenance of its goods, articles, commodities of all and every kind upon any terms and to purchase or otherwise deal in all forms of immovable or movable property including land and buildings and of consumer, commercial and industrial items and to lease or otherwise deal with them in any manner including resale thereof regardless whether the property purchased and leased be new and/or used.*
 - xii. *To carry on the business of manufacturers, importers and exporters, buyers, sellers, traders, wholesalers, agents, distributors and dealers of all types of textile garments, knitted garments, hosiery goods, trousers, shirts, T-shirts, jackets and other ready-made garments, wearing apparels and clothing accessories of every kind, nature and description, for men, women and children.*
- 1.10.2. It is hereby clarified that for the purposes of this Clause 1.10 of Section V of the Scheme, the consent of the shareholders of the Transferee Company to the Scheme shall be deemed to be sufficient for the purposes of effecting the above amendment, and no further act, instrument or deed by the Transferee Company or resolutions or actions under Section 13 of the Act and / or any other applicable provisions of the Act and rules and regulations framed thereunder, as may be applicable for the alteration of the memorandum of association of the Transferee Company, shall be required, and no further resolution or actions shall be required to be undertaken by the Transferee Company under Sections 13 of the Act or any other applicable provisions of the Act, and rules and regulations framed thereunder, in relation to the same. Upon this Scheme coming into effect, the Transferee Company shall, if required, file the necessary documents/ intimations as per the provisions of Act with the RoC or any other applicable authority to record the aforesaid alteration of its memorandum of association in the manner set out in this Clause 1.10.



1.11 REPEAL AND SAVINGS

The transfer of assets, liabilities and business to, and the continuance of proceedings by or against, the Transferee Company as envisaged in this Scheme shall not affect any transaction or proceedings already concluded by any of the Transferor Companies or the Transferee Company on or before the Effective Date under this Scheme.

