

**COMPOSITE SCHEME OF ARRANGEMENT**

**BETWEEN**

**CHEMBOND CHEMICALS LIMITED**  
(*"DEMERGED COMPANY" / "TRANSFEREE COMPANY"*)

**AND**

**CHEMBOND CHEMICAL SPECIALTIES LIMITED**  
(*"RESULTING COMPANY"*)

**AND**

**CHEMBOND CLEAN WATER TECHNOLOGIES LIMITED**  
(*"TRANSFEROR COMPANY NO. 1" OR "CCWTL"*)

**AND**

**CHEMBOND MATERIAL TECHNOLOGIES PRIVATE LIMITED**  
(*"TRANSFEROR COMPANY NO. 2" OR "CMTPL"*)

**AND**

**PHIROZE SETHNA PRIVATE LIMITED**  
(*"TRANSFEROR COMPANY NO. 3" OR "PSPL"*)

**AND**

**GRAMOS CHEMICALS (INDIA) PRIVATE LIMITED**  
(*"TRANSFEROR COMPANY NO. 4" OR "GCIPL"*)

**AND**

**THEIR RESPECTIVE SHAREHOLDERS**

UNDER SECTIONS 230 TO 232 OF THE COMPANIES ACT, 2013 AND OTHER  
APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 READ WITH  
SECTION 66 OF THE COMPANIES ACT, 2013 ALONG WITH APPLICABLE  
RULES MADE THEREUNDER



## 1. PREAMBLE

- 1.1 This composite scheme of arrangement is presented under the provisions of sections 230–232 read with sections 66 and other applicable provisions of the Companies Act, 2013 (Act) as may be applicable, read with Section 2(19AA) and Section 2(1B) of the Income Tax, 1961 (IT Act) , as may be applicable, to restructure the various businesses of the Demerged Company (as defined hereinafter) and its subsidiaries and associates (direct and indirect), as below:
- a. The Demerged Undertaking (as defined hereinafter) of the Demerged Company shall be transferred to and vested in the Resulting Company (as defined hereinafter);
  - b. The Transferor Company 1 (as defined hereinafter) shall be amalgamated with the Resulting Company; and.
  - c. the Transferor Company 2 (as defined hereinafter), the Transferor Company 3 (as defined hereinafter), and Transferor Company No. 4 shall be amalgamated with the Transferee Company (as defined hereinafter).
- 1.2 In addition, this composite scheme of arrangement also provides for various other matters consequential or otherwise integrally connected herewith.

## 2. OVERVIEW OF THE SCHEME

- 2.1 The Scheme (as defined hereinafter) envisages the demerger of the Demerged Undertaking into the Resulting Company (elaborated in Section I) in compliance with the provisions of Section 2(19AA) of the IT Act, such that:
- a. all the property of the Demerged Undertaking, being transferred by the Demerged Company immediately before the demerger, becomes the property of the Resulting Company by virtue of the demerger;
  - b. all the liabilities relatable to the Demerged Undertaking, being transferred by the Demerged Company immediately before the demerger, become the liabilities of the Resulting Company by virtue of the demerger; and
  - c. the property and the liabilities of the Demerged Undertaking being transferred by the Demerged Company are transferred at values appearing in its books of account immediately before the demerger;
  - d. the Resulting Company issues, in consideration of the demerger, its shares to the shareholders of the Demerged Company on a proportionate basis;
  - e. The transfer of the Demerged Undertaking is on a going concern basis;
  - f. The demerger is in accordance with the conditions, if any, notified under sub-section (5) of Section 72A of the IT Act, by the Central Government in this behalf.
- 2.2 Upon the demerger of the Demerged Undertaking of the Demerged Company and its transfer to and vesting in the Resulting Company pursuant to the Scheme becoming effective on the Effective Date (as defined hereinafter), the Resulting Company will issue shares to the shareholders of the Demerged Company on the Record Date (as defined



hereinafter), in accordance with the Share Exchange Ratio (as defined hereinafter) approved by the Board of Directors of each of the Demerged Company and the Resulting Company and pursuant to Sections 230 to 232 and other relevant provisions of the Act in the manner provided for in this Scheme and in compliance with the provisions of the IT Act.

2.3 The demerger of the Demerged Undertaking of the Demerged Company and its transfer to and vesting in the Resulting Company will be effective from the Appointed Date (as defined hereinafter) but will be operative from the Effective Date.

2.4 The Scheme also envisages amalgamation of:

- i. Transferor Company 1 with the Resulting Company (elaborated in Section II) (Amalgamation – I) and;
- ii. the Transferor Companies (as defined hereinafter) with the Transferee Company (elaborated in Section III) (Amalgamation – II)

in compliance with the provisions of Section 2(1B) of the IT Act, such that:

- a. all the properties of the Transferor Company No. 1 immediately before the amalgamation, shall become the property of the Resulting Company by virtue of Amalgamation – I and all the properties of the Transferor Companies immediately before the amalgamation, shall become the property of the Transferee Company, by virtue of Amalgamation – II;
  - b. all the liabilities of the Transferor Company No. 1 immediately before the amalgamation, shall become the liabilities of the Resulting Company by virtue of Amalgamation – I and all the liabilities of the Transferor Companies immediately before the amalgamation, shall become the liabilities of the Transferee Company, by virtue of Amalgamation – II;
  - c. Transferor Company No. 1 will become an indirect wholly owned subsidiary of the Resulting Company pursuant to the demerger and hence, in consideration for Amalgamation – I, the Resulting Company shall not issue any shares under the Scheme. The existing shareholding of the Transferor Company No. 1 will get cancelled pursuant to the Scheme;
  - d. Transferor Companies are wholly owned subsidiaries and/or step-down subsidiaries of the Transferee Company, and hence, in consideration, the Transferee Company shall not issue any shares under the Scheme. The existing shareholding of the Transferor Companies will get cancelled pursuant to the Scheme.
- 2.5 Demerger, Amalgamation – I and Amalgamation II will be effective from the Appointed Date but will be operative from the Effective Date.
- 2.6 The Demerger shall precede the Amalgamation – I and Amalgamation – II and Amalgamation – I shall precede Amalgamation – II
- 2.7 If any of the terms or provisions of the Scheme are found inconsistent with the provisions of Section 2(1B) or Section 2(19AA) of the IT Act, 1961, at a later date, including resulting from an amendment of law or for any other reason whatsoever, the provisions of Section 2(1B) or Section 2(19AA) of the IT Act, 1961, shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with the provisions of Section



2(1B) or Section 2(19AA) of the IT Act, 1961. Such modifications however, will not affect other parts of the Scheme.

### 3. RATIONALE OF THE SCHEME

- 3.1 The Chembond group, represented by the Demerged Company, viz. Chembond Chemicals Limited and its subsidiaries, step-down subsidiaries and step-down associates, is a well known name in India and engaged in manufacturing a diverse range of specialty chemicals and all products like water treatment, metal treatment, construction chemicals, high performance coatings, animal health, industrial adhesives and sealants and tolling. The Demerged Company has excellent infrastructure facilities like a well-equipped R & D laboratory, multiple regional offices, and production plants, well trained personnel and references across several business segments from the best-known companies in the field. The Demerged Company has come a long way and evolved from being a fledging start-up to India's leading specialty chemicals manufacturer. Based on the aforesaid, the Demerged Company's several businesses carried on by itself and through its subsidiary and step down subsidiary companies and associate companies can broadly be segregated into the following areas: (i) Water Technologies; (ii) Material Technologies; (iii) Construction Chemicals; (iv) Biotechnology; (v) Distribution; (vi) Tolling (vii) Adhesives; and (viii) Industrial Sealants.
- 3.2 Each of the several businesses carried on by the Demerged Company by itself and through its subsidiaries, step-down subsidiaries and step-down associate, including CC & WT Business (as defined hereinafter) has significant potential for growth. The nature of risk and competition involved in each of these businesses is distinct from others and consequently each business or undertaking can attract a different set of investors, strategic partners, lenders, and other stakeholders. There are also differences in the manner in which each of these businesses are required to be managed. In order to enable distinct focus of investors to invest in some of the key businesses and to lend greater focus to the operation of each of its diverse businesses, Demerged Company proposes to re-organize and segregate, by way of a demerger of its Demerged Undertaking and vesting of the same in the Resulting Company and subsequently, amalgamation of the Transferor Companies with the Transferee Company.
- 3.3 The proposed demerger pursuant to this Scheme is expected, inter alia, to result in following benefits:
- a. segregation and unbundling of the CC & WT Business of the Demerged Company into the Resulting Company, which will enable enhanced focus on Retained Business (as defined hereinafter) the Demerged Company and Resulting Company for exploiting opportunities of each of their businesses;
  - b. unlocking of value for the shareholders of the Demerged Company, attracting investors and providing better flexibility in accessing capital, focused strategy and specialisation for sustained growth;
  - c. logistics alignment leading to economies of scale for the Resulting Company and creation of sectoral efficiencies and benefitting stakeholders as well as optimization of operation and capital expenditure; and
  - d. enhancing competitive strength, achieving cost optimisation, ensuring benefits through focused management of the financial, managerial and technical resources, personnel capabilities, skills, expertise and technologies of the Resulting Company and the



Demerged Company thereby significantly contributing to future growth and maximizing shareholders' value.

- 3.4 Upon completion of proposed demerger, Transferor Company No. 1 will become a step-down subsidiary of the Resulting Company. The proposed Amalgamation – I and Amalgamation - II of the subsidiary companies (direct and indirect) into their respective holding company pursuant to this Scheme is expected, inter alia, to result in the following benefits:
- a. It will lead to greater efficiency in overall combined business including economies of scale, efficiency of operations, cash flow management and unfettered access to cash flow generated by the combined business which can be deployed more efficiently for the purpose of development of businesses of the combined entity and their growth opportunities, eliminate inter corporate dependencies, minimize the administrative compliances and to maximize shareholders value;
  - b. It will provide for more productive and optimum utilization of various resources by pooling of the managerial, technical and financial resources of the Transferor Company No. 1, Resulting Company, Transferor Companies and the Transferee Company which will fuel the growth of the business and help effectively address the growing competition;
  - c. It will result in economies of scale, reduction in overheads including administrative, managerial and other expenditure, operational rationalization, organizational efficiency and optimal utilization of resources by elimination of unnecessary duplication of activities and related costs which will in turn promote maximization of stakeholders value;
  - d. It will result in reduction in the multiplicity of legal and regulatory compliances required at present to be separately carried out by the Transferor Company No. 1, Resulting Company, Transferor Companies and the Transferee Company; and
  - e. In summary, the proposed restructuring focuses on optimizing the operational structure to enable better focus, specialization, and efficiency across different business segments, ultimately leading to increased shareholder value and sustained growth for the entities involved.
- 3.5 The proposed restructuring is in the interest of the shareholders, creditors, employees, and other stakeholders in each of the Companies (as defined hereinafter).

#### **4. NO ARRANGEMENT WITH THE CREDITORS**

- 4.1 Under the proposed Scheme, there is no arrangement proposed to be entered into with the creditors, either secured and/or unsecured creditors of the Companies. The liability towards the creditors of the Demerged Undertaking and the Transferor Company No. 1 are neither being reduced nor being extinguished but shall be assumed and discharged by the Resulting Company in its ordinary course of business. Similarly, the liability towards the creditors of the Transferor Companies are neither being reduced nor being extinguished but shall be assumed and discharged by the Transferee Company, in its ordinary course of business.

#### **5. PARTS OF THE SCHEME**

The Scheme (as defined hereinafter) is divided into the following Sections:





## 5.1 SECTION I

### **DEMERGER OF THE DEMERGED UNDERTAKING AND VESTING OF THE SAME IN THE RESULTING COMPANY**

**Part A:** Deals with the background and description of the Companies, Definitions and Share Capital.

**Part B:** Deals with demerger of the Demerged Undertaking of the Demerged Company (as defined hereinafter) and vesting of the same in the Resulting Company (as defined hereinafter), in accordance with Section 2 (19AA) of the IT Act (as defined hereinafter) and Sections 230 to 232 of the Act (as defined hereinafter) and/ or other relevant provisions of the Act (as defined hereinafter).

**Part C:** Deals with the payment of consideration, reorganization of share capital and the accounting treatment in the books of the Demerged Company and the Resulting Company and various other matters consequential or otherwise integrally connected herewith.

## 5.2 SECTION II

### **AMALGAMATION – I: AMALGAMATION OF THE TRANSFEROR COMPANY NO. 1 WITH THE RESULTING COMPANY**

**Part A:** Deals with the background and description of the companies, definitions and share capital.

**Part B:** Deals with amalgamation of the Transferor Company No. 1 with the Resulting Company, in accordance with Section 2 (1B) of the IT Act and Sections 230 to 232 of the Act and/ or other relevant provisions of the Act.

**Part C:** Deals with the payment of consideration, reorganization of share capital and the accounting treatment in the books of the Resulting Company and various other matters consequential or otherwise integrally connected herewith.

## 5.3 SECTION III

### **AMALGAMATION – II: AMALGAMATION OF THE TRANSFEROR COMPANIES INTO THE DEMERGED COMPANY/TRANSFeree COMPANY**

**Part A:** Deals with the background and description of the companies, definitions and share capital.

**Part B:** Deals with amalgamation of the Transferor Companies with the Demerged Company/Transferee Company, in accordance with Section 2 (1B) of the IT Act and Sections 230 to 232 of the Act and/ or other relevant provisions of the Act.

**Part C:** Deals with the payment of consideration, reorganization of share capital and the accounting treatment in the books of the Demerged Company and various other matters consequential or otherwise integrally connected herewith.

## 5.4 SECTION IV

Section IV Deals with the general terms and conditions applicable to the Scheme.



## SECTION I

### DEMERGER OF THE DEMERGED UNDERTAKING AND VESTING OF THE SAME IN THE RESULTING COMPANY

#### PART A

#### 6. BACKGROUND AND DESCRIPTION OF THE COMPANIES

- 6.1 Chembond Chemicals Limited ("Demerged Company" / "Transferee Company") is a Company incorporated on March 22, 1975 in the State of Maharashtra under the Companies Act, 1956 in the name and style of "Chembond Chemicals Private Limited". Subsequently its name was changed to "Chembond Chemicals Limited". The Registered Office of the Demerged Company is situated at Chembond Centre, Plot No. EL-71, TTC Industrial Area, MIDC, Mahape, Navi Mumbai, Maharashtra, India - 400710. The Demerged Company is engaged in the business of manufacturing a diverse range of specialty chemicals and products like water treatment, metal treatment, construction chemicals, high performance coatings, animal health, industrial adhesives and sealants and tolling. The equity shares of the Demerged Company are listed on BSE (as defined hereinafter) and NSE (as defined hereinafter). The Corporate Identification Number of the Demerged Company is L24100MH1975PLC018235.
- 6.2 Chembond Chemical Specialties Limited ("Resulting Company") is a Company incorporated on December 12, 2023 in the State of Maharashtra under the Companies Act, 2013 in the name and style of "Chembond Chemical Specialties Limited". The Registered Office of the Resulting Company is situated at Plot No. EL-37, MIDC, Mahape, Navi Mumbai, Maharashtra, India - 400710. The Resulting Company was formed with the object to carry on the business of Specialty chemicals including but not limited to Construction chemicals and Water Treatment Chemicals. The Corporate Identification Number of the Resulting Company is U20116MH2023PLC415282.
- 6.3 The Resulting Company is a wholly owned subsidiary of the Demerged Company.
- 6.4 In terms of Section I of this Scheme, it is now proposed, inter alia, to demerge the Demerged Undertaking, and vest the same with the Resulting Company pursuant to and in accordance with Sections 230-232 read with Section 66 of the Act (as defined hereinafter), if applicable, and/or other relevant provisions of the Act (as defined hereinafter), in the manner provided for in Section I of the Scheme.
- 6.5 The demerger of the Demerged Undertaking and vesting of the same in the Resulting Company pursuant to and in accordance with Section I of this Scheme will be in accordance with Section 2(19AA) of the IT Act (as defined hereinafter).

#### 7. DEFINITIONS

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

- 7.1 "Act" means the Companies Act, 2013, and ordinances, rules and regulations made thereunder, and shall include any statutory modifications, re-enactments or amendments thereof for the time being in force. References in this Scheme to particular provisions of



the Act, are references to particular provisions of the Companies Act, 2013, unless stated otherwise.

- 7.2 **“Applicable Laws”** shall mean any statute, notification, bye-laws, rules, regulations, guidelines, common law, policy, code, directives, ordinance, schemes, notices, orders or instructions, laws enacted or issued or sanctioned by any appropriate authority in India including any modifications or re-enactment thereof for the time being in force.

**“Appointed Date”** means the commencement of business hours of April 1, 2024 with effect from which all the sections of this Scheme will be deemed to be effective.

- 7.3 **“Board of Directors”** or **“Board”** in relation to each of the Parties, means the board of directors of such company, and shall include a committee of directors or any person authorized by the board of directors or such committee of directors duly constituted and authorized for the purposes of matters pertaining to this Scheme or any other matter relating thereto.

- 7.4 **“BSE”** means BSE Limited and includes any successor thereof.

- 7.5 **“CC & WT Business”** means the construction chemicals, water technologies and cleaning & hygiene businesses of manufacturing, selling, distribution and trading of chemicals, including chemicals used in construction and civil repair industry as well as in relation to chemicals, equipment and services required for water treatment.

- 7.6 **“Companies”** means collectively the Demerged Company/Transferee Company, Resulting Company, Transferor Company No. 1, Transferor Company No. 2, Transferor Company No. 3 and the Transferor Company No. 4.

- 7.7 **“Demerged Company”** means Chembond Chemicals Limited a listed company, incorporated on March 22, 1975 in the State of Maharashtra under the Companies Act, 1956 and having its Registered Office at Chembond Centre, Plot No. EL-71, TTC Industrial Area, MIDC, Mahape, Navi Mumbai, Maharashtra, India – 400710.

- 7.8 **“Demerged Undertaking”** means the CC & WT Business of the Demerged Company as identified by the board of directors of Demerged Company and Resulting Company, to be transferred to Resulting Company on a going concern basis with effect from the Appointed Date, comprising, inter alia, of all assets, movable and immovable properties, liabilities, permits, licenses, registrations, approvals, contracts, and employees, in relation to and pertaining to such business and shall include without limitation:

- a. all properties and assets including all movable or immovable, freehold, leasehold or licensed, tenancy rights, hire purchase and lease arrangements, real or personal, corporeal or incorporeal or otherwise, present, future, contingent, tangible or intangible, furniture, fixtures, office equipment, appliances, accessories, vehicles, investments, stocks, sundry debtors, deposits, provisions, advances, recoverables, receivables, title, interest, cash and bank balances, bills of exchange, covenants, all earnest monies, security deposits, or other entitlements, funds, powers, authorities, licenses, permits, registrations, quotas, allotments, consents, privileges, liberties, advantages, easements and all the rights, title, interests, goodwill, benefits, fiscal incentives, entitlement and advantages, contingent rights or benefits belonging to or in the ownership, power, possession or the control of or vested in or granted in favor of or held for the benefit of or enjoyed by the Demerged Company with respect to the CC & WT Business;





- b. all contracts, agreements, purchase orders/service orders, operation and maintenance contracts, memoranda of understanding, memoranda of undertakings, memoranda of agreements, memoranda of agreed points, minutes of meetings, bids, tenders, expression of interest, letter of intent, hire and purchase arrangements, lease/licence agreements, tenancy rights, agreements/panchnamas for right of way, equipment purchase agreements, agreement with customers, purchase and other agreements with the supplier/manufacture of goods/service providers, other arrangements, undertakings, deeds, bonds, schemes, concession agreements, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise and all rights, title, interests, claims and benefits thereunder pertaining to the CC & WT Business;
- c. all investments in equity shares, securities, working capital and loans & advances in so far as it related to the CC & WT Business, including equity investments of the Demerged Company in Chembond Water Technologies Limited, Chembond Calvatis Industrial Hygiene Systems Limited, and Chembond Distribution Limited
- d. all applications (including hardware, software, licenses, source codes, para-meterisation and scripts), registrations, goodwill, licenses, trade names, service marks, copyrights, patents, domain names, designs, intellectual property rights (whether owned, licensed or otherwise, and whether registered or unregistered), trade secrets, research and studies, technical knowhow, confidential information and all such rights of whatsoever description and nature that pertain exclusively to the CC & WT Business under;
- e. all tax credits, refunds, reimbursements, claims, concessions, exemptions, benefits under Tax Laws including sales tax deferrals and minimum alternate tax paid under Section 115JA/115JB of the Income-tax Act, advance taxes, tax deducted at source, right to carry forward and set-off accumulated losses and unabsorbed depreciation, if any, deferred tax assets, minimum alternate tax credit, goods and service tax credit, deductions and benefits under the Income-tax Act or any other taxation statute enjoyed by the Demerged Company with respect to CC & WT Business;
- f. all debts, liabilities including contingent liabilities, duties, taxes and obligations of the Demerged Company pertaining to the CC & WT Business and/or arising out of and/or relatable to the CC & WT Business including:
- g. the debts, liabilities, duties and obligations of the Demerged Company which arises out of the activities or operations of the CC & WT Business;
- h. specific loans and borrowings raised, incurred and utilized solely for the activities or operations of or pertaining to the CC & WT Business;
- i. in cases other than the specifically identified borrowings, so much of the amounts of general or multipurpose borrowings, if any, of the Demerged Company, as stand in the same proportion which the value of the assets transferred pursuant to the demerger bears to the total value of the assets of the Demerged Company immediately prior to the Effective Date;
- j. all Proceedings of whatsoever nature that pertain to the CC & WT Business;
- k. all Permits, licenses, approvals, registrations, quotas, incentives, powers, authorities, allotments, consents, rights, benefits, advantages, municipal permissions, trademarks, designs, copyrights, patents, and other intellectual property rights of the Demerged



Company pertaining to CC & WT Business, whether registered or unregistered and powers of every kind, nature and description whatsoever, whether from the government bodies or otherwise, pertaining to or relating to CC & WT Business;

- l. all books, records, files, papers, process information, computer programs, software licenses (whether proprietary or otherwise), drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form in connection with or relating to CC & WT Business;
- m. all permanent and/or temporary employees, workmen, staff, contract staff or workers of the Demerged Company engaged in the business of the CC & WT Business;

Any question that may arise as to whether a specific asset or liability pertains or does not pertain to the Demerged Undertaking or whether it arises out of the activities or operations of the Demerged Undertaking shall be decided by the Board of Directors of the Demerged Company and the Resulting Company.

Further the Board of Directors of the Demerged Company and the Resulting Company may mutually decide the modalities/commercial arrangement between the said companies with regard to utilization of resources to ensure smooth transition and functioning of the respective businesses.

- 7.9 **“Effective Date”** means the date on which the last of the conditions in Clause 46 of Section IV of the Scheme are complied with and Sections I, Section II, Section III and Section IV of the Scheme are made effective with effect from the Appointed Date.
- 7.10 **“Governmental Authority”** means any applicable Central, State or Local Government, statutory, regulatory, departmental or public body or authority of relevant jurisdiction, legislative body or administrative authority, agency or commission or any Court, Tribunal, board, bureau or instrumentality thereof including Securities and Exchange Board of India, Stock Exchanges, Registrar of Companies, Official Liquidators, Regional Directors, Foreign Investment Promotion Board, Reserve Bank of India, Insurance Regulatory and Development Authority of India or arbitration or arbitral body having jurisdiction, Tribunal and other government and regulatory authorities of India.
- 7.11 **“Income-tax Act or IT Act”** means the Income-tax Act, 1961 (43 of 1961), the rules made thereunder and will include any statutory amendment(s), modification(s) or re-enactment(s) thereof for the time being in force.
- 7.12 **“Intellectual Property Rights”** means and includes patents, trademarks, service marks, registered designs, data base rights, trade or business names, know-how, dossiers, marketing authorizations, copy-rights, domain name rights and any other intellectual property rights and rights of a similar and corresponding nature in any part of the world, whether registered or not and whether capable of registration or not.
- 7.13 **“NSE”** means National Stock Exchange of India Limited and includes any successor thereof;
- 7.14 **“Tribunal”** means the National Company Law Tribunal, Mumbai bench having jurisdiction in relation to the Companies and shall be deemed to include, if applicable, a



reference to such other forum or authority which may be vested with any of the powers of Tribunal to sanction the Scheme under the Act.

- 7.15 **“Resulting Company”** means Chembond Chemical Specialties Limited, an unlisted company, incorporated on December 12, 2023, in the State of Maharashtra under the Companies Act, 2013 and having its Registered Office at EL-37 MIDC Mahape, Navi Mumbai 400710, Maharashtra, India;
- 7.16 **“Record Date”** has the meaning ascribed to it in Clause 11.1 of Section I of this Scheme;
- 7.17 **“Registrar of Companies or ROC”** shall mean the relevant Registrar of Companies having territorial jurisdiction in the states(s) in which the respected Registered Office of the Companies are located;
- 7.18 **“Retained Business of the Demerged Company”** means all undertakings, investments, businesses, activities and operations of the Demerged Company other than those comprised in the Demerged Undertaking.
- 7.19 **“Scheme” or “the Scheme” or “this Scheme”** means this Composite Scheme of Arrangement in its present form or with any modification(s) made hereunder in this Scheme as approved or directed by the Hon’ble Tribunal and which is acceptable to the Board of Directors of the Companies;
- 7.20 **“SEBI”** means the Securities and Exchange Board of India;
- 7.21 **“SEBI Circulars”** means Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 issued by the SEBI on June 20, 2023 (as amended from time to time) or any other circulars issued by SEBI applicable to schemes of arrangement from time to time;
- 7.22 **“Stock Exchanges”** means BSE Limited and National Stock Exchange of India Limited collectively;

The expressions, which are used in this Section I of the Scheme and not defined herein shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under Section II, Section III or Section IV of the Scheme, 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, notifications, orders, as the case may be, including any statutory modification or re-enactment thereof, from time to time.

## 8. INTERPRETATIONS

- 8.1 All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the IT Act, the Securities Contracts (Regulation) Act, 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, as the case may be, or any statutory modification(s) or re-enactment(s) thereof from time to time.
- 8.2 In this Scheme, unless the context otherwise requires:



- a. references to “persons” shall include individuals, bodies corporate (wherever incorporated), unincorporated associations and partnerships;
- b. the headings, sub-headings, titles, sub-titles to clauses, sub-clauses and paragraphs are inserted for ease of reference only and shall not form part of the operative provisions of this Scheme and shall not affect the construction or interpretation of this Scheme;
- c. words in the singular shall include the plural and vice versa;
- d. words “include” and “including” are to be construed without limitation;
- e. terms “hereof”, “herein”, “hereby”, “hereto” and derivative or similar words shall refer to this entire Scheme or specified clauses of this Scheme, as the case may be;
- f. a reference to “writing” or “written” includes printing, typing, lithography and other means of reproducing words in a visible form including e-mail;
- g. reference to any agreement, contract, document or arrangement or to any provision thereof shall include references to any such agreement, contract, document or arrangement as it may, after the date hereof, from time to time, be amended, supplemented or novated;
- h. reference to the recital or clause shall be a reference to the recital or clause of this Scheme; and
- i. references to any provision of law or legislation or regulation shall include: (a) such provision as from time to time amended, modified, re-enacted or consolidated (whether before or after the date of this Scheme) to the extent such amendment, modification, re-enactment or consolidation applies or is capable of applying to the transaction entered into under this Scheme and (to the extent liability thereunder may exist or can arise) shall include any past statutory provision (as amended, modified, re-enacted or consolidated from time to time) which the provision referred to has directly or indirectly replaced, (b) all subordinate legislations (including circulars, notifications, clarifications or supplement(s) to, or replacement or amendment of, that law or legislation or regulation) made from time to time under that provision (whether or not amended, modified, re-enacted or consolidated from time to time) and any retrospective amendment.

## 9. SHARE CAPITAL

9.1 The share capital of the Demerged Company as on March 31, 2023 was as under:

Particulars	Amount (in Rs.)
<b>Authorized Capital</b>	
2,00,00,000 Equity Shares of Rs.5/- (Rupees Five Only) each	100,000,000
<b>Total</b>	<b>100,000,000</b>
<b>Issued, Subscribed and Paid-up Capital</b>	
134,48,288 Equity Shares of Rs.5/- (Rupees Five Only) each	6,72,41,440
<b>Total</b>	<b>6,72,41,440</b>

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





The equity shares of the Demerged Company are listed on BSE and NSE.

9.2 The main object of the Demerged Company are as below:

- "1. To carry on the business whether in India or outside India of manufacturing, producing, processing, mixing, blending, refining, formulating, buying, selling, distributing or otherwise dealing in all kinds and varieties of chemicals including but not limited to speciality chemicals, intermediates, or chemical mixtures, additives, adhesives, cleaning agents, bonding agents, waterproofing compound, chemicals for coating or otherwise, organic / inorganic chemicals, resins, resins based chemicals, corrosion inhibitors, surface treatment of ferrous and non-ferrous metals and other substrates for anti-corrosive, paint adhesion or lubricity purposes, electrolytic cleaners, chemical paint strippers, chemically treated cloth, face mask and other material for dust control and removal, chemicals and polishes for finished products, plastic compounds, particularly polyvinyl chloride, liquid plastic membranes, liquid plastic coating materials and chemicals of all types, all kinds of paints, enamels, varnishes, coatings, enzymes, sealants etc., whole range of water and waste water treatment chemicals, systems and machineries, water management solutions, water treatment membranes, oilfield and process chemicals, textile chemicals, bio-based chemicals, bio-remediation cultures and chemicals, engineering polymers and materials, Bio based polyamides used as engineering and performance plastics, high performance polymers for commodity and automobile applications, high performance and high temperature withstanding plasticisers as lubricating additive for rolling steel application, synthesise and characterization of monomers for high performance differentiated polyimides, Electronic instruments and smart automation products.*
- 2. To carry on all or any business of manufacturers, dealers or processors in the field of pretreatment of ferrous and non-ferrous metals for anti-corrosive and paint adhesion purposes.*
- 3. To carry on all or any of the business of Chemical Engineers, Manufacturers, dealers in chemicals and as inventors, exploiters or all types of processes on the field of chemicals and the pre-treatment for anticorrosive and paint adhesive purposes of metals and metallic substances.*
- 4. To undertake and execute or sub-contract whole or in part any engineering contracts for supply, manufacture, use or application of all types of the above products, either for construction, repairs, maintenance, coating, bonding or otherwise and to undertake and carry out construction and development activities, facility management, project management consultancy, technical equipments and installations, providing performance monitoring services, undertaking operating and maintenance contracts, offering EPC and design engineering services.*
- 5. To establish, operate, propagate, manufacture, produce, cultivate, process, do research and development, test, analyze, collaborate, import, export, sell, purchase or otherwise deal in marketing or multi-marketing of healthcare and nutrition products, food or food supplements for cattle, livestock, poultry, pets, fishes and all living species, whether for healthcare, nutrition or bioscience (any of the life sciences) related purposes. Products can include any chemicals, drugs, intermediates, plants, herb and vegetable extracts, marine / sea foods, natural or genetically modified organisms or organism derived products, manufactured through plant & machinery, fermentation, membrane processing, or through any other processing.*
- 6. To undertake, conduct, promote or carry on or to help to undertake, conduct, promote or carry on either the scientific and/ or industrial research and developmental activities to develop new products or substitute for existing / imported products and to develop and maintain testing house and laboratory for own use and for others either solely or in association with others in connection with the Company's object or trade or businesses or any of them.*
- 7. To carry on any other business (whether manufacturing or otherwise), which may seem to the Company capable of being conveniently or advantageously carried on in connection with the Company's objects or which*





*it may feel advisable to undertake with a view to developing, rendering valuable prospect or turning to account or in which the Company may be interested.”*

9.3 The share capital of the Resulting Company as on December 12, 2023 was as under:

Particulars	Amount (in Rs.)
<b>Authorized Capital</b>	
10,000 Equity Shares of Rs.5/- (Rupees Five Only) each	50,000
<b>Total</b>	<b>50,000</b>
<b>Issued, Subscribed and Paid-up Capital</b>	
10,000 Equity Shares of Rs.5/- (Rupees Five Only) each	50,000
<b>Total</b>	<b>50,000</b>

The equity shares of the Resulting Company are not listed on any stock exchanges.

9.4 The main object of the Resulting Company are as below:

1. *“To carry on the business whether in India or outside India of manufacturing, producing, processing, trading, mixing, blending, refining, formulating, buying, selling, distributing or otherwise dealing in all kinds and varieties of chemicals including but not limited to speciality chemicals, intermediates, or chemical mixtures, admixtures, repair and bonding chemicals, water proofing chemicals, surface treatment, tiling chemicals, sealants, additives, adhesives, grouts and anchors, cleaning agents, bonding agents, waterproofing compound, chemicals for coating or otherwise, organic / inorganic chemicals, resins, resins based chemicals, corrosion inhibitors, surface treatment of ferrous and non-ferrous metals and other substrates for anti-corrosive, paint adhesion or lubricity purposes, electrolytic cleaners, chemical paint strippers, chemically treated cloth, face mask and other material for dust control and removal, chemicals and polishes for finished products, plastic compounds, particularly polyvinyl chloride, liquid plastic membranes, liquid plastic coating materials and chemicals of all types, all kinds of paints, enamels, varnishes, coatings, enzymes, sealants etc, whole range of water and waste water treatment chemicals, systems and machineries, water management solutions, water treatment membranes, oilfield and process chemicals, textile chemicals, bio-based chemicals, bio-remediation cultures and chemicals, engineering polymers and materials, Bio based polyamides used as engineering and performance plastics, high performance polymers for commodity and automobile applications, high performance and high temperature withstanding plasticisers as lubricating additive for rolling steel application, synthesise and characterization of monomers for high performance differentiated polyimides, Electronic instruments and smart automation products.”*



## **PART B**

### **10. DEMERGER OF THE DEMERGED UNDERTAKING OF THE DEMERGED COMPANY AND VESTING OF THE SAME IN THE RESULTING COMPANY**

10.1 Subject to the provisions of Section I of the Scheme in relation to the modalities of demerger and vesting, upon Section I of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, the Demerged Undertaking, together with all their respective properties, assets, investments, liabilities, rights, benefits, interests and obligations therein, shall demerge from the Demerged Company be transferred to, and stand vested in, the Resulting Company, and shall become the property of and an integral part of the Resulting Company, subject to existing encumbrances (unless otherwise agreed to by the encumbrance holders), without any further act, instrument or deed required by either of the Demerged Company or the Resulting Company and without any approval or acknowledgement of any third party. Without prejudice to the generality of the above, in particular, the Demerged Undertaking shall stand transferred and vested in the Resulting 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 pertaining to the Demerged Undertaking, whether freehold or leasehold (including the right to use the land on which the CC & WT Business is located and any documents of title, rights and easements in relation thereto, shall stand transferred and vested in the Resulting Company, and shall become the property and an integral part of the Resulting Company, without any further act, instrument or deed required by either of the Demerged Company or the Resulting Company, and without any approval or acknowledgement of any third party. Upon Section I of the Scheme coming into effect on the Effective Date, the Resulting Company shall be entitled to exercise all rights and privileges and be liable to pay all taxes and charges, and fulfill all obligations, in relation to or applicable to such immovable properties. The mutation/ substitution of the title to and interest in such immovable properties shall be made and duly recorded in the name of the Resulting Company, by the appropriate authorities pursuant to the sanction of the Scheme by the Tribunal and Section I of the Scheme becoming effective on the Effective Date in accordance with the terms hereof. The Demerged Company shall take all steps as may be necessary to ensure that lawful and peaceful possession, right, title, interest of such immovable property of the Demerged Undertaking is given to the Resulting Company in accordance with the terms hereof.
- 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 Demerged Undertaking as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and delivery or by transfer or by vesting and recordal pursuant to the Scheme, shall stand transferred and vested in the Resulting Company, and shall become the property and an integral part of the Resulting Company, without any further act, instrument or deed required by either of the Demerged Company or the Resulting Company and without any approval or acknowledgement of any third party. The transfer and vesting pursuant to this sub-Clause shall be deemed to have occurred by manual delivery or endorsement and delivery, as appropriate to the property being transferred and vested, and the title to such property shall be deemed to have transferred and vested accordingly.
- 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 all sundry debts and receivables as of Appointed Date



due to the Resulting Company from the Demerged Company as a result of the implementation of Section I of the Scheme), outstanding loans and advances, if any, relating to the Demerged Undertaking, recoverable in cash or in kind or for value to be received, actionable claims, bank balances and deposits, if any with government, semi-government, local and other authorities and bodies, customers and other persons shall, without any act, instrument or deed required by either the Demerged Company or the Resulting Company and without any approval or acknowledgement of any third party become the property of the Resulting Company.

- d. Upon Section I of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations, secured or unsecured, relating to the Demerged Undertaking, whether provided for or not in the books of accounts of the Demerged Company or disclosed in the balance sheet of such Demerged Undertaking, including general and multipurpose borrowings, if any, dealt with in accordance with Section 2(19AA) of the IT Act, shall become and be deemed to be, the debts, liabilities, contingent liabilities, duties and obligations of the Resulting Company, without any further act, instrument or deed required by either of the Demerged Company or the Resulting Company. The Resulting Company undertakes to meet, discharge and satisfy the same. It is hereby clarified that it shall not be necessary to obtain the consent of any third party or other person, who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause. However, the Demerged Company and the Resulting Company shall, if required, file appropriate forms with the RoC accompanied by the sanction order of the Tribunal or a certified copy thereof and execute necessary deeds or documents in relation to creation/satisfaction/modification of charges to the satisfaction of the lenders, in relation to the assets being transferred to the Resulting Company as part of the Demerged Undertaking and/or in relation to the assets remaining in the Demerged Company after the demerger and vesting of the Demerged Undertaking in the Resulting Company pursuant to Section I of this Scheme becoming effective in accordance with the terms hereof. Where any of the loans, liabilities and obligations attributed to the Demerged Undertaking have been discharged by the Demerged Company on behalf of the Demerged Undertaking after the Appointed Date but before the Effective Date, such discharge shall be deemed to have been done by the Demerged Company for and on behalf of the Resulting 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 or in relation to the Demerged Undertaking shall stand transferred and vested in the Resulting Company, and shall become the property and an integral part of the Resulting Company without any further act, instrument or deed required by either the Demerged Company or the Resulting Company and without any approval or acknowledgement of any third party.
- 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, memoranda of understanding, memoranda of agreements, tenders, bids, experience and/or performance statements, contracts, deeds, bonds, agreements, insurance policies, guarantees and indemnities, schemes, arrangements, undertakings and other instruments of whatsoever nature or description, in relation to the Demerged Undertaking to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, shall be in full force and effect against or in favour of the Resulting Company and may be enforced by or against it as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto, without any further act, instrument or



deed required by either of the Demerged Company or the Resulting Company and without any approval or acknowledgement of any third party.

- g. Upon Section I of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all rights, entitlements, licenses, permits, applications and registrations relating to copyrights, trademarks, service marks, brand names, logos, patents and other intellectual property rights of every kind and description, whether registered, unregistered or pending registration, including the joint right to use the brand name "Chembond" and its logo and other brands, and the goodwill arising therefrom, relating to the Demerged Undertaking, to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, shall be extended (including joint right to use the brand name "Chembond" and its logo and other brands) to the Resulting Company. Accordingly, the joint rights to use the Chembond brand and other brands shall remain with both, the Demerged Company and the Resulting Company.
- h. 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, approvals, clearances, tenancies, privileges, powers, offices, taxes, tax credits (including, but not limited to, credits in respect of income tax (including carry forward tax losses comprising of unabsorbed depreciation), sales tax, value added tax, turnover tax, excise duty, service tax, minimum alternate tax credit, goods and service tax credit), facilities of every kind and description of whatsoever nature, in relation to the Demerged Undertaking to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, shall be enforceable by or against the Resulting Company, as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto, without any further act, instrument or deed required by either of the Demerged Company or the Resulting Company and without any approval or acknowledgement of any third party.
- i. Upon Section I of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, any statutory or regulatory licenses, grants, allotments, recommendations, no-objection certificates, permissions, registrations, approvals, consents, permits, quotas, exemptions, entitlements or rights required to carry on the operations of the Demerged Undertaking or granted to the Demerged Company in relation to the Demerged Undertaking shall stand transferred and vested in the Resulting Company, without any further act, instrument or deed required by either of the Demerged Company or the Resulting Company and without any approval or acknowledgement of any third party. The benefit of, and the obligations under, all such statutory and regulatory licences, permissions, grants, allotments, recommendations, no-objection certificates, permissions, registrations, approvals, consents, permits, quotas, exemptions, entitlements or rights (including environmental approvals and consents) required to carry on the operations of the Demerged Undertaking shall also stand transferred and vested in and become available to the Resulting Company pursuant to Section I of this Scheme without any further act, instrument or deed required by either the Demerged Company or the Resulting Company and without any approval or acknowledgement of any third party. If the consent or recordal of any licensor or





authority is required to give effect to the provisions of this sub-clause, the said licensor or authority shall make and duly record the necessary substitution/endorsement in the name of the Resulting Company pursuant to Section I of the Scheme becoming effective in accordance with the terms hereof.

- j. Upon Section I of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, the Resulting Company shall bear the burden and the benefits of any legal, tax, quasi judicial, administrative, regulatory or other proceedings initiated by or against the Demerged Company in connection with the Demerged Undertaking. If any suit, appeal or other proceeding of whatever nature by or against the Demerged Company in connection with the Demerged Undertaking be pending, the same shall not abate, be discontinued or in any way be prejudicially affected by reason of the demerger of such Demerged Undertaking and transfer and vesting of the same in the Resulting Company or of anything contained in Section I of this Scheme but the proceedings may be continued, prosecuted and enforced by or against the Resulting 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 Demerged Company as if Section I of this Scheme had not been made effective. Upon Section I of the Scheme becoming effective, the Resulting Company undertakes to have such legal or other proceedings initiated by or against the Demerged Company in relation to the Demerged Undertaking transferred in its name and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company. The Resulting Company also undertakes to handle all legal or other proceedings which may be initiated against the Demerged Company in connection with the Demerged Undertaking after the Effective Date in its own name and account and further undertakes to pay all amounts including interest, penalties, damages etc., pursuant to such legal/ other proceedings.
- k. Upon Section I of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all persons that were employed in the Demerged Company in connection with the Demerged Undertaking immediately before such date shall become employees of the Resulting Company, with the benefit of continuity of service on the terms and conditions no less favourable than those applicable to such employees immediately prior to such transfer and vesting and without any break or interruption in service. It is clarified that such employees of the Demerged Company that become employees of the Resulting Company by virtue of Section I of this Scheme coming into effect, shall continue to be governed by the terms of employment as were applicable to them immediately before such transfer (including in relation to stock options except to the extent modified by this Scheme) 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 Resulting Company, unless and otherwise so stated by the Resulting Company in writing in respect of all employees, class of employees or any particular employee. The Resulting Company undertakes to continue to abide by any agreement/ settlement, if any, entered into by the Demerged Company, in relation to the Demerged Undertaking, in respect of such employees with their respective employees/ employee unions, if any. With regard to the provident fund, gratuity fund, superannuation fund, contributions required to be made under the Employees State Insurance Act, 1948, or any other special fund or obligation created or existing for the benefit of such employees of the Demerged Company, upon Section I of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, the Resulting Company shall stand substituted for the Demerged Company for all purposes whatsoever including with regard to the obligation 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 benefits, gratuity benefits and superannuation benefits, contributions made under the Employees State Insurance Act, 1948, or any other special benefits or obligation, if any, created by the Demerged Company for the employees of the Demerged Undertaking shall be continued by the Resulting Company for the benefit of such employees on the same terms and conditions. It is the aim and intent of Section I of the Scheme that all the rights, duties, powers and obligations of the Demerged Company in relation to such schemes or benefits shall become those of the Resulting Company. Further, upon Section I of the Scheme coming into effect, any prosecution or disciplinary action initiated, pending or contemplated against and any penalty imposed in this regard on any employee by the Demerged Company in relation to the Demerged Undertaking shall be continued/ continue to operate against the relevant employee and shall be enforced effectively by the Resulting Company.

1. Upon Section I of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all taxes paid or payable by the Demerged Company in relation to the Demerged Undertaking including all carry forward tax losses comprising of unabsorbed depreciation, advance tax payments, tax deducted at source, tax liabilities or any refunds and claims (including unutilized input credits of the Demerged Undertaking) shall be treated as the carry forward tax losses comprising of unabsorbed depreciation, advance tax payments, tax deducted at source, tax liabilities or refunds/ claims (including unutilized input credits) as the case may be, of the Resulting Company. Upon Section I of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all existing and future incentives, un-availed credits and exemptions, benefit of carried forward losses and other statutory benefits, including in respect of income tax (including Minimum Alternative Tax), excise (including Modvat/ Cenvat), customs, value added tax, sales tax, service tax to which the Demerged Company is entitled in relation to the Demerged Undertaking shall be available to and shall stand transferred and vested in the Resulting Company without any further act, instrument or deed required by either the Resulting Company or the Demerged Company and without any approval or acknowledgement of any third party. Upon Section I of the Scheme coming into effect on the Effective Date with effect from the Appointed Date, any tax deducted at source deducted by or on behalf of the Demerged Company until the Effective Date shall be deemed to have been deducted on behalf of the Resulting Company to the extent of the income attributable to the Demerged Undertaking during such period.
  - m. Upon Section I of the Scheme coming into effect on the Effective Date, the Demerged Company and the Resulting Company shall be entitled to file/ revise/reopen their respective financial statements (including balance sheet and profit and loss statement) and its statutory/tax returns and related tax payment certificates and to claim refunds/credits and advance tax/ TDS/minimum alternate tax credits as may be required consequent to the implementation of Section I of the Scheme.
- 10.2 The Demerged Company and/or the Resulting Company as the case may be, shall, at any time after this Scheme becoming effective in accordance with the provisions hereof, if so required under Applicable Law or otherwise, do all such acts or things as may be necessary to transfer/novate the approvals, consents, exemptions, registrations, no-objection certificates, permits, quotas, rights, entitlements, licenses and certificates which were held or enjoyed by the Demerged Undertaking. It is hereby clarified that if the consent of any third party or Governmental Authority, if any, 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 Resulting Company pursuant to the sanction of this Scheme by the Tribunal, and upon this Scheme becoming effective in accordance with the provisions of the Act and with the terms hereof. For this purpose, the



Resulting Company shall file appropriate applications/documents with relevant authorities concerned for information and record purposes.

- 10.3 The Resulting Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Demerged Company and to carry out or perform all such acts, formalities or compliances referred to above as may be required in this regard.
- 10.4 The Resulting Company is and shall always be deemed to have been authorised to execute any pleadings, applications, forms, etc., as may be required to remove any difficulties and carry out any formalities or compliance as are necessary for the implementation of this Scheme, pursuant to the sanction of this Scheme by the Tribunal.
- 10.5 Without prejudice to the other provisions of the Scheme and notwithstanding the vesting of the Demerged Undertaking into the Resulting Company by virtue of Section I of the Scheme, in order to ensure (i) implementation of the provisions of the Scheme; and (ii) continued vesting of the benefits, exemptions available to the Demerged Undertaking in favour of the Resulting Company, the Resulting Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under Applicable Law or otherwise, execute deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement in relation to Demerged Undertaking, including any filings with the regulatory authorities in order to give formal effect to the above provisions and to carry out or perform all such formalities or compliances referred to above. The Resulting Company will, if necessary, also be a party to the above.

10.6 **Conduct of Business**

- 10.6.1 With effect from the date of approval of this Scheme by the respective Boards and up to and including the Effective Date:
- a. The Demerged Company shall be deemed to have been carrying on and shall carry on its business and activities relating to the Demerged Undertaking and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its estates, properties, rights, title, interest, authorities, contracts and investments and assets forming part of the Demerged Undertaking for and on account of and in trust for Resulting Company.
  - b. All the profits or income accruing or arising to Demerged Company and expenditure or losses arising or incurred or suffered by Demerged Company which form part of Demerged Undertaking, for the period commencing from the Appointed Date shall, for all purposes be treated and be deemed to be accrued as the income or profits or losses or expenditure as the case may be of Resulting Company, except for profits or income accruing to the Retained Business of Demerged Company.
  - c. Demerged Company undertakes that it will preserve and carry on the business of the Demerged Undertaking and hold its said assets with reasonable diligence and business prudence and shall not undertake financial commitments in respect of, or sell, transfer, alienate, charge, mortgage, or encumber, the Demerged Undertaking or any part thereof or recruit new employees or conclude settlements with union or employees without the concurrence of Resulting Company or undertake substantial expansion or change the general character or nature of the business of the Demerged Undertaking or any part thereof save and except in each case:



1. if the same is in its ordinary course of business;
  2. if the same is expressly permitted by this Scheme; or
  3. if the prior consent of the Resulting Company has been obtained.
- 10.6.2 Subject to the provisions of Clause 10.6.1 hereinabove, in the event any asset, contract, document, liability or property or the rights, interest, obligations and benefits thereof or thereunder (including without limitation, shipping documents, bills of entry, foreign inward remittance certificates and bank realization certificates), which is a part of the Demerged Undertaking does not get automatically transferred to the Resulting Company upon Section I of the Scheme coming into effect on the Effective Date, the Demerged Company shall take all necessary steps and execute all necessary documents, to ensure the transfer of such asset, contract, document, liability and property or the rights, interest, obligations and benefits thereof and thereunder to the Resulting Company forthwith after the Effective Date without any further consideration and until the transfer of any such asset, the Resulting Company will have the right to use the same without payment of any additional consideration. It is clarified that even after Section I of the Scheme comes into effect on the Effective Date, the Demerged Company shall, with the written consent of the Resulting Company, be entitled to realize or pay all monies and to complete, enforce or discharge all pending contracts, arrangements or obligations in relation to the Demerged Undertaking in trust and at the sole cost and expense of the Resulting Company in so far as may be necessary until all rights and obligations of the Demerged Company in respect of such pending contracts, arrangements or obligations stand fully devolved to and in favour of the Resulting Company.
- 10.6.3 With effect from the Effective Date, Resulting Company shall commence and carry on and shall be authorized to carry on the CC & WT Business which was earlier carried on by Demerged Company.
- 10.6.4 In the event of any increase in the issued, subscribed or paid up share capital of the Demerged Company or the Resulting Company, issuance of any instruments convertible into equity shares or restructuring of their respective equity share capital including by way of consolidation, share split, issue of bonus shares, or other similar action, that occurs before the issuance of equity shares of the Resulting Company, the Share Entitlement Ratio, may be appropriately adjusted to take into account the effect of such issuance or corporate actions and assuming conversion of any such issued instruments convertible into equity shares.
- 10.7 **Retained Business of Demerged Company**
- 10.7.1 The Retained Business of Demerged Company and all the assets, properties, rights, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by Demerged Company, and Resulting Company shall have no right, claim or obligation in relation to the Retained Business of Demerged Company
- 10.7.2 All legal, taxation and other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against Demerged Company under any statute, whether relating to the period prior to or after the Appointed Date and whether pending on the Appointed Date or which may be instituted in future, whether or not in respect of any matter arising before the Effective Date and relating to the Retained Business of Demerged Company (including those relating to any property, right, power, liability, obligation or duty of Demerged Company in respect of the Retained Business of Demerged Company and any



income tax related liabilities) shall be continued and enforced by or against Demerged Company even after the Effective Date.

10.7.3 Upto and including the Effective Date:

- a. Demerged Company shall carry on and shall be deemed to have been carrying on all business and activities relating to the Retained Business of Demerged Company for and on its own behalf;
- b. all profits accruing to Demerged Company or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Retained Business of Demerged Company shall, for all purposes, be treated as the profits or losses, as the case may be, of Demerged Company; and
- c. all assets and properties acquired by Demerged Company in relation to the respective Retained Business of Demerged Company on and after the Appointed Date shall belong to and continue to remain vested in Demerged Company.





## PART C

### 11. CONSIDERATION

- 11.1 Upon Section I of the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, and upon the transfer of the Demerged Undertaking and vesting of the same in the Resulting Company, the Board of Directors of the Resulting Company shall determine a record date, being a date subsequent to the filing of the order of the Tribunal sanctioning the Scheme with the RoC ("Record Date") for the allotment of (i) equity shares having face value of Rs. 5 (Rupees Five) each of Resulting Company, credited as fully paid up; to the equity shareholders of the Demerged Company as on the Record Date, in consideration for the demerger of the Demerged Undertaking.
- 11.2 The Board of Directors of the Resulting Company and the Demerged Company, respectively have determined the share entitlement ratio, such that:
- (a) for every 1 (One) fully paid-up equity share having face value of Rs. 5 (Rupees Five) each held in the Demerged Company as on the Record Date, the equity shareholders of the Demerged Company shall be issued 2 (Two) fully paid-up equity shares having face value of Rs. 5 (Rupees Five) each, in the Resulting Company.*
- 11.3 The equity shares to be issued by the Resulting Company shall be issued in dematerialized form to those shareholders who hold shares of the Demerged Company in dematerialized form, into the account in which shares of the Demerged Company are held or such other account as is intimated in writing by the shareholders to the Demerged Company and/ or its registrar provided such intimation has been received by the Demerged Company and/ or its registrar at least 7 (seven) days before the Record Date. All those shareholders who hold shares of the Demerged Companies in physical form shall also receive the equity shares to be issued by Resulting Company, in dematerialized form provided the details of their account with the depository participant are intimated in writing to the Demerged Company and/ or its registrar provided such intimation has been received by the Demerged Company and/ or its registrar at least 7 (seven) days before the Record Date. If no such intimation is received from any shareholder who holds shares of the Demerged Company in physical form 7 (seven) days before the Record Date, or if the details furnished by any shareholder do not permit electronic credit of the shares of the Resulting Company, then the Resulting Company may allot physical shares or shares in such other form, to such shareholder as may be permitted under the Applicable Law.
- 11.4 In the event of any increase in the issued, subscribed or paid up share capital of the Demerged Company or the Resulting Company, issuance of any instruments convertible into equity shares or restructuring of their respective equity share capital including by way of consolidation, share split, issue of bonus shares, qualified institutional placement or other similar action, as per applicable laws, that occurs after the date of approval of the Scheme by the respective Boards and before issuance of shares to the shareholders of the Demerged Company pursuant to Clause 11.2, the Share Entitlement Ratio will be appropriately adjusted to take into account the effect of such issuance or corporate actions and assuming conversion of any such issued instruments convertible into equity shares.
- 11.5 The equity shares to be issued and allotted by Resulting Company to the equity shareholders of Demerged Company shall be subject to the Scheme, the memorandum and articles of association of Resulting Company and applicable laws shall rank pari passu in all respect with the then existing equity shares of Resulting Company.





- 11.6 It is hereby clarified that no equity shares shall be issued by the Resulting Company to any equity shareholder of the Demerged Company in respect of fractional entitlements, if any, as on the Record Date, of such equity shareholder and the fractional entitlements, if any, of such equity shareholders of the Demerged Company shall be ignored at the time of issue and allotment of such equity shares by the Resulting Company.
- 11.7 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of Demerged Company, the Board of Demerged Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or transferee of equity shares in Demerged Company, after the effectiveness of this Scheme. The Board of the Demerged Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new shareholders in Demerged Company on account of difficulties faced in the transaction period.
- 11.8 The share entitlement ratio stated in Clause 11.2 above has been determined and agreed upon by the respective boards of directors of each of the Demerged Company and the Resulting Company based on their independent judgment after taking into consideration the recommendation of the fair share entitlement ratio provided by independent registered valuer, SSPA & Co, and the fairness opinion provided by independent merchant bankers, Vivro Financial Services Private Limited, as presented before the audit committee of the Board of Directors of the Demerged Company.
- 11.9 On the approval of Section I of the Scheme by the members of the Resulting Company pursuant to Section 230-232 of the Companies Act, 2013 and other the relevant provisions of the 2013 Act, if applicable, it shall be deemed that the members of the Resulting Company have also accorded their consent under Sections 42, 55 and 62 of the 2013 Act and/or other provisions of the Act as may be applicable for the aforesaid issuance of equity shares of the Resulting Company, to the shareholders of the Demerged Company, and all actions taken in accordance with this Clause 11 of Section I of this Scheme shall be deemed to be in full compliance of Sections 42, 55 and 62 of the 2013 Act and other applicable provisions of the Act and that no further resolution or actions under Sections 42, 55 and 62 of the 2013 Act and/or any other applicable provisions of the Act, including, inter alia, issuance of a letter of offer by the Resulting Company shall be required to be passed or undertaken.

## **12. REDUCTION IN SHARE CAPITAL OF THE RESULTING COMPANY**

- 12.1 Upon Section I of the Scheme coming into effect on the Effective Date and immediately after issuance of the equity shares of the Resulting Company to the equity shareholders of the Demerged Company, respectively, the 10,000 (Ten Thousand) equity shares of the Resulting Company having face value of Rs. 5 (Rupees Five) each held by the Demerged Company comprising 100% (One Hundred per cent) of the total issued and paid-up equity share capital of the Resulting Company as on the Effective Date shall stand cancelled without any further act or deed on the part of the Resulting Company. The reduction in the share capital of the Resulting Company shall be effected as an integral part of the Scheme in accordance with the provisions of Section 66 of the 2013 Act, and/ or any other applicable provisions of the Act without any further act or deed on the part of the Resulting Company and without any approval or acknowledgement of any third party. The order of the Tribunal sanctioning the Scheme shall be deemed to also be the order passed by the Tribunal Section 66 of the 2013 Act, if applicable) for the purpose of confirming



such reduction. The aforesaid reduction would not involve either a diminution of liability in respect of the unpaid share capital or payment of paid-up share capital and the provisions of Section 66(1)(a) of the 2013 Act, shall not be applicable. Notwithstanding the reduction in the equity share capital of the Resulting Company, the Resulting Company shall not be required to add "And Reduced" as suffix to its name.

- 12.2 It is expressly clarified that for the purposes of this Clause 12 of Section I of the Scheme, the consent of the shareholders and the creditors of the Resulting Company to the Scheme shall be deemed to be sufficient for the purposes of effecting the above reorganization in the share capital of the Resulting Company resulting in a reduction in the equity share capital of the Resulting Company, and no further resolution or action under Section 66 of the Act, and/or any other applicable provisions of the Act would be required to be separately passed or taken.
- 12.3 The reduction of the share capital of the Resulting Company as contemplated in this Clause 12 shall become effective, in accordance with the provisions of Section 66(5) of the Act, and/ or any other applicable provisions of the Act and rules and regulations framed thereunder, pursuant to the filing of the order of the Tribunal sanctioning the aforesaid capital reduction by the Resulting Company with the RoC and upon registration by the RoC of such order of the Tribunal and of the minute approved by the Tribunal, if any, showing, with respect to the share capital of the Resulting Company as altered by the order, (a) the amount of share capital; (b) the number of shares into which it is to be divided; (c) the amount of each share; and (d) the amount, if any, deemed to be paid-up on each share at the date of registration of the aforesaid minute and order by the RoC. Such reduction in the share capital of the Resulting Company as contemplated in this Clause 12 of Section I of the Scheme shall be conditional upon Section I of this Scheme becoming effective on the Effective Date. If this Scheme is, for any reason whatsoever, not sanctioned by the Tribunal, such reduction of share capital as set out in this Clause 12 of Section I of the Scheme shall not become effective and shall be deemed to be redundant.

### **13. CHANGE IN AUTHORISED CAPITAL OF DEMERGED COMPANY AND THE RESULTING COMPANY**

#### **Transfer of Authorised Capital**

- 13.1 The Demerged Company has substantial unused authorised share capital. Accordingly, as an integral part of the Scheme and upon the effectiveness of Section I of the Scheme, an amount of Rs. 30,000,000/- (Rupees Three Crore only), shall stand transferred from the authorized equity share capital of the Demerged Company to the authorized equity share capital of the Resulting Company, without any further act, instrument or deed by the Resulting 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 Demerged Company on such authorized capital, the benefit of which stands vested in the Resulting Company pursuant to the Scheme becoming effective on the Effective Date.
- 13.2 It is hereby clarified that for the purpose of this clause 13, the consent of shareholders of the Resulting Company to this Scheme shall be deemed to be sufficient for the purposes of effecting amendment in Clause V of its memorandum of association, and all actions taken in accordance with this Clause 13 of this Scheme shall be deemed to be in full compliance of Sections 13, 14, 61 and 64 of the Act and other applicable provisions of the Act and that no further resolutions or actions under Section 13, 14, 15, 61 and 64 of the Act or any



other applicable provisions would be required to be separately passed or undertaken by the Resulting Company.

## **14. ACCOUNTING TREATMENT**

### **14.1 Treatment in the books of Demerged Company**

Pursuant to Section I of the Scheme coming into effect on the Effective Date with effect from the Appointed Date, the Demerged Company shall account for the demerger and vesting of the Demerged Undertaking with the Resulting Company, in its books of accounts in accordance with Indian Generally Accepted Accounting Principles in the following manner:

- a. On the Scheme becoming effective, all the assets and liabilities pertaining to the Demerged Undertaking, (the difference between the assets and liabilities hereinafter referred to as the "Net Assets"), shall cease to be the assets and liabilities of the Demerged Company and be transferred to the Resulting Company at carrying value in accordance with the Scheme. The Demerged Company shall adjust the difference between the carrying value of assets and liabilities to its reserves in retained earnings.
- b. The existing issued and paid-up share capital of the Resulting Company comprising of 10,000 (Ten Thousand) equity shares having face value of Rs. 5 (Rupees Five) each, held by the Demerged Company comprising 100% (One Hundred Percent) of the total issued and paid-up equity share capital of the Resulting Company as on the Effective Date, shall stand cancelled without any further act or deed on part of the Resulting Company. This amount will be adjusted to the retained earnings of the Demerged Company.
- c. Any matter not dealt with in the Clause 14.1 shall be dealt with in accordance with the applicable accounting standards and in accordance with the Indian Generally Accepted Accounting Principles.

### **14.2 Treatment in the books of the Resulting Company**

- a. On the Scheme becoming effective, the Resulting Company shall account for the Demerger as common control business combination in accordance with the "pooling of interest method", as per Appendix C of Ind-AS 103, "Business Combination" notified under the provisions of the Act, read with relevant rules framed thereunder and the other applicable accounting standards prescribed under the Act.
- b. All assets and liabilities in relation to the Demerged Undertaking shall be recorded in its books of accounts by the Resulting Company at the values and in the same form as recorded in the books of Demerged Company subject to consistent accounting policies.
- c. The reserves adjusted by the Demerged Company in relation to Net Assets of the Demerged Undertaking shall be preserved in the financial statements of the Resulting Company in the same form in which they appeared in the financial statements of the Demerged Company.
- d. The aggregate face value of the equity shares of the Resulting Company, issued to the shareholders of the Demerged Company shall stand credited to the share capital of the Resulting Company in its books of accounts.



- e. The difference, if any, between the amount recorded as the share capital issued, reserves recorded as per clause 14.2.c and the assets and liabilities transferred by the Demerged Company to the Resulting Company shall be recorded as capital reserve and shall be presented separately from other capital reserve with disclosure of its nature and purpose in notes.
- f. Immediately after the issuance of shares by the Resulting Company to the shareholders of the Demerged Company, the 10,000 (Ten Thousand) equity shares of the Resulting Company having face value of Rs. 5 (Rupees Five) each held by the Demerged Company comprising 100% (One Hundred per cent) of the total issued and paid-up equity share capital of the Resulting Company as on the Effective Date shall stand cancelled, without any further act or deed on part of the Resulting Company and the same shall be adjusted against the capital reserves account of the Resulting Company.
- g. Any matter not dealt with in this Clause 14.2 shall be dealt with in accordance with the applicable accounting standards and in accordance with the Indian Generally Accepted Accounting Principles.

## **15. LISTING OF THE RESULTING COMPANY**

- 15.1 The equity shares of the Resulting Company shall be listed and admitted to trading on BSE and NSE, where the equity shares of the Demerged Company are listed and are admitted to trading. The Resulting Company shall enter into such arrangements and give such confirmations and/ or undertakings as may be necessary in accordance with the applicable laws or regulations for Resulting Company to comply with the formalities and requirements of the said Stock Exchanges.
- 15.2 BSE and NSE, shall list the equity shares of the Resulting Company, in accordance with applicable laws, rules, circulars and notifications, including, inter alia, the applicable provisions of SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 04, 2013, as modified by SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013 as amended from time to time.
- 15.3 New equity shares allotted to the shareholders of the Demerged Company in the Resulting Company pursuant to the Scheme shall remain frozen in the depositories system until listing/ trading permission is granted by the Stock Exchanges. Between the date of allotment of the equity shares of the Resulting Company to the shareholders of the Demerged Company and the date of listing of the equity shares of the Resulting Company with the BSE and NSE, except as provided for in Clause 12 of Section I of this Scheme in relation to the reduction of the existing share capital held by the Demerged Company in the Resulting Company there shall be no change in the shareholding pattern or control of the Resulting Company.
- 15.4 The equity shares of the Resulting Company, issued to a shareholder in lieu of the locked-in equity shares of the Demerged Company, shall remain locked-in for the remainder of the lock-in period applicable to such shareholder for the equity shares of the Demerged Company under applicable laws





## SECTION II

### AMALGAMATION – I: AMALGAMATION OF THE TRANSFEROR COMPANY NO. 1 WITH THE RESULTING COMPANY

#### PART A

#### 16. BACKGROUND AND DESCRIPTION OF THE COMPANIES

- 16.1 Chembond Clean Water Technologies Limited (“Transferor Company No. 1”) is a Company incorporated on April 17, 2010 in the State of Maharashtra under the Companies Act, 1956 in the name and style of “H2O Innovation Private Limited”. Subsequently its name was changed to “Chembond Clean Water Technologies Limited” on June 8, 2013. The Registered Office of the Transferor Company No. 1 is situated at - EL-37, MIDC, Mahape, Navi Mumbai 400 710. Transferor Company No. 1 is engaged in the business of design, manufacture, trade and marketing of whole range of water and waste water system, including but not limited to membrane technologies, providing total water management solutions, including services (detailed engineering, O&M manuals, design centre etc.) The Corporate Identification Number of the Transferor Company No. 1 is U29248MH2010PLC202124. The Transferor Company No. 1 is an indirect wholly owned subsidiary of Demerged Company.
- 16.2 Chembond Chemical Specialties Limited (“Resulting Company”) is a Company incorporated on December 12, 2023 in the State of Maharashtra under the Companies Act, 2013 in the name and style of “Chembond Chemical Specialties Limited”. The Registered Office of the Resulting Company is situated at Plot No. EL-37, MIDC, Mahape, Navi Mumbai, Maharashtra, India - 400710. The Resulting Company was formed with the object to carry on the business of Specialty chemicals including but not limited to Construction chemicals and Water Treatment Chemicals. The corporate identity number of the Resulting Company is U20116MH2023PLC415282.
- 16.3 In terms of Section II of this Scheme, it is now proposed, that the Transferor Company No. 1 shall be merged with the Resulting Company. Accordingly, all the assets and liabilities of the Transferor Company No. 1 shall be transferred to and vested in the Resulting Company with effect from Appointed Date as going concern.

#### 17. DEFINITIONS

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

- 17.1 **“Resulting Company”** shall have meaning assigned to it in Section II, clause 16.2.
- 17.2 **“Transferor Company 1”** shall have meaning assigned to it in Section II, clause 16.1.
- 17.3 **“Undertaking of the Transferor Company No. 1”** shall mean and include the whole of the Transferor company No. 1, as a going concern with all its assets, rights, licenses and powers, and all its debts, outstandings, liabilities, duties and obligations and employees as on the Appointed Date including, but not limited to, the following:
- a. All the assets and properties (whether movable or immovable, tangible or intangible, real or personal, in possession or reversion, corporeal or incorporeal, present, future or contingent) of the Transferor Company No. 1 whether situated in India or abroad, but





not limited to plants and machinery, computers, equipment, buildings and structures, offices, residential and other premises, including all tangible and intangible assets, stock in trade, capital work in progress, sundry debtors, furniture, fixtures, interiors, office equipment, vehicles, appliances, accessories, deposits, all stocks, assets, investments of all kinds (including shares, scripts, subsidiaries, stocks, bonds, debentures stocks, units or pass through certificates) including shares or other securities held by the Transferor Company No. 1, cash balances or deposits with banks, cheques on hand, loans, advances, contingent rights or benefits, book debts, receivables, actionable claims, earnest moneys, advances or deposits paid by the Transferor Company No. 1 financial assets, leases (including but not limited to lease rights of the Transferor Company No. 1), hire purchase contracts and assets, lending contracts, rights and benefits under any agreement, benefit of any security arrangements or under any guarantees, reversions, powers, bids, tenders, letters of intent, expressions of interest, development rights (whether vested or potential and whether under agreements or otherwise), municipal permissions, tenancies or license in relation to the office and /or residential properties (including for the employees or other persons), guest houses, godowns, warehouses, licenses, fixed and other assets, intangible assets (including but not limited to software), trade and service names and marks, patents, copyrights, designs and other intellectual property rights of any nature whatsoever, rights to use and avail of telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interest held in trust, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, title, interests, other benefits (including tax benefits), assets held by or relating to the Transferor Company No. 1 employee benefit plan, export incentives accrued, derivative instruments, forward contracts, insurance claims receivable, tax holiday benefit, incentives, credits (including tax credits), minimum alternative tax credit entitlement, tax losses, rights, easements, privileges, liberties and advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Transferor Company No. 1 or in connection with or relating to the Transferor Company No. 1 and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Company No. 1 in each case, whether in India or abroad;

- b. All agreements, rights, contracts, entitlements, licenses, permits, permissions, incentives, approvals, registrations, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges and claims as to any patents, trademarks, designs, quotas, rights, engagements, arrangements, authorities, allotments, security arrangements, benefits of any guarantees, reversions, powers and all other approvals of every kind, nature and description whatsoever relating to the Transferor Company No. 1's business activities and operations;
- c. All Intellectual Property Rights, engineering and process information, software licenses (whether proprietary or otherwise), drawings, records, files, books, records, files, drawings, papers, computer programs, manuals, data, catalogues, sales and advertising material, lists of present and former customers and suppliers, customer credit information, customer pricing information, other customer information and all other records and documents, whether in physical or electronic form, relating to the business activities and operations of the Transferor Company No. 1;
- d. Permissions approval for commissioning of project and other licenses or clearances granted/ issued/ given by any Governmental Authority organizations or companies, allotments, approvals, consents, concessions, clearances, credits, awards, sanctions,



exemptions, subsidies, registrations, no-objection certificates, permits, quotas, rights, entitlements, authorisation, applications made for obtaining all or any of the aforesaid, pre-qualifications, bid acceptances, tenders, certificates, tenancies, trade names, trademarks, service marks, copyrights, logos, corporate names, brand names, domain names, privileges and benefits of/ arising out of all contracts, agreements, applications and arrangements and all other rights including lease rights, powers and facilities of every kind and description whatsoever, equipment, installations and utilities such as electricity, water and other service connections, all benefits including subsidies, grants, incentives, tax credits (including but not limited to credits in respect of goods and service tax input credits, all indirect tax related assets / credits, including but not limited to goods and service tax input credits, service tax input credits, value added/ sales tax/ entry tax credits or set-off, advance tax, withholding tax/ TDS, taxes withheld/ paid in a foreign country, self-assessment tax, regular tax, minimum alternate tax, dividend distribution tax, securities transaction tax, deferred tax assets/ liabilities, accumulated losses under the IT Act and allowance for unabsorbed depreciation under the IT Act, losses brought forward and unabsorbed depreciation as per the books of account and tax refunds) and all other rights, claims and powers, of whatsoever nature; Amounts claimed by the Transferor Company No. 1 whether or not so recorded in the books of accounts of the Transferor Company No. 1 from any Governmental Authority, under any law, act, scheme or rule, as refund of any tax, duty, cess or of any excess payment;

- e. Rights to any claim not preferred or made by the Transferor Company No. 1 in respect of any refund of tax, duty, cess or other charge, including any erroneous or excess payment thereof made by the Transferor Company No. 1 and any interest thereon, under any law, act, rule or scheme, and in respect of set-off, carry forward of un-absorbed losses, deferred revenue expenditure, deduction, exemption, rebate, allowance, amortization benefit, etc. whether under the Income Tax Act, 1961, the rules and regulations thereunder, or taxation laws of other countries, or any other or like benefits under the said acts or under and in accordance with any law or act, whether in India or anywhere outside India;
- f. All debts (secured and unsecured), Liabilities all guarantees, assurances, commitments and obligations of any nature or description, whether fixed, contingent or absolute, secured or unsecured, asserted or unasserted, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising (including, without limitation, whether arising out of any contract or tort based on negligence or strict liability). Provided that if there exists any reference in the security documents or arrangements entered into by the Transferor Company No. 1 under which the assets of the Transferor Company No. 1 stand offered as a security for any financial assistance or obligation, the said reference shall be construed as a reference to the assets pertaining to the Undertaking of the Transferor Company No. 1 vested in the Resulting Company by virtue of the Scheme. The Scheme shall not operate to enlarge the security for any loan, deposit or facility created by the Transferor Company No. 1 which shall vest in the Resulting Company by virtue of the amalgamation. The Resulting Company shall not be obliged to create any further or additional security thereof after the amalgamation has become effective;
- g. All insurance policies;
- h. All other obligations of whatsoever kind, including liabilities of the Transferor Company No. 1 with regard to their employees with respect to the payment of gratuity, pension benefits and the provident fund or other compensation or benefits, if any, whether in the event of resignation, death, voluntary retirement or retrenchment or otherwise;



- i. All permanent and temporary employees engaged by the Transferor Company No. 1 at various locations, if any.

The expressions, which are used in this Section II of the Scheme and not defined herein shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under Section I, Section III or Section IV of the Scheme, 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, notifications, orders, as the case may be, including any statutory modification or re-enactment thereof, from time to time.

## 18. SHARE CAPITAL

- 18.1 The share capital of the Transferor Company No. 1 as on March 31, 2023 was as under:

Particulars	Amount (in Rs.)
<b>Authorized Capital</b>	
1,00,00,000 Equity shares of Rs. 10 (Rupees Ten) each	10,00,00,000
<b>Total</b>	<b>10,00,00,000</b>
<b>Issued, Subscribed and Paid-up Capital</b>	
82,78,057 Equity shares of Rs.10 (Rupees Ten) each	8,27,80,570
<b>Total</b>	<b>8,27,80,570</b>

Subsequent to the above date and till the date of the Scheme being approved by the Board of Directors of the Transferor Company No. 1, there has been no change in the authorized, issued, subscribed and paid-up equity share capital of the Transferor Company No. 1.

The equity shares of the Transferor Company No. 1 are not listed on any stock exchanges.

- 18.2 The share capital of the Resulting Company as on December 12, 2023 was as under:

Particulars	Amount (in Rs.)
<b>Authorized Capital</b>	
10,000 Equity Shares of Rs.5/- (Rupees Five Only) each	50,000
<b>Total</b>	<b>50,000</b>
<b>Issued, Subscribed and Paid-up Capital</b>	
10,000 Equity Shares of Rs.5/- (Rupees Five Only) each	50,000
<b>Total</b>	<b>50,000</b>

The equity shares of the Resulting Company are not listed on any stock exchanges.



## PART B

### AMALGAMATION OF THE TRANSFEROR COMPANY NO. 1 WITH THE RESULTING COMPANY

#### 19. TRANSFER AND VESTING OF UNDERTAKING

19.1 **General:** Subject to the provisions of Section II of the Scheme and after giving effect of Section I of this Scheme and with effect from the Appointed Date and pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Act, if any, the entire business and Undertaking of the Transferor Company No. 1 including all the debts, liabilities, losses, duties and obligations, including those arising on account of taxation laws and other allied laws, of the Transferor Company No. 1 of every description and also including, without limitation, all the movable and immovable properties and assets (whether tangible or intangible) of the Transferor Company No. 1 comprising, amongst others, all investments, receivables, actionable claims, furniture and fixtures, office equipment, telephones, telex, facsimile and other communication facilities and business licenses, permits, deposits, authorisations, approvals, lease, tenancy rights, permissions, incentives, if any, and all other rights, know-how, trade secret, patents, trademark, service mark, other intellectual property rights, registrations, title, interest, contracts including but not limited to contracts entered into with customers, vendors and service providers, consents, approvals and rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals, shall, under the provisions of section 234 read with sections 230 to 232 of the Act and pursuant to the order of the National Company Law Tribunal sanctioning this Scheme and without further act, instrument or deed, but subject to the changes affecting the same as on the Effective Date, be transferred and/or deemed to be transferred to and vested in the Resulting Company, so as to become the properties, assets, rights, business and Undertaking of the Transferor Company No. 1.

19.2 Without prejudice to the generality of the above and to the extent applicable, unless otherwise stated herein, upon this Scheme becoming effective and after giving effect of the Section I and with effect from the Appointed Date:

##### 19.2.1 Transfer of Assets:

- a. All assets and properties of the Transferor Company No. 1 as on the Appointed Date, whether or not included in the books of the Transferor Company No. 1 and all assets and properties which are acquired by the Transferor Company No. 1 on or after the Appointed Date but prior to the Effective Date, shall be deemed to be and shall become the assets and properties of the Resulting Company, and shall under the provisions of Sections 230 to 232 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Resulting Company upon the coming into effect of this Scheme pursuant to the provisions of Sections 230 to 232 of the Act. 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 in order to give effect to the provisions of this sub-clause.
- b. In respect of such assets owned and belonging to the Undertaking of the Transferor Company No. 1 as are movable in nature or incorporeal property or are otherwise capable of transfer by physical or constructive delivery and/or by endorsement and delivery or by vesting and recordal of whatsoever nature, including machinery, equipment, pursuant to this Scheme shall stand transferred to and vested in and/or be deemed to be transferred





to and vested in the Resulting Company, wherever located and shall become the property and an integral part of the Resulting Company, under the provisions of Sections 230 to 232 of the Act and all other applicable provisions of Applicable Law and without any further act or deed. 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, pursuant to this Scheme, as appropriate to the property being vested and title to the property shall be deemed to have been transferred accordingly.

- c. All other movable properties of the Transferor Company No. 1 including investments in shares and any other securities, sundry debtors, actionable claims, earnest monies, receivables, bills, credits, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits (including deposits from members), if any, with government, semi-government, local and other authorities and bodies, customers and other persons, shall, under the provisions of Sections 230 to 232 of the Act and all other applicable provisions of Applicable Law and without any further act, instrument or deed, become the property of the Resulting Company, and the same shall also be deemed to have been transferred by way of delivery of possession of the respective documents in this regard. The Resulting Company may, at its sole discretion but without being obliged, give notice in such form as it may deem fit and proper, to such person, as the case may be, that the said debt, receivable, bill, credit, loan, advance or deposit stands transferred to and vested in Resulting Company and be paid or made good or held on account of the Resulting Company as the person entitled thereto. It is hereby clarified that investments, if any, made by Transferor Company No. 1 and all the rights, title and interest of the Transferor Company No. 1 in any leasehold properties shall, pursuant to Sections 230 to 232 of the Act and all other applicable provisions of Applicable Law and the provisions of this Scheme, without any further act or deed, be transferred to and vested in and/or be deemed to have been transferred to and vested in the Resulting Company;
- d. All immovable properties of the Transferor Company No. 1 including land together with the buildings and structures standing thereon and rights and interests in immovable properties of the Transferor Company No. 1 whether freehold or leasehold or otherwise and all documents of title, rights and easements in relation thereto, shall be vested in and/or be deemed to have been vested in the Resulting Company, under the provisions of Sections 230 to 232 of the Act and all other applicable provisions of Applicable Law without any further act or deed done or being required to be done by the Transferor Company No. 1 and/or the Resulting Company, pursuant to the sanctioning of the Scheme and upon the Scheme becoming effective. The Resulting Company shall be entitled to exercise all rights and privileges attached to the aforesaid immovable properties and shall be liable to pay the ground rent and taxes and fulfil all obligations in relation to or applicable to such immovable properties, upon the sanctioning of Scheme by the Competent Authority and the Scheme becoming effective. The relevant authorities shall grant all clearances/permissions, if any, required for enabling Resulting Company to absolutely own and enjoy the immovable properties in accordance with Applicable Law. Upon this Scheme becoming effective, the title to such properties shall be deemed to have been mutated and recognised as that of the Resulting Company and the mere filing thereof with the appropriate registrar or sub-registrar or with the relevant Governmental Authority shall suffice as record of continuing titles with the Resulting Company and shall be constituted as a deemed mutation and substitution thereof;
- e. Without prejudice to the generality of the foregoing, all lease agreements and leave and license agreements, as the case may be, to which the Transferor Company No. 1 is a party, and having effect immediately before the Effective Date, shall remain in full force



and effect on the terms and conditions contained therein in favour of or against the Resulting Company and may be enforced fully and effectually as if, instead of the Transferor Company No. 1 the Resulting Company had been a party or beneficiary or obligee thereto or thereunder; and the respective lessees and the licensees, as the case may be, shall continue to be in possession of the premises subject to the terms and conditions contained in the relevant lease agreements or leave and license agreements, as the case may be. Further, all the rights, title, interest and claims of the Transferor Company No. 1 in any properties including leasehold/ licensed properties of the Transferor Company No. 1 including but not limited to security deposits and advance or prepaid lease or license fee, shall, on the same terms and conditions, be transferred to and vested in or be deemed to have been transferred to and vested in the Resulting Company automatically without requirement of any further act or deed, under the provisions of Sections 230 to 232 of the Act and all other applicable provisions of Applicable Law including without the requirement of payment of any transfer charges or any other charges. The Resulting Company shall continue to pay rent or lease or license fee as provided for under such agreements, and the Resulting Company shall continue to comply with the terms, conditions and covenants thereunder;

- f. From the Effective Date, all bank accounts operated or entitled to be operated by the Transferor Company No. 1 shall be deemed to have transferred and shall stand transferred to the Resulting Company and name of the Transferor Company No. 1 shall be substituted by the name of the Resulting Company in the bank's records and the Resulting Company shall be entitled to operate all bank accounts, realise all monies and complete and enforce all pending contracts and transactions in the name of the Transferor Company No. 1 to the extent necessary until the transfer of the rights and obligations of the Transferor Company No. 1 to the Resulting Company under the Scheme is formally accepted and completed by the parties concerned. For avoidance of doubt, it is hereby clarified that all cheques and other negotiable instruments, payment orders received and presented for encashment which are in the name of the Transferor Company No. 1 after the Effective Date, shall be accepted by the bankers of the Resulting Company and credited to the accounts of the Resulting Company, if presented by the Resulting Company. Similarly, the banker of the Resulting Company shall honor all cheques issued by the Transferor Company No. 1 for payment after the Effective Date;
- g. The transfer and vesting of movable and immovable properties as stated above, shall be subject to Encumbrances, if any, affecting the same; and
- h. All consents, permissions, licenses, permits, quotas, approvals, certificates, clearances, authorities, leases, tenancy, assignments, allotments, registrations, incentives, subsidies, concessions, grants, rights, claims, liberties, special status, other benefits or privileges and any powers of attorney given by, issued to or executed in favour of the Transferor Company No. 1 including in relation to the Undertaking of the Transferor Company No. 1 and all rights and benefits which have accrued to the Transferor Company No. 1 shall, under the provisions of Sections 230 to 232 and other applicable provisions, if any, of the Act, stand transferred to and vested in, or shall be deemed to be transferred to or vested in, the Resulting Company, as if the same were originally given by, issued to or executed in favour of the Resulting Company, so as to become, as and from the Appointed Date, consents, permissions, licenses, permits, quotas, approvals, certificates, clearances, authorities, leases, tenancy, assignments, allotments, registrations, incentives, subsidies, concessions, grants, rights, claims, liberties, special status, other benefits or privileges and any powers of attorney of the Resulting Company which are valid, binding and enforceable on the same terms, and the Resulting Company shall be bound by the terms



thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Resulting Company.

**19.2.2 Transfer of Liabilities:**

- a. All Liabilities of every kind, nature and description whatsoever and howsoever arising, whether provided for or not in the books of account or disclosed in the balance sheets of the Transferor Company No. 1 shall be deemed to be the debts, liabilities, contingent liabilities, duties, and obligations of the Resulting Company, and the Resulting Company shall, and undertakes to meet, discharge and satisfy the same in terms of their respective terms and conditions, if any. All loans raised and used and all debts, duties, undertakings, liabilities and obligations incurred or undertaken by the Transferor Company No. 1 after the Appointed Date and prior to the Effective Date, shall also be deemed to have been raised, used, incurred or undertaken for and on behalf of the Resulting Company and, to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme, pursuant to the provisions of Sections 230 to 232 of the Act and all other applicable provisions of Applicable Law, without any further act, instrument or deed shall stand transferred to and vested in or be deemed to have been transferred to and vested in the Resulting Company and shall become the debt, duties, undertakings, liabilities and obligations of the Resulting Company which shall meet, discharge and satisfy the same;
- b. Where any of the Liabilities incurred before the Appointed Date by the Transferor Company No. 1 deemed to have been transferred to the Resulting Company by virtue of this Scheme, have been discharged by the Transferor Company No. 1 after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company;
- c. All debentures, bonds, notes or other securities of the Transferor Company No. 1 whether convertible into equity or otherwise, shall, without any further act, instrument or deed become the debentures, bonds, notes or other securities of the Resulting Company and all rights, powers, duties and obligations in relation thereto shall be and shall stand transferred to and vested in or deemed to be transferred to and vested in and shall be exercised by or against the Resulting Company as if it were the Transferor Company No. 1 under the provisions of Sections 230 to 232 of the Act and all other applicable provisions of Applicable Law and without any further act or deed. 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;
- d. All public deposits, debentures or bonds of the Transferor Company No. 1 shall be distinctly identified in the records of the Resulting Company for all intents and purposes including taxation and accounting and shall not be combined with any existing outstanding deposit scheme or series of debentures or bonds of the Resulting Company;
- e. All Encumbrances, if any, existing prior to the Effective Date over the assets of the Transferor Company No. 1 which secure or relate to any liability, shall, after the Effective Date, without any further act, instrument or deed, continue to be related and attached to such assets or any part thereof to which they related or were attached prior to the Effective Date and as are transferred to the Resulting Company. Provided that if any assets of the Transferor Company No. 1 have not been Encumbered in respect of the liabilities, such assets shall remain unencumbered and the existing Encumbrance referred to above shall not be extended to and shall not operate over such assets. Further, such Encumbrances shall not relate or attach to any of the other assets of the Resulting



Company and the Resulting Company shall not be obliged to create any further or additional security after the Scheme has become effective or otherwise. The secured creditors of the Resulting Company and/or other holders of security over the properties of the Resulting Company shall not be entitled to any additional security over the properties, assets, rights, benefits and interests of the Transferor Company No. 1 and therefore, such assets which are not currently Encumbered shall remain free and available for creation of any security thereon in future in relation to any current or future indebtedness of the Resulting Company. The absence of any formal amendment which may be required by a lender or trustee or any third party shall not affect the operation of the foregoing provisions of this Scheme;

- f. Any reference in any security documents or arrangements to which the Transferor Company No. 1 is a party and their assets and properties, shall be construed as a reference to the Resulting Company and the assets and properties of the Transferor Company No. 1 shall be transferred to the Resulting Company by virtue of the Scheme. Without prejudice to the foregoing provisions, the Transferor Company No. 1 and the Resulting Company may execute any instruments or documents or do all acts and deeds as may be considered appropriate, including the filing of necessary particulars and/or modification(s) of charge, with the jurisdictional Registrar of Companies to give formal effect to these provisions, if required; and
- g. It is expressly provided that, save as mentioned in this Scheme, no other term or condition of the Liabilities transferred to the Resulting Company as part of the Scheme is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.

#### **19.2.3 Transfer of Contracts, Deeds and Other Instruments**

- a. All contracts, agreements, licenses, leases, memoranda of undertakings, memoranda of agreements, memoranda of agreed points, letters of agreed points, bids, letters of intent, arrangements, undertakings, whether written or otherwise, deeds, bonds, agreements, schemes, arrangements and other instruments to which the Transferor Company No. 1 are a party, or to the benefit of which, the Transferor Company No. 1 may be eligible/entitled, and which are subsisting or having effect immediately before the Effective Date, shall, without any further act, instrument or deed continue in full force and effect on, against or in favour of the Resulting Company and may be enforced as fully and effectually as if, instead of the Transferor Company No. 1 the Resulting Company had been a party or beneficiary or obligor thereto. If the Resulting Company enters into and/or issues and/or executes deeds, writings or confirmations or enters into any tripartite arrangements, confirmations or novations, the Transferor Company No. 1 will, if necessary, also be a party to such documents in order to give formal effect to the provisions of this Scheme, if so required. The Resulting Company may also execute deeds of confirmation in favour of any party to any contract or arrangement to which the Transferor Company No. 1 are a party as may be necessary to be executed in order to give formal effect to the above provisions. In relation to the same, any procedural requirements required to be fulfilled solely by the Transferor Company No. 1 (and not by any of its successors), shall be fulfilled by the Resulting Company as if it is the duly constituted attorney of the Transferor Company No. 1; and
- b. On and from the Effective Date, and thereafter, the Resulting Company shall be entitled to complete and enforce all pending contracts and transactions and to accept stock returns and issue credit notes in respect of the Transferor Company No. 1 in the name of the Transferor Company No. 1 in so far as may be necessary until the transfer of rights





and obligations of the Transferor Company No. 1 to the Resulting Company under this Scheme has been given effect to under such contracts and transactions.

#### 19.2.4 Transfer of Employees

- a. All employees of the Transferor Company No. 1 as on the Effective Date shall, become and be deemed to have become, the employees of the Resulting Company, on terms and conditions not less favorable than those on which they are engaged by the Transferor Company No. 1 and without any interruption of or break in service as a result of the amalgamation of the Transferor Company No. 1 with the Resulting Company. For the purpose of payment of all retirement benefits, the past services of such employees with the Transferor Company No. 1 shall be taken into account from the date of their appointment with the Transferor Company No. 1 and such benefits to which the employees are entitled in the Transferor Company No. 1 shall also be taken into account and paid (as and when payable) by the Resulting Company.
- b. In so far as the provident fund, gratuity fund, superannuation fund, retirement fund and any other funds or benefits created by the Transferor Company No. 1 for its employees or to which the Transferor Company No. 1 are contributing for the benefit of its employees (collectively referred to as the "Funds") are concerned, the Funds or such part thereof as relates to the employees (including the aggregate of all the contributions made to such Funds for the benefit of the employees, accretions thereto and the investments made by the Funds in relation to the employees) shall be transferred to the Resulting Company and shall be held for the benefit of the concerned employees. In the event the Resulting Company has its own funds in respect of any of the employee benefits referred to above, the Funds shall, subject to the necessary approvals and permissions, and at the discretion of the Resulting Company, be merged with the relevant funds of the Resulting Company. In the event that the Resulting Company does not have its own funds in respect of any of the above or if deemed appropriate by the Resulting Company, the Resulting Company may, subject to necessary approvals and permissions, maintain the existing funds separately and contribute thereto until such time that the Resulting Company creates its own funds, at which time the Funds and the investments and contributions pertaining to the employees shall be merged with the funds created by the Resulting Company.
- c. In relation to those Employees for whom the Transferor Company No. 1 is making contributions to the government provident fund or other employee benefit fund, the Resulting Company shall stand substituted for the Transferor Company No. 1 for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such Employees, such that all the rights, duties, powers and obligations of the Transferor Company No. 1 as the case may be in relation to such schemes/ Funds shall become those of the Resulting Company.

#### 19.2.5 Legal Proceedings

- a. If any suit, appeal or other legal proceedings of whatsoever nature by or against the Transferor Company No. 1 is pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of the amalgamation of the Transferor Company No. 1 with the Resulting Company and by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against the Resulting 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 No. 1 as if this Scheme had not been made.

- b. The Resulting Company undertakes to have all legal or other proceedings initiated by or against the Transferor Company No. 1 above transferred into its name and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Transferor Company No. 1.

#### 19.2.6 Taxes, Duties/Cess

- a. All taxes (including but not limited to advance tax, tax deducted at source, minimum alternate tax credits, withholding tax, dividend distribution tax, banking cash transaction tax, securities transaction tax, taxes withheld/paid in a foreign country, value added tax, sales tax, service tax, goods and services tax, customs, duties, etc.), including any interest, penalty, surcharge and cess, if any, paid / payable by or refunded / refundable to the Transferor Company No. 1 including all or any refunds or claims shall be treated as the tax liability or refunds/claims, as the case may be, of the Resulting Company, and any tax incentives, advantages, privileges, accumulated losses and allowance for unabsorbed depreciation as per Section 72A of the IT Act, losses brought forward and unabsorbed depreciation as per books of account, deductions otherwise admissible such as under Section 40, 40A, 43B, etc. of the IT Act, exemptions, credits, exemptions, credits, deductions / holidays, remissions, reductions etc., as would have been available to the Transferor Company No. 1 shall pursuant to this Scheme becoming effective, be available to the Resulting Company; and
- b. All the benefits under the various incentive schemes and policies that the Transferor Company No. 1 is entitled to, including tax credits, tax deferral, exemptions, holidays and benefits (including goods and service tax input credits, service tax input credits, all indirect tax related assets / credits, including but not limited to goods and service tax input credits, service tax input credits, value added/ sales tax/ entry tax credits or set-off, advance tax, withholding tax/ TDS, taxes withheld/ paid in a foreign country, self-assessment tax, regular tax, minimum alternate tax, dividend distribution tax, securities transaction tax, deferred tax assets/ liabilities, accumulated losses under the IT Act and allowance for unabsorbed depreciation under the IT Act, losses brought forward and unabsorbed depreciation as per the books of account), subsidies, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed by the Transferor Company No. 1 rights of any claim not made by the Transferor Company No. 1 in respect of any refund of tax, duty, cess or other charge, including any erroneous or excess payment thereof made by the Transferor Company No. 1 and any interest thereon and all rights or benefits that have accrued or which may accrue to the Transferor Company No. 1 whether on, before or after the Appointed Date, shall upon this Scheme becoming effective and with effect from the Appointed Date be transferred to and vest in the Resulting Company and all benefits, entitlements and incentives of any nature whatsoever, shall be claimed by the Resulting Company and these shall relate back to the Appointed Date as if the Resulting Company was originally entitled to all benefits under such incentive schemes and/or policies.

#### 19.2.7 Transfer of benefits, licenses, permits etc.

- a. All the security interest over any moveable and/or immoveable properties and security in any other form (both present and future) including but not limited to any pledges, or guarantees, if any, created/executed by any person in favour of the Transferor Company No. 1 or any other person acting on behalf of or for the benefit of the Transferor



Company No. 1 for securing the obligations of the persons to whom the Transferor Company No. 1 has advanced loans and granted other funded and non-funded financial assistance, by way of letter of comfort or through other similar instruments shall without any further act, instrument or deed stand vested in and be deemed to be in favour of the Resulting Company and the benefit of such security shall be available to the Resulting Company as if such security was ab initio created in favour of the Resulting Company. The mutation or substitution of the charge in relation to the movable and immovable properties of the Transferor Company No. 1 shall, upon this Scheme becoming effective, be made and duly recorded in the name of the Resulting Company by the appropriate authorities and third parties (including any depository participants) pursuant to the sanction of this Scheme by the Competent Authority and upon the Scheme becoming effective in accordance with the terms hereof;

- b. All letters of intent, requests for proposal, pre-qualifications, bid acceptances, tenders and other instruments of whatsoever nature to which the Transferor Company No. 1 is a party or to the benefit of which the Transferor Company No. 1 may be eligible, shall remain in full force and effect against or in favour of the Resulting Company and may be enforced as fully and effectually as if, instead of the Transferor Company No. 1 the Resulting Company had been a party or beneficiary or obligee thereto. Upon coming into effect of this Scheme, the past track record of the Transferor Company No. 1 shall be deemed to be the track record of the Resulting Company for all commercial and regulatory purposes;
- c. All approvals, allotments, consents, concessions, clearances, credits, awards, sanctions, exemptions, subsidies, registrations, no-objection certificates, permits, quotas, rights, entitlements, authorisation, pre-qualifications, bid acceptances, tenders, licenses (including the licenses granted by any governmental, statutory or regulatory bodies for the purpose of carrying on its business or in connection therewith), permissions and certificates of every kind and description whatsoever in relation to the Transferor Company No. 1 or to the benefit of which the Transferor Company No. 1 may be eligible/entitled, and which are subsisting or having effect immediately before the Effective Date, including the applications and benefits of any applications made for any of the foregoing, shall be in full force and effect in favour of the Resulting Company and may be enforced as fully and effectually as if, instead of the Transferor Company No. 1 the Resulting Company had been a party or beneficiary or obligor thereto and the Resulting Company shall be liable for compliance with all the conditions governing such consents, permits, approvals, etc. as stated above. It is hereby clarified that if the consent of any third party or authority is required to give effect to the provisions of this clause, the said third party or authority shall make and duly record the necessary substitution/endorsement in the name of the Resulting Company pursuant to the sanction of this Scheme by the Competent Authority, and upon this Scheme becoming effective in accordance with the terms hereof. For this purpose, the Resulting Company shall file appropriate applications/documents with relevant authorities concerned for information and record purposes;
- d. All consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Transferor Company No. 1 shall stand transferred to the Resulting Company, and the Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to the Resulting Company;
- e. All trademarks, trade names, service marks, copyrights, logos, corporate names, brand names, domain names and all registrations, applications and renewals in connection therewith, and software and all website content (including text, graphics, images, audio,



video and data), trade secrets, confidential business information and other proprietary information shall stand transferred to and vested in the Resulting Company;

- f. All registrations, goodwill and licenses, appertaining to the Transferor Company No. 1 if any, shall be transferred to and vested in the Resulting Company;
  - g. Benefits of any and all corporate approvals as may have already been taken by the Transferor Company No. 1 whether being in the nature of compliances or otherwise, including without limitation approvals under Sections 42, 62, 180, 185, 186, etc., of the Act, read with the rules and regulations made thereunder, shall stand transferred to the Resulting Company and the said corporate approvals and compliances shall be deemed to have been taken/complied with by the Resulting Company; it being clarified that if any such resolutions have any monetary limits approved subject to the provisions of the Act and of any other applicable statutory provisions, then the said limits, as are considered necessary by the Board of the Resulting Company, shall be added to the limits, if any, under the like resolutions passed by the Resulting Company; and
  - h. The Transferor Company No. 1 and/or the Resulting Company as the case may be, shall, at any time after this Scheme becoming effective in accordance with the provisions hereof, if so required under Applicable Law or otherwise, do all such acts or things as may be necessary to transfer/novate the approvals, consents, exemptions, registrations, no-objection certificates, permits, quotas, rights, entitlements, licenses and certificates which were held or enjoyed by the Transferor Company No. 1. It is hereby clarified that if the consent of any third party or Governmental Authority, if any, 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 Resulting Company pursuant to the sanction of this Scheme by the Competent Authority, and upon this Scheme becoming effective in accordance with the provisions of the Act and with the terms hereof. For this purpose, the Resulting Company shall file appropriate applications/documents with relevant authorities concerned for information and record purposes.
- 19.3 The Resulting Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company No. 1 and to carry out or perform all such acts, formalities or compliances referred to above as may be required in this regard.
- 19.4 The Resulting Company is and shall always be deemed to have been authorised to execute any pleadings, applications, forms, etc., as may be required to remove any difficulties and carry out any formalities or compliance as are necessary for the implementation of this Scheme, pursuant to the sanction of this Scheme by the Competent Authority.
- 19.5 Without prejudice to the other provisions of the Scheme and notwithstanding the vesting of the Transferor Company No. 1 into the Resulting Company, in order to ensure (i) implementation of the provisions of the Scheme; and (ii) continued vesting of the benefits, exemptions available to the Transferor Company No. 1 in favour of the Resulting Company, the Resulting Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under Applicable Law or otherwise, execute deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement in relation to which the Transferor Company No. 1 has been a party, including any filings with the regulatory authorities in order to give formal effect to the above provisions and to carry out or





perform all such formalities or compliances referred to above on the part of the Transferor Company No. 1. The Resulting Company will, if necessary, also be a party to the above.

- 19.6 In order to ensure the smooth transition and sales of products and inventory of the Transferor Company No. 1 manufactured and/or branded and/or labelled and/or packed in the name of the Transferor Company No. 1 prior to the Effective Date, the Resulting Company shall have the right to own, use, market, sell, exhaust or to in any manner deal with any such products and inventory (including packaging material) pertaining to the Transferor Company No. 1 without making any modifications, whatsoever to such products and/or the branding, packaging or labelling. All invoices/payment related documents pertaining to such products and inventory (including packaging material) may be raised in the name of the Resulting Company after the Effective Date.

19.7 Conduct of Business until Effective Date

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

- a. The Transferor Company No. 1 shall carry on and be deemed to have carried on their business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all the assets, rights, title and interest for and on account of and in trust for the Resulting Company.
- b. The Transferor Company No. 1 shall carry on their business and activities in the ordinary course of business with reasonable diligence and business prudence.
- c. All the profits or income accruing or arising to the Transferor Company No. 1 or expenditure or losses incurred or arising to the Transferor Company No. 1 shall for all purposes be treated and deemed to be and accrue as the profits or income or expenditure or losses (as the case may be) of the Resulting Company.
- d. The Resulting Company shall be entitled, pending the sanction of the Scheme, to apply to the Government Authorities concerned, as are necessary under any law for such consents, approvals and sanctions which the Resulting Company may require for carrying on the business of the Transferor Company No. 1.
- e. The Transferor Company No. 1 shall carry on their business, operations or activities with reasonable diligence and business prudence and in the same manner as they had been doing hitherto and shall not venture into/expand any new businesses, alienate, charge, mortgage, encumber or otherwise deal with the assets or any part thereof except in the ordinary course of business, without the prior consent of the Resulting Company
- f. The Resulting Company and the Transferor Company No. 1 shall also be entitled to make an application for amending, cancelling or obtaining fresh registrations, as the case may be, under all Applicable Laws and legislations. The Resulting Company and the Transferor Company No. 1 would be entitled to make an application for amending licenses/ authorisations.

**PART C**

**20. CONSIDERATION:**



- 20.1 The Transferor Company No. 1 will become an indirect wholly owned subsidiary company of the Resulting Company post the effectiveness of the Scheme. Its entire share capital will be indirectly held by the Resulting Company. Hence, upon Amalgamation – I becoming effective, no shares of Resulting Company shall be allotted in lieu or exchange of the shares of the Transferor Company No. 1. Upon the Scheme becoming effective, the entire share capital of the Transferor Company No. 1 shall be cancelled and extinguished.

**21. AGGREGATION, RECLASSIFICATION AND INCREASE IN AUTHORISED SHARE CAPITAL OF THE RESULTING COMPANY**

**Aggregation and Reclassification**

- 21.1 Upon this Scheme becoming effective, the authorized share capital of the Transferor Company No. 1 shall be reclassified and stand consolidated with the authorized share capital of the Resulting Company. Accordingly, the authorized share capital of the Resulting Company shall stand increased to that extent, without any further act, instrument or deed on the part of the Resulting Company, including without any payment of stamp duty and any fees or charges payable to the Registrar of Companies, and/or to any other Governmental Authority, and the Memorandum of Association and Articles of Association of the Resulting Company (relating to the authorised share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, pursuant to Sections 13, 14, 61 and 232(3)(i) respectively of the Companies Act, 2013 and/or any other applicable provisions of the Act, as the case may be. Hence, for this purpose, the stamp duties and fees paid on the authorised share capital of the Transferor Company No. 1 shall be utilized and applied to the increased authorised share capital of the Resulting Company and no extra stamp duty and/or fees shall be required to be paid by the Resulting Company for its increased authorised share capital.

**Increase in Authorised Share Capital**

- 21.2 Upon Section I and Section II of the Scheme coming into effect on the Effective Date and after giving effect to clause 13.1 of the Scheme, the authorised share capital of the Resulting Company shall be enhanced by Rs. 1,00,00,000/- (Rupees One Crore Only) divided into 20,00,000 (Twenty Lakhs) equity shares having face value of Rs. 5/- (Rupees Five) each without any further act or deed by the Resulting Company for the purpose of such enhancement of the authorized share capital of the Resulting Company except payment of necessary stamp duties and ROC fees. Pursuant to effectiveness of Section II of this Scheme, the Resulting Company shall make the requisite filings with ROC and pay the necessary fees for the increase in its authorized share capital.

**Final Authorised Capital of the Resulting Company**

- 21.3 Consequent upon demerger and amalgamation (after giving effect of clause 13.1, clause 21.1 and clause 21.2), 'Clause V' of the Memorandum of Association of the Resulting Company shall be replaced with the following:

*‘The Authorised Share Capital of the Company is Rs. 14,00,50,000/- (Rupees Fourteen Crores Fifty Thousand Only) divided into 2,80,10,000 (Two Crores Eighty Lakhs Ten Thousand) Equity Shares of Rs.5/- (Rupees Five only) each with the rights, privileges, and conditions attaching thereto as are provided by the Articles of Association of the Company for the time being with the power to increase and reduce the capital and to divide the shares in the capital for the time being into several classes and to attach there to respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the articles of association of the company for the time being and to vary, modify or*



*abrogate any such rights, privileges or conditions in such manner as may be permitted by the law for the time being in force or provided by the Articles of Association for the time being."*

- 21.4 It is clarified that the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under Sections 13, 14 and 61, respectively, of the Companies Act, 2013 and/ or any other applicable provisions of the Act, would be required to be separately passed.
- 21.5 In the event, the authorized share capital of the Resulting Company undergoes any change prior to the Effective Date, the clauses specified in this Scheme to replace the existing clause V of the memorandum of association, shall be adjusted accordingly to take into account the effect of any such corporate actions.

## **22. ACCOUNTING TREATMENT**

- 22.1 As the Transferor Company No. 1 shall stand dissolved without being wound up and all the assets and liabilities as well as reserves shall be transferred to the Resulting Company, on a going concern basis, upon the Scheme becoming effective, hence there is no accounting treatment prescribed under this Scheme in the books of the Transferor Company No. 1.
- 22.2 On effectiveness of the Scheme and with effect from the Appointed Date, since the transaction involves entities which are under common control before and after the transaction, the Resulting Company shall account for the transfer and vesting of the Undertaking as per the "Pooling of Interests" method in its books of accounts in accordance with Appendix C for Business combinations of entities under common control of the Indian Accounting Standards (IND AS) 103 prescribed under Section 133 of the Companies Act, 2013, as notified under the Companies (Indian Accounting Standards) Rules, 2015 and other applicable accounting standards prescribed under the Act.
- 22.3 The pooling of interests' method is considered to involve the following:
- All the assets and liabilities of the Transferor Company No. 1 shall be recorded in the financial statements of the Resulting Company at their carrying amounts as appearing in the financial statements of the Transferor Company No. 1, prior to this Section II being made effective. No adjustments will be made to reflect fair values or recognize any new assets or liabilities. The only adjustments that are made are to harmonize the accounting policies.
  - The identity of the reserves of the Transferor Company No. 1 shall be preserved and they shall appear in the financial statements of the Resulting Company in the same form and manner in which they appear in the financial statements of the Transferor Company No. 1, prior to Section II of this Scheme being made effective, and it shall be aggregated with the corresponding balance appearing in the financial statements of the Resulting Company.
  - The difference between the i) aggregate face value of the equity shares of the Resulting Company issued and allotted by it to the members of the Transferor Company No. 1, if any, (which is expected to be NIL in view of clause 20) and ii) the equity share capital of the Transferor Company No. 1, shall be adjusted in the capital reserve account.



- d. The financial information in the financial statements of the Resulting Company in respect of prior periods should be restated as if the amalgamation had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination.
- e. The difference, if any arising from the cancellation of cross-holdings (if any) shall also be adjusted in the capital reserves account of the Resulting Company.
- f. To the extent that there are inter-corporate loans/trade deposits, debentures, debt securities or balances between the Transferor Company No. 1 inter se and/or the Transferor Company No. 1 and the Resulting Company, the obligation in respect thereof shall come to an end and corresponding effect shall be given in the books of account and the records of the Resulting Company for the reduction / netting of any assets or liabilities, as the case may be. Difference, if any, arising upon such cancellation, shall be credited or debited, as the case may be, to the reserve of the Resulting Company.
- g. The Scheme set out herein in its present form or with any modification(s) or amendment(s) approved, imposed or directed by the Tribunals or any other Governmental Authority shall be effective from the Appointed Date but shall be operative from the Effective Date. However, if the Ind AS 103 require the amalgamation to be accounted with effect from a different date, then it would be accounted as per the requirements of Ind AS 103, for accounting purpose, to be compliant with the Indian accounting standards. For regulatory and tax purposes, amalgamation would have been deemed to be effective from the Appointed Date of this Scheme.
- h. In case of any differences in accounting policies between the Transferor Company No. 1 and the Resulting Company, the accounting policies followed by the Resulting Company shall prevail to ensure that the financial statements of the Resulting Company reflect the financial position on the basis of consistent accounting policies. The difference, if any, in the accounting policies between the Transferor Company No. 1 and Resulting Company, shall be ascertained and the impact of the same will be quantified and adjusted in the retained earnings or another affected component of equity of the Resulting Company, as applicable, in accordance with the requirements of Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.
- i. The costs relating to the Scheme will be accounted in accordance with Ind AS 103.

## **23. TREATMENT OF TAXES PAID BY THE TRANSFEROR COMPANY NO. 1**

- 23.1 All taxes, levies, cess, etc. (whether direct or indirect) that might have been paid by the Transferor Company No. 1 (whether before or after the Appointed Date) during the period when the amalgamation has not become effective for any tax liability that arises after the Appointed Date shall be deemed to be tax paid by the Resulting Company and credit in respect thereof shall be given to the Resulting Company accordingly.

## **24. TREATMENT OF SCHEME FOR THE PURPOSES OF INCOME TAX ACT, 1961**





- 24.1 Upon this Scheme being effective, and in terms thereof, both the Transferor Company No. 1 and the Resulting Company are expressly permitted to prepare/redraw the relevant financial statements, as required, in accordance with, and in terms of, Appendix C to Indian Accounting Standards ("IndAS") 103 and/or International Financial Reporting Standards and/or Accounting Standards, as applicable, and the financial statements once certified by the Auditors and/or Firm of Chartered Accountants, will be regarded as duly drawn up in compliance with Companies Act, 2013 and/or laws applicable in relation to the Transferor Company No. 1. Further the Transferor Company No. 1 and the Resulting Company are expressly permitted to revise and file their respective income tax returns and other statutory returns, including tax deducted / collected at source returns, service tax returns, excise tax returns, sales tax / value added tax ,goods and services tax returns, minimum alternate tax returns as may be applicable and has expressly reserved the right to make such provision in its returns and to claim refunds or credits etc. if any. Such returns may be revised and filed notwithstanding that the statutory period for such revision and filing may have expired and without incurring any additional liability on account of interest, penalty, late fees or any other sum.
- 24.2 Any refund under the tax laws received by or due to the Transferor Company No. 1 consequent to any assessments made on the Transferor Company No. 1 subsequent to the Appointed Date pertaining to the business transferred and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Resulting Company.
- 24.3 Any transaction entered into by the Transferor Company No. 1 between the Appointed Date and the Effective Date will not be regarded as noncompliant of withholding tax/tax deduction at source obligation under the Income Tax Act, 1961 or Goods and Service Tax obligation only on the ground that, on the sanction of the scheme, the transactions are regarded as having been carried out by the Resulting Company.

## **25. DATE OF TAKING EFFECT AND OPERATIVE DATE**

- 25.1 The Scheme as set out herein in its present form, or with any modification(s) or amendment(s) approved, imposed or directed by the NCLT or any other appropriate authority and acceptable to the Board of Resulting Company, shall be effective from the Appointed Date, as defined in Section 232 (6) of the Act, but shall be operative from the Effective Date.

## **26. VALIDITY OF EXISTING RESOLUTIONS, ETC**

- 26.1 Upon the coming into effect of the Scheme and with effect from the Appointed Date, the resolutions of the Transferor Company No. 1 as are considered necessary by the Board of Directors of Resulting Company and which are validly subsisting, shall be considered as resolutions of Resulting Company. If any such resolutions have any monetary limits approved subject to the provisions of the Act or of any other Applicable Laws, then the said limits, as are considered necessary by the Board of Directors of Resulting Company, shall be added to the limits, if any, under the like resolutions passed by Resulting Company.

## **27. SAVING OF CONCLUDED TRANSACTION**

- 27.1 The transfer and vesting of the assets, liabilities and obligations pertaining/relating to the Transferor Company No. 1 pursuant to this Scheme, and the continuance of the proceedings by or against the Resulting Company, under clause 19 hereof shall not affect any transactions or proceedings already completed or liabilities incurred by the Transferor



Company No. 1 either prior to or on or after the Appointed Date, to the end and intent that the Resulting Company accepts all acts, deeds and things done and executed by and/or on behalf of the Transferor Company No. 1 as acts, deeds and things done and executed by and/or on behalf of itself.

**28. DISSOLUTION OF THE TRANSFEROR COMPANY NO. 1.**

- 28.1 Transferor Company No. 1 shall be dissolved without winding up, on an order made by the NCLT under Section 230 of the Act. On and with effect from the Effective Date, the name of Transferor Company No. 1 shall be struck off from the records of the relevant Registrar of Companies.



### SECTION III

#### **AMALGAMATION II : AMALGAMATION OF THE TRANSFEROR COMPANY NO. 2, THE TRANSFEROR COMPANY NO. 3 AND THE TRANSFEROR COMPANY NO. 4 WITH THE DEMERGED COMPANY/TRANSFeree COMPANY**

#### **PART A**

#### **29. BACKGROUND AND DESCRIPTION OF THE COMPANIES**

- 29.1 Chembond Chemicals Limited ("Demerged Company" and/or "Transferee Company") is a Company incorporated on March 22, 1975 in the State of Maharashtra under the Companies Act, 1956 in the name and style of "Chembond Chemicals Private Limited". Subsequently its name was changed to "Chembond Chemicals Limited". The Registered Office of the Transferee Company is situated at Chembond Center, Plot No. EL-71, TTC Industrial Area, MIDC, Mahape, Navi Mumbai, Maharashtra, India - 400710. The Transferee Company is engaged in the business of manufacturing a diverse range of specialty chemicals and products like water treatment, metal treatment, construction chemicals, high performance coatings, animal health, industrial adhesives and sealants and tolling. The equity shares of the Transferee Company are listed on BSE (as defined hereinafter) and NSE (as defined hereinafter). The corporate identity number ("CIN") of the Transferee Company is L24100MH1975PLC018235.
- 29.2 Chembond Material Technologies Private Limited ("Transferor Company No. 2") is a Company incorporated on March 24, 2000 in the State of Maharashtra under the Companies Act, 1956 in the name and style of "Protochem Industries Private Limited". Subsequently its name was changed to "Chembond Material Technologies Private Limited" on July 21, 2018. The Registered Office of the Transferor Company is situated at Chembond Center, No. 1 A- A-737/5, TTC MIDC Area, Mahape Village, Thane Belapur Road, Navi Mumbai, Maharashtra, India, 400710. The Transferor Company No. 2 is engaged in the business of offering innovative & value delivering solutions to industrial customers in the areas of surface treatment, bonding & sealing, & coatings. The corporate identity number ("CIN") of the Transferor Company No. 2 is U24200MH2000PTC125231. The Transferor Company No. 2 is a wholly owned subsidiary of the Transferee Company. Clause 24 of the 'objects incidental or ancillary to the attainment of the main objects' of the memorandum of association of the Transferor Company No. 2 allows/enables amalgamation of the Transferor Company No. 2 with any other company or companies.
- 29.3 Phiroze Sethna Private Limited ("Transferor Company No. 3") is a Company incorporated on June 24, 1975 in the State of Maharashtra under the Companies Act, 1956 in the name and style of "Phiroze Seethna Private Limited". The Registered Office of the Transferor Company No. 3 is situated at Chembond Centre, EL-71, TTC Industrial Area, MIDC, Mahape, Navi Mumbai, Maharashtra, India - 400710. The Transferor Company No. 3 is engaged in the business of manufacturing and marketing a wide range of products to automobiles manufacturers, ancillary industries and other manufacturing sectors. The corporate identity number ("CIN") of the Transferor Company No. 3 is U25209MH1975PTC018396. The Transferor Company No. 3 is a wholly owned subsidiary of the Transferee Company. Clause 6 of the 'objects incidental or ancillary to the attainment of the main objects' of the memorandum of association of the Transferor Company No. 3 allows/enables amalgamation of the Transferor Company No. 3 with any other company or companies.
- 29.4 Gramos Chemicals (India) Private Limited ("Transferor Company No. 4") is a Company incorporated on February 26, 1985 in the State of Maharashtra under the Companies Act, 1956 in the name and style of "Sunbeam Solvents Private Limited". Subsequently its name was



changed to "Gramos Chemicals (India) Private Limited on March 24, 1988. The Registered Office of the Transferor Company No. 4 is situated at Chembond Centre, Plot No. EL-71, TTC Industrial Area, MIDC Electronics, Mahape, Navi Mumbai, Maharashtra, India - 400710. The Transferor Company No. 4 is engaged in the business of manufacturing products for paint shop with a presence in the leading automotive and industrial plants of the country. The corporate identity number ("CIN") of the Transferor Company No. 4 is U99999MH1985PTC035486. The Transferor Company No. 4 is a step down subsidiary of the Transferee Company and wholly owned subsidiary of Transferor Company No. 3. Clause 5 of the 'objects incidental or ancillary to the attainment of the main objects' of the memorandum of association of the Transferor Company No. 4 allows/enables amalgamation of the Transferor Company No. 4 with any other company or companies;

- 29.5 In terms of Section III of this Scheme, it is now proposed, that the Transferor Company No. 2, the Transferor Company No. 3 and the Transferor Company No. 4 shall be merged with the Transferee Company. Accordingly, all the assets and liabilities of the Transferor Companies (as defined hereinafter) shall be transferred to and vested in the Transferee Company with effect from Appointed Date as going concern.

### 30. DEFINITIONS

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

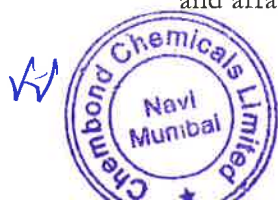
- 30.1 **"Demerged Company/Transferee Company"** shall have meaning assigned to it in Section III, clause 29.1.
- 30.2 **"Transferor Company No. 2"** shall have meaning assigned to it in Section III, clause 29.2.
- 30.3 **"Transferor Company No. 3"** shall have meaning assigned to it in Section III, clause 29.3.
- 30.4 **"Transferor Company No. 4"** shall have meaning assigned to it in Section III, clause 29.4.
- 30.5 **"Transferor Companies"** shall collectively mean Transferor Company No. 2, Transferor Company No. 3 and Transferor Company No. 4.
- 30.6 **"Undertaking of the Transferor Companies"** shall mean and include the whole of the Transferor Company No. 2, Transferor Company No. 3 and Transferor Company No. 4 respectively as a going concern with all its assets, rights, licenses and powers, and all its debts, outstandings, liabilities, duties and obligations and employees as on the Appointed Date including, but not limited to, the following:
- All the assets and properties (whether movable or immovable, tangible or intangible, real or personal, in possession or reversion, corporeal or incorporeal, present, future or contingent) of the Transferor Companies whether situated in India or abroad, but not limited to plants and machinery, computers, equipment, buildings and structures, offices, residential and other premises, including all tangible and intangible assets, stock in trade, capital work in progress, sundry debtors, furniture, fixtures, interiors, office equipment, vehicles, appliances, accessories, deposits, all stocks, assets, investments of all kinds (including shares, scripts, subsidiaries, stocks, bonds, debentures stocks, units or pass through certificates) including shares or other securities held by the Transferor





Companies cash balances or deposits with banks, cheques on hand, loans, advances, contingent rights or benefits, book debts, receivables, actionable claims, earnest moneys, advances or deposits paid by the Transferor Companies financial assets, leases (including but not limited to lease rights of the Transferor Companies), hire purchase contracts and assets, lending contracts, rights and benefits under any agreement, benefit of any security arrangements or under any guarantees, reversions, powers, bids, tenders, letters of intent, expressions of interest, development rights (whether vested or potential and whether under agreements or otherwise), municipal permissions, tenancies or license in relation to the office and /or residential properties (including for the employees or other persons), guest houses, godowns, warehouses, licenses, fixed and other assets, intangible assets (including but not limited to software), trade and service names and marks, patents, copyrights, designs and other intellectual property rights of any nature whatsoever, rights to use and avail of telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interest held in trust, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, title, interests, other benefits (including tax benefits), assets held by or relating to the Transferor Companies employee benefit plan, export incentives accrued, derivative instruments, forward contracts, insurance claims receivable, tax holiday benefit, incentives, credits (including tax credits), minimum alternative tax credit entitlement, tax losses, rights, easements, privileges, liberties and advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Transferor Companies or in connection with or relating to the Transferor Companies and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Companies in each case, whether in India or abroad;

- b. All agreements, rights, contracts, entitlements, licenses, permits, permissions, incentives, approvals, registrations, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges and claims as to any patents, trademarks, designs, quotas, rights, engagements, arrangements, authorities, allotments, security arrangements, benefits of any guarantees, reversions, powers and all other approvals of every kind, nature and description whatsoever relating to the Transferor Companies's business activities and operations;
- c. All Intellectual Property Rights, engineering and process information, software licenses (whether proprietary or otherwise), drawings, records, files, books, records, files, drawings, papers, computer programs, manuals, data, catalogues, sales and advertising material, lists of present and former customers and suppliers, customer credit information, customer pricing information, other customer information and all other records and documents, whether in physical or electronic form, relating to the business activities and operations of the Transferor Companies;
- d. Permissions approval for commissioning of project and other licenses or clearances granted/ issued/ given by any Governmental Authority organizations or companies, allotments, approvals, consents, concessions, clearances, credits, awards, sanctions, exemptions, subsidies, registrations, no-objection certificates, permits, quotas, rights, entitlements, authorisation, applications made for obtaining all or any of the aforesaid, pre-qualifications, bid acceptances, tenders, certificates, tenancies, trade names, trademarks, service marks, copyrights, logos, corporate names, brand names, domain names, privileges and benefits of/ arising out of all contracts, agreements, applications and arrangements and all other rights including lease rights, powers and facilities of every



kind and description whatsoever, equipment, installations and utilities such as electricity, water and other service connections, all benefits including subsidies, grants, incentives, tax credits (including but not limited to credits in respect of goods and service tax input credits, all indirect tax related assets / credits, including but not limited to goods and service tax input credits, service tax input credits, value added/ sales tax/ entry tax credits or set-off, advance tax, withholding tax/ TDS, taxes withheld/ paid in a foreign country, self-assessment tax, regular tax, minimum alternate tax, dividend distribution tax, securities transaction tax, deferred tax assets/ liabilities, accumulated losses under the IT Act and allowance for unabsorbed depreciation under the IT Act, losses brought forward and unabsorbed depreciation as per the books of account and tax refunds) and all other rights, claims and powers, of whatsoever nature; Amounts claimed by the Transferor Companies whether or not so recorded in the books of accounts of the Transferor Companies from any Governmental Authority, under any law, act, scheme or rule, as refund of any tax, duty, cess or of any excess payment;

- e. Rights to any claim not preferred or made by the Transferor Companies in respect of any refund of tax, duty, cess or other charge, including any erroneous or excess payment thereof made by the Transferor Companies and any interest thereon, under any law, act, rule or scheme, and in respect of set-off, carry forward of un-absorbed losses, deferred revenue expenditure, deduction, exemption, rebate, allowance, amortization benefit, etc. whether under the Income Tax Act, 1961, the rules and regulations thereunder, or taxation laws of other countries, or any other or like benefits under the said acts or under and in accordance with any law or act, whether in India or anywhere outside India;
- f. All debts (secured and unsecured), Liabilities all guarantees, assurances, commitments and obligations of any nature or description, whether fixed, contingent or absolute, secured or unsecured, asserted or unasserted, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising (including, without limitation, whether arising out of any contract or tort based on negligence or strict liability). Provided that if there exists any reference in the security documents or arrangements entered into by the Transferor Companies under which the assets of the Transferor Companies stand offered as a security for any financial assistance or obligation, the said reference shall be construed as a reference to the assets pertaining to the Undertaking of the Transferor Companies vested in the Transferee Company by the virtue of the Scheme. The Scheme shall not operate to enlarge the security for any loan, deposit or facility created by the Transferor Companies which shall vest in the Transferee Company by virtue of the amalgamation. The Transferee Company shall not be obliged to create any further or additional security thereof after the amalgamation has become effective;
- g. All insurance policies;
- h. All other obligations of whatsoever kind, including liabilities of the Transferor Companies with regard to their employees with respect to the payment of gratuity, pension benefits and the provident fund or other compensation or benefits, if any, whether in the event of resignation, death, voluntary retirement or retrenchment or otherwise;
- i. All permanent and temporary employees engaged by the Transferor Companies at various locations, if any.

The expressions, which are used in this Section III of the Scheme and not defined herein shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under Section I, Section II or Section IV of the Scheme, 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, notifications, orders, as the case may be, including any statutory modification or re-enactment thereof, from time to time.

### 31. SHARE CAPITAL

31.1 The share capital of the Transferor Company No. 2 as on March 31, 2023 was as under:

Particulars	Amount (in Rs.)
<b>Authorized Capital</b>	
20,00,000 Equity shares of Rs. 10/- (Rupees Ten Only) each	2,00,00,000
<b>Total</b>	<b>2,00,00,000</b>
<b>Issued, Subscribed and Paid-up Capital</b>	
15,15,000 Equity shares of Rs.10/- (Rupees Ten Only) each	1,51,50,000
<b>Total</b>	<b>1,51,50,000</b>

Tribunal dated September, 12, 2023 approving the merger of Chembond Polymers and Materials Limited a wholly owned subsidiary of the Transferee Company into Chembond Material Technologies Private Limited the Authorised Share Capital of the Transferor Company No. 2 stands altered as given below:

Particulars	Amount (in Rs.)
<b>Authorized Capital</b>	
25,00,000 Equity shares of Rs. 10/- (Rupees Ten Only) each	2,50,00,000
<b>Total</b>	<b>2,50,00,000</b>
<b>Issued, Subscribed and Paid-up Capital</b>	
15,15,000 Equity shares of Rs.10 (Rupees Ten Only) each	1,51,50,000
<b>Total</b>	<b>1,51,50,000</b>

The equity shares of the Transferor Company No. 2 are not listed on any stock exchanges.

31.2 The share capital of the Transferor Company No. 3 as on March 31, 2023 was as under:

Particulars	Amount (in Rs.)
<b>Authorized Capital</b>	
5,000 Equity Shares of Rs.100/- (Rupees Hundred Only) each	5,00,000
4,950 unclassified Shares of Rs. 100/- (Rupees Hundred Only) each	4,95,000
9.50% Cumulative Redeemable Preference Shares of Rs.100/- (Rupees Hundred Only) each	5,000
<b>Total</b>	<b>10,00,000</b>
<b>Issued, Subscribed and Paid-up Capital</b>	
4,000 Equity Shares of Rs. 100/- (Rupees Hundred Only) each	4,00,000
<b>Total</b>	<b>4,00,000</b>

Subsequent to the above date and till the date of the scheme being approved by the Board of Directors of the Transferor Company No. 3, there has been no change in the authorized, issued, subscribed and paid-up equity share capital of the Transferor Company No. 3.

The equity shares of the Transferor Company No. 3 are not listed on any stock exchanges.



31.3 The share capital of the Transferor Company No. 4 as on March 31, 2023 was as under:

Particulars	Amount (in Rs.)
<b>Authorized Capital</b>	
1,00,000 Equity Shares of Rs. 100/- (Rupees Hundred Only) each	1,00,00,000
<b>Total</b>	<b>1,00,00,000</b>
<b>Issued, Subscribed and Paid-up Capital</b>	
48,000 Equity Shares of Rs. 100/- (Rupees Hundred Only) each	48,00,000
<b>Total</b>	<b>48,00,000</b>

Subsequent to the above date and till the date of the scheme being approved by the Board of Directors of the Transferor Company No. 4, there has been no change in the authorized, issued, subscribed and paid-up equity share capital of the Transferor Company No. 4.

The equity shares of the Transferor Company No. 4 are not listed on any stock exchanges.

31.4 The share capital of the Demerged Company/Transferee Company as on March 31, 2023 was as under:

Particulars	Amount (in Rs.)
<b>Authorized Capital</b>	
2,00,00,000 Equity Shares of Rs. 5/- (Rupees Five Only) each	10,00,00,000
<b>Total</b>	<b>10,00,00,000</b>
<b>Issued, Subscribed and Paid-up Capital</b>	
1,34,48,288 Equity Shares of Rs.5/- (Rupees Five Only) each	6,72,41,440
<b>Total</b>	<b>6,72,41,440</b>

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

The equity shares of the Demerged Company/Transferee Company are listed on the BSE and NSE.





## PART B

### AMALGAMATION OF THE TRANSFEROR COMPANIES WITH THE TRANSFeree COMPANY

#### 32. TRANSFER AND VESTING OF UNDERTAKING

32.1 **General:** Subject to the provisions of Section III of the Scheme and after giving effect of Section I and Section II, of this Scheme and with effect from the Appointed Date and pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Act, if any, the entire business and Undertaking of the Transferor Companies including all the debts, liabilities, losses, duties and obligations, including those arising on account of taxation laws and other allied laws, of the Transferor Companies of every description and also including, without limitation, all the movable and immovable properties and assets (whether tangible or intangible) of the Transferor Companies comprising, amongst others, all investments, receivables, actionable claims, furniture and fixtures, office equipment, telephones, telex, facsimile and other communication facilities and business licenses, permits, deposits, authorisations, approvals, lease, tenancy rights, permissions, incentives, if any, and all other rights, know-how, trade secret, patents, trademark, service mark, other intellectual property rights, registrations, title, interest, contracts including but not limited to contracts entered into with customers, vendors and service providers, consents, approvals and rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals, shall, under the provisions of section 234 read with sections 230 to 232 of the Act and pursuant to the order of the National Company Law Tribunal sanctioning this Scheme and without further act, instrument or deed, but subject to the changes affecting the same as on the Effective Date, be transferred and/or deemed to be transferred to and vested in the Transferee Company, so as to become the properties, assets, rights, business and Undertaking of the Transferor Companies.

32.2 Without prejudice to the generality of the above and to the extent applicable, unless otherwise stated herein, upon this Scheme becoming effective and after giving effect of the Section III and with effect from the Appointed Date:

##### 32.2.1 Transfer of Assets:

- a. All assets and properties of the Transferor Companies as on the Appointed Date, whether or not included in the books of the Transferor Companies and all assets and properties which are acquired by the Transferor Companies on or after the Appointed Date but prior to the Effective Date, shall be deemed to be and shall become the assets and properties of the Transferee Company, and shall under the provisions of Sections 230 to 232 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company upon the coming into effect of this Scheme pursuant to the provisions of Sections 230 to 232 of the Act. 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 in order to give effect to the provisions of this sub-clause.
- b. In respect of such assets owned and belonging to the Undertaking of the Transferor Companies as are movable in nature or incorporeal property or are otherwise capable of transfer by physical or constructive delivery and/or by endorsement and delivery or by vesting and recordal of whatsoever nature, including machinery, equipment, pursuant to this Scheme shall stand transferred to and vested in and/or be deemed to be transferred



to and vested in the Transferee Company, wherever located and shall become the property and an integral part of the Transferee Company, under the provisions of Sections 230 to 232 of the Act and all other applicable provisions of Applicable Law and without any further act or deed. 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, pursuant to this Scheme, as appropriate to the property being vested and title to the property shall be deemed to have been transferred accordingly.

- c. All other movable properties of the Transferor Companies including investments in shares and any other securities, sundry debtors, actionable claims, earnest monies, receivables, bills, credits, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits (including deposits from members), if any, with government, semi-government, local and other authorities and bodies, customers and other persons, shall, under the provisions of Sections 230 to 232 of the Act and all other applicable provisions of Applicable Law and without any further act, instrument or deed, become the property of the Transferee Company, and the same shall also be deemed to have been transferred by way of delivery of possession of the respective documents in this regard. The Transferee Company may, at its sole discretion but without being obliged, give notice in such form as it may deem fit and proper, to such person, as the case may be, that the said debt, receivable, bill, credit, loan, advance or deposit stands transferred to and vested in Transferee Company and be paid or made good or held on account of the Transferee Company as the person entitled thereto. It is hereby clarified that investments, if any, made by Transferor Companies and all the rights, title and interest of the Transferor Companies in any leasehold properties shall, pursuant to Sections 230 to 232 of the Act and all other applicable provisions of Applicable Law and the provisions of this Scheme, without any further act or deed, be transferred to and vested in and/or be deemed to have been transferred to and vested in the Transferee Company;
- d. All immovable properties of the Transferor Companies including land together with the buildings and structures standing thereon and rights and interests in immovable properties of the Transferor Companies whether freehold or leasehold or otherwise and all documents of title, rights and easements in relation thereto, shall be vested in and/or be deemed to have been vested in the Transferee Company, under the provisions of Sections 230 to 232 of the Act and all other applicable provisions of Applicable Law without any further act or deed done or being required to be done by the Transferor Companies and/or the Transferee Company, pursuant to the sanctioning of the Scheme and upon the Scheme becoming effective. The Transferee Company shall be entitled to exercise all rights and privileges attached to the aforesaid immovable properties and shall be liable to pay the ground rent and taxes and fulfil all obligations in relation to or applicable to such immovable properties, upon the sanctioning of Scheme by the Competent Authority and the Scheme becoming effective. The relevant authorities shall grant all clearances/permissions, if any, required for enabling Transferee Company to absolutely own and enjoy the immovable properties in accordance with Applicable Law. Upon this Scheme becoming effective, the title to such properties shall be deemed to have been mutated and recognised as that of the Transferee Company and the mere filing thereof with the appropriate registrar or sub-registrar or with the relevant Governmental Authority shall suffice as record of continuing titles with the Transferee Company and shall be constituted as a deemed mutation and substitution thereof;
- e. Without prejudice to the generality of the foregoing, all lease agreements and leave and license agreements, as the case may be, to which the Transferor Companies is a party, and having effect immediately before the Effective Date, shall remain in full force and effect



on the terms and conditions contained therein in favour of or against the Transferee Company and may be enforced fully and effectually as if, instead of the Transferor Companies the Transferee Company had been a party or beneficiary or obligee thereto or thereunder; and the respective lessees and the licensees, as the case may be, shall continue to be in possession of the premises subject to the terms and conditions contained in the relevant lease agreements or leave and license agreements, as the case may be. Further, all the rights, title, interest and claims of the Transferor Companies in any properties including leasehold/ licensed properties of the Transferor Companies including but not limited to security deposits and advance or prepaid lease or license fee, shall, on the same terms and conditions, be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company automatically without requirement of any further act or deed, under the provisions of Sections 230 to 232 of the Act and all other applicable provisions of Applicable Law including without the requirement of payment of any transfer charges or any other charges. The Transferee Company shall continue to pay rent or lease or license fee as provided for under such agreements, and the Transferee Company shall continue to comply with the terms, conditions and covenants thereunder;

- f. From the Effective Date, all bank accounts operated or entitled to be operated by the Transferor Companies shall be deemed to have transferred and shall stand transferred to the Transferee Company and name of the Transferor Companies shall be substituted by the name of the Transferee Company in the bank's records and the Transferee Company shall be entitled to operate all bank accounts, realise all monies and complete and enforce all pending contracts and transactions in the name of the Transferor Companies to the extent necessary until the transfer of the rights and obligations of the Transferor Companies to the Transferee Company under the Scheme is formally accepted and completed by the parties concerned. For avoidance of doubt, it is hereby clarified that all cheques and other negotiable instruments, payment orders received and presented for encashment which are in the name of the Transferor Companies after the Effective Date, shall be accepted by the bankers of the Transferee Company and credited to the accounts of the Transferee Company, if presented by the Transferee Company. Similarly, the banker of the Transferee Company shall honour all cheques issued by the Transferor Companies for payment after the Effective Date;
- g. The transfer and vesting of movable and immovable properties as stated above, shall be subject to Encumbrances, if any, affecting the same; and
- h. All consents, permissions, licenses, permits, quotas, approvals, certificates, clearances, authorities, leases, tenancy, assignments, allotments, registrations, incentives, subsidies, concessions, grants, rights, claims, liberties, special status, other benefits or privileges and any powers of attorney given by, issued to or executed in favour of the Transferor Companies including in relation to the Undertaking of the Transferor Companies and all rights and benefits which have accrued to the Transferor Companies shall, under the provisions of Sections 230 to 232 and other applicable provisions, if any, of the Act, stand transferred to and vested in, or shall be deemed to be transferred to or vested in, the Transferee Company, as if the same were originally given by, issued to or executed in favour of the Transferee Company, so as to become, as and from the Appointed Date, consents, permissions, licenses, permits, quotas, approvals, certificates, clearances, authorities, leases, tenancy, assignments, allotments, registrations, incentives, subsidies, concessions, grants, rights, claims, liberties, special status, other benefits or privileges and any powers of attorney of the Transferee Company which are valid, binding and enforceable on the same terms, and the Transferee Company shall be bound by the terms



thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Transferee Company.

**32.2.2 Transfer of Liabilities:**

- a. All Liabilities of every kind, nature and description whatsoever and howsoever arising, whether provided for or not in the books of account or disclosed in the balance sheets of the Transferor Companies shall be deemed to be the debts, liabilities, contingent liabilities, duties, and obligations of the Transferee Company, and the Transferee Company shall, and undertakes to meet, discharge and satisfy the same in terms of their respective terms and conditions, if any. All loans raised and used and all debts, duties, undertakings, liabilities and obligations incurred or undertaken by the Transferor Companies after the Appointed Date and prior to the Effective Date, shall also be deemed to have been raised, used, incurred or undertaken for and on behalf of the Transferee Company and, to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme, pursuant to the provisions of Sections 230 to 232 of the Act and all other applicable provisions of Applicable Law, without any further act, instrument or deed shall stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company and shall become the debt, duties, undertakings, liabilities and obligations of the Transferee Company which shall meet, discharge and satisfy the same;
- b. Where any of the Liabilities incurred before the Appointed Date by the Transferor Companies deemed to have been transferred to the Transferee Company by virtue of this Scheme, have been discharged by the Transferor Companies after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company;
- c. All debentures, bonds, notes or other securities of the Transferor Companies whether convertible into equity or otherwise, shall, without any further act, instrument or deed become the debentures, bonds, notes or other securities of the Transferee Company and all rights, powers, duties and obligations in relation thereto shall be and shall stand transferred to and vested in or deemed to be transferred to and vested in and shall be exercised by or against the Transferee Company as if it were the Transferor Companies under the provisions of Sections 230 to 232 of the Act and all other applicable provisions of Applicable Law and without any further act or deed. 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;
- d. All public deposits, debentures or bonds of the Transferor Companies shall be distinctly identified in the records of the Transferee Company for all intents and purposes including taxation and accounting and shall not be combined with any existing outstanding deposit scheme or series of debentures or bonds of the Transferee Company;
- e. All Encumbrances, if any, existing prior to the Effective Date over the assets of the Transferor Companies which secure or relate to any liability, shall, after the Effective Date, without any further act, instrument or deed, continue to be related and attached to such assets or any part thereof to which they related or were attached prior to the Effective Date and as are transferred to the Transferee Company. Provided that if any assets of the Transferor Companies have not been Encumbered in respect of the liabilities, such assets shall remain unencumbered and the existing Encumbrance referred to above shall not be extended to and shall not operate over such assets. Further, such





Encumbrances shall not relate or attach to any of the other assets of the Transferee Company and the Transferee Company shall not be obliged to create any further or additional security after the Scheme has become effective or otherwise. The secured creditors of the Transferee Company and/or other holders of security over the properties of the Transferee Company shall not be entitled to any additional security over the properties, assets, rights, benefits and interests of the Transferor Companies and therefore, such assets which are not currently Encumbered shall remain free and available for creation of any security thereon in future in relation to any current or future indebtedness of the Transferee Company. The absence of any formal amendment which may be required by a lender or trustee or any third party shall not affect the operation of the foregoing provisions of this Scheme;

- f. Any reference in any security documents or arrangements (to which the Transferor Companies are party) to the Transferor Companies and their assets and properties, shall be construed as a reference to the Transferee Company and the assets and properties of the Transferor Companies shall be transferred to the Transferee Company by virtue of the Scheme. Without prejudice to the foregoing provisions, the Transferor Companies and the Transferee Company may execute any instruments or documents or do all acts and deeds as may be considered appropriate, including the filing of necessary particulars and/or modification(s) of charge, with the jurisdictional Registrar of Companies to give formal effect to these provisions, if required; and
- g. It is expressly provided that, save as mentioned in this Scheme, no other term or condition of the Liabilities transferred to the Transferee Company as part of the Scheme is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.

### **32.2.3 Transfer of Contracts, Deeds and Other Instruments**

- a. All contracts, agreements, licenses, leases, memoranda of undertakings, memoranda of agreements, memoranda of agreed points, letters of agreed points, bids, letters of intent, arrangements, undertakings, whether written or otherwise, deeds, bonds, agreements, schemes, arrangements and other instruments to which the Transferor Companies are a party, or to the benefit of which, the Transferor Companies may be eligible/entitled, and which are subsisting or having effect immediately before the Effective Date, shall, without any further act, instrument or deed continue in full force and effect on, against or in favour of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Companies the Transferee Company had been a party or beneficiary or obligor thereto. If the Transferee Company enters into and/or issues and/or executes deeds, writings or confirmations or enters into any tripartite arrangements, confirmations or novations, the Transferor Companies will, if necessary, also be a party to such documents in order to give formal effect to the provisions of this Scheme, if so required. The Transferee Company may also execute deeds of confirmation in favour of any party to any contract or arrangement to which the Transferor Companies are a party as may be necessary to be executed in order to give formal effect to the above provisions. In relation to the same, any procedural requirements required to be fulfilled solely by the Transferor Companies (and not by any of its successors), shall be fulfilled by the Transferee Company as if it is the duly constituted attorney of the Transferor Companies; and
- b. On and from the Effective Date, and thereafter, the Transferee Company shall be entitled to complete and enforce all pending contracts and transactions and to accept stock returns and issue credit notes in respect of the Transferor Companies in the name of the

Transferor Companies in so far as may be necessary until the transfer of rights and obligations of the Transferor Companies to the Transferee Company under this Scheme has been given effect to under such contracts and transactions.

#### 32.2.4 Transfer of Employees

- a. All employees of the Transferor Companies as on the Effective Date shall, become and be deemed to have become, the employees of the Transferee Company, on terms and conditions not less favorable than those on which they are engaged by the Transferor Companies and without any interruption of or break in service as a result of the amalgamation of the Transferor Companies with the Transferee Company. For the purpose of payment of all retirement benefits, the past services of such employees with the Transferor Companies shall be taken into account from the date of their appointment with the Transferor Companies and such benefits to which the employees are entitled in the Transferor Companies shall also be taken into account and paid (as and when payable) by the Transferee Company.
- b. In so far as the provident fund, gratuity fund, superannuation fund, retirement fund and any other funds or benefits created by the Transferor Companies for its employees or to which the Transferor Companies are contributing for the benefit of its employees (collectively referred to as the "Funds") are concerned, the Funds or such part thereof as relates to the employees (including the aggregate of all the contributions made to such Funds for the benefit of the employees, accretions thereto and the investments made by the Funds in relation to the employees) shall be transferred to the Transferee Company and shall be held for the benefit of the concerned employees. In the event the Transferee Company has its own funds in respect of any of the employee benefits referred to above, the Funds shall, subject to the necessary approvals and permissions, and at the discretion of the Transferee Company, be merged with the relevant funds of the Transferee Company. In the event that the Transferee Company does not have its own funds in respect of any of the above or if deemed appropriate by the Transferee Company, the Transferee Company may, subject to necessary approvals and permissions, maintain the existing funds separately and contribute thereto until such time that the Transferee Company creates its own funds, at which time the Funds and the investments and contributions pertaining to the employees shall be merged with the funds created by the Transferee Company.
- c. In relation to those Employees for whom the Transferor Companies is making contributions to the government provident fund or other employee benefit fund, the Transferee Company shall stand substituted for the Transferor Companies for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such Employees, such that all the rights, duties, powers and obligations of the Transferor Companies as the case may be in relation to such schemes/ Funds shall become those of the Transferee Company.

#### 32.2.5 Legal Proceedings

- a. If any suit, appeal or other legal proceedings of whatsoever nature by or against the Transferor Companies is pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of the amalgamation of the Transferor Companies with the Transferee Company and by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would



or might have been continued, prosecuted and enforced by or against the Transferor Companies as if this Scheme had not been made.

- b. The Transferee Company undertakes to have all legal or other proceedings initiated by or against the Transferor Companies above transferred into its name and to have the same continued, prosecuted and enforced by or against the Transferee Company to the exclusion of the Transferor Companies.

#### 32.2.6 Taxes, Duties/Cess

- a. All taxes (including but not limited to advance tax, tax deducted at source, minimum alternate tax credits, withholding tax, dividend distribution tax, banking cash transaction tax, securities transaction tax, taxes withheld/paid in a foreign country, value added tax, sales tax, service tax, goods and services tax, customs, duties, etc.), including any interest, penalty, surcharge and cess, if any, paid / payable by or refunded / refundable to the Transferor Companies including all or any refunds or claims shall be treated as the tax liability or refunds/claims, as the case may be, of the Transferee Company, and any tax incentives, advantages, privileges, accumulated losses and allowance for unabsorbed depreciation as per Section 72A of the IT Act, losses brought forward and unabsorbed depreciation as per books of account, deductions otherwise admissible such as under Section 40, 40A, 43B, etc. of the IT Act, exemptions, credits, exemptions, credits, deductions / holidays, remissions, reductions etc., as would have been available to the Transferor Companies shall pursuant to this Scheme becoming effective, be available to the Transferee Company; and
- b. All the benefits under the various incentive schemes and policies that the Transferor Companies is entitled to, including tax credits, tax deferral, exemptions, holidays and benefits (including goods and service tax input credits, service tax input credits, all indirect tax related assets / credits, including but not limited to goods and service tax input credits, service tax input credits, value added/ sales tax/ entry tax credits or set-off, advance tax, withholding tax/ TDS, taxes withheld/ paid in a foreign country, self-assessment tax, regular tax, minimum alternate tax, dividend distribution tax, securities transaction tax, deferred tax assets/ liabilities, accumulated losses under the IT Act and allowance for unabsorbed depreciation under the IT Act, losses brought forward and unabsorbed depreciation as per the books of account), subsidies, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed by the Transferor Companies rights of any claim not made by the Transferor Companies in respect of any refund of tax, duty, cess or other charge, including any erroneous or excess payment thereof made by the Transferor Companies and any interest thereon and all rights or benefits that have accrued or which may accrue to the Transferor Companies whether on, before or after the Appointed Date, shall upon this Scheme becoming effective and with effect from the Appointed Date be transferred to and vest in the Transferee Company and all benefits, entitlements and incentives of any nature whatsoever, shall be claimed by the Transferee Company and these shall relate back to the Appointed Date as if the Transferee Company was originally entitled to all benefits under such incentive schemes and/or policies.

#### 32.2.7 Transfer of benefits, licenses, permits etc.

- a. All the security interest over any moveable and/or immovable properties and security in any other form (both present and future) including but not limited to any pledges, or guarantees, if any, created/executed by any person in favour of the Transferor Companies or any other person acting on behalf of or for the benefit of the Transferor Companies



for securing the obligations of the persons to whom the Transferor Companies has advanced loans and granted other funded and non-funded financial assistance, by way of letter of comfort or through other similar instruments shall without any further act, instrument or deed stand vested in and be deemed to be in favour of the Transferee Company and the benefit of such security shall be available to the Transferee Company as if such security was ab initio created in favour of the Transferee Company. The mutation or substitution of the charge in relation to the movable and immovable properties of the Transferor Companies shall, upon this Scheme becoming effective, be made and duly recorded in the name of the Transferee Company by the appropriate authorities and third parties (including any depository participants) pursuant to the sanction of this Scheme by the Competent Authority and upon the Scheme becoming effective in accordance with the terms hereof;

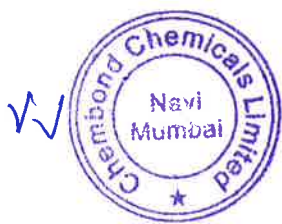
- b. All letters of intent, requests for proposal, pre-qualifications, bid acceptances, tenders and other instruments of whatsoever nature to which the Transferor Companies is a party or to the benefit of which the Transferor Companies may be eligible, shall remain in full force and effect against or in favour of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Companies the Transferee Company had been a party or beneficiary or obligee thereto. Upon coming into effect of this Scheme, the past track record of the Transferor Companies shall be deemed to be the track record of the Transferee Company for all commercial and regulatory purposes;
- c. All approvals, allotments, consents, concessions, clearances, credits, awards, sanctions, exemptions, subsidies, registrations, no-objection certificates, permits, quotas, rights, entitlements, authorisation, pre-qualifications, bid acceptances, tenders, licenses (including the licenses granted by any governmental, statutory or regulatory bodies for the purpose of carrying on its business or in connection therewith), permissions and certificates of every kind and description whatsoever in relation to the Transferor Companies or to the benefit of which the Transferor Companies may be eligible/entitled, and which are subsisting or having effect immediately before the Effective Date, including the applications and benefits of any applications made for any of the foregoing, shall be in full force and effect in favour of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Companies the Transferee Company had been a party or beneficiary or obligor thereto and the Transferee Company shall be liable for compliance with all the conditions governing such consents, permits, approvals, etc. as stated above. It is hereby clarified that if the consent of any third party or authority is required to give effect to the provisions of this clause, the said third party or 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 Competent Authority, and upon this Scheme becoming effective in accordance with the terms hereof. For this purpose, the Transferee Company shall file appropriate applications/documents with relevant authorities concerned for information and record purposes;
- d. All consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Transferor Companies shall stand transferred to the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to the Transferee Company;
- e. All trademarks, trade names, service marks, copyrights, logos, corporate names, brand names, domain names and all registrations, applications and renewals in connection therewith, and software and all website content (including text, graphics, images, audio,





video and data), trade secrets, confidential business information and other proprietary information shall stand transferred to and vested in the Transferee Company;

- f. All registrations, goodwill and licenses, appertaining to the Transferor Companies if any, shall be transferred to and vested in the Transferee Company;
  - g. Benefits of any and all corporate approvals as may have already been taken by the Transferor Companies whether being in the nature of compliances or otherwise, including without limitation approvals under Sections 42, 62, 180, 185, 186, etc., of the Act, read with the rules and regulations made thereunder, shall stand transferred to the Transferee Company and the said corporate approvals and compliances shall be deemed to have been taken/complied with by the Transferee Company; it being clarified that if any such resolutions have any monetary limits approved subject to the provisions of the Act and of any other applicable statutory provisions, then the said limits, as are considered necessary by the Board of the Transferee Company, shall be added to the limits, if any, under the like resolutions passed by the Transferee Company; and
  - h. The Transferor Companies and/or the Transferee Company as the case may be, shall, at any time after this Scheme becoming effective in accordance with the provisions hereof, if so required under Applicable Law or otherwise, do all such acts or things as may be necessary to transfer/novate the approvals, consents, exemptions, registrations, no-objection certificates, permits, quotas, rights, entitlements, licenses and certificates which were held or enjoyed by the Transferor Companies. It is hereby clarified that if the consent of any third party or Governmental Authority, if any, 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 Competent Authority, and upon this Scheme becoming effective in accordance with the provisions of the Act and with the terms hereof. For this purpose, the Transferee Company shall file appropriate applications/documents with relevant authorities concerned for information and record purposes.
- 32.3 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 Companies and to carry out or perform all such acts, formalities or compliances referred to above as may be required in this regard.
- 32.4 The Transferee Company is and shall always be deemed to have been authorised to execute any pleadings, applications, forms, etc., as may be required to remove any difficulties and carry out any formalities or compliance as are necessary for the implementation of this Scheme, pursuant to the sanction of this Scheme by the Competent Authority.
- 32.5 Without prejudice to the other provisions of the Scheme and notwithstanding the vesting of the Transferor Companies into the Transferee Company, in order to ensure (i) implementation of the provisions of the Scheme; and (ii) continued vesting of the benefits, exemptions available to the Transferor Companies in favour of the Transferee Company, the Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under Applicable Law or otherwise, execute deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement in relation to which the Transferor Companies has been a party, including any filings with the regulatory authorities in order to give formal effect to the above provisions and to carry out or perform all such



formalities or compliances referred to above on the part of the Transferor Companies. The Transferee Company will, if necessary, also be a party to the above.

32.6 In order to ensure the smooth transition and sales of products and inventory of the Transferor Companies manufactured and/or branded and/or labelled and/or packed in the name of the Transferor Companies prior to the Effective Date, the Transferee Company shall have the right to own, use, market, sell, exhaust or to in any manner deal with any such products and inventory (including packaging material) pertaining to the Transferor Companies without making any modifications, whatsoever to such products and/or the branding, packaging or labelling. All invoices/payment related documents pertaining to such products and inventory (including packaging material) may be raised in the name of the Transferee Company after the Effective Date.

32.7 Conduct Of Business until Effective Date

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

- a. The Transferor Companies shall carry on and be deemed to have carried on their business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all the assets, rights, title and interest for and on account of and in trust for the Transferee Company.
- b. The Transferor Companies shall carry on their business and activities in the ordinary course of business with reasonable diligence and business prudence.
- c. All the profits or income accruing or arising to the Transferor Companies or expenditure or losses incurred or arising to the Transferor Companies shall for all purposes be treated and deemed to be and accrue as the profits or income or expenditure or losses (as the case may be) of the Transferee Company.
- d. The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to the Government Authorities concerned, as are necessary under any law for such consents, approvals and sanctions which the Transferee Company may require for carrying on the business of the Transferor Companies.
- e. The Transferor Companies shall carry on their business, operations or activities with reasonable diligence and business prudence and in the same manner as they had been doing hitherto and shall not venture into/expand any new businesses, alienate, charge, mortgage, encumber or otherwise deal with the assets or any part thereof except in the ordinary course of business, without the prior consent of the Transferee Company
- f. The Transferee Company and the Transferor Companies shall also be entitled to make an application for amending, cancelling or obtaining fresh registrations, as the case may be, under all Applicable Laws and legislations. The Transferee Company and the Transferor Companies would be entitled to make an application for amending licenses/authorisations.



## PART C

### 33. CONSIDERATION:

- 33.1 The Transferor Companies are wholly owned subsidiary and / or step down subsidiary companies of Transferee Company. Their entire share capital is directly or indirectly held by the Transferee Company. Hence, upon the Scheme becoming effective, no shares of Transferee Company shall be allotted in lieu or exchange of the shares of the Transferor Companies. Upon the Scheme becoming effective, the entire share capital of the Transferor Companies shall be cancelled and extinguished.

### 34. AGGREGATION AND RECLASSIFICATION OF AUTHORISED SHARE CAPITAL OF THE TRANSFEE COMPANY

- 34.1 Upon this Scheme becoming effective, the authorized share capital of the Transferor Companies shall be reclassified and stand consolidated with the authorized share capital of the Transferee Company. Accordingly, the authorized share capital of the Transferee Company shall stand increased to that extent, without any further act, instrument or deed on the part of the Transferee Company, including without any payment of stamp duty and any fees or charges payable to the Registrar of Companies, and/or to any other Governmental Authority, and the Memorandum of Association and Articles of Association of the Transferee Company (relating to the authorised share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, pursuant to Sections 13, 14, 61 and 232(3)(i) respectively of the Companies Act, 2013 and/or any other applicable provisions of the Act, as the case may be. Hence, for this purpose, the stamp duties and fees paid on the authorised share capital of the Transferor Companies shall be utilized and applied to the increased authorised share capital of the Transferee Company and no extra stamp duty and/or fees shall be required to be paid by the Transferee Company for its increased authorised share capital.

- 34.2 Consequent upon demerger and amalgamation (after giving effect of clause 13.1 and clause 34.1), 'Clause V' of the Memorandum of Association of the Transferee Company shall be replaced with the following:

*"The Authorised Share Capital of the Company is Rs. 10,60,00,000/- (Rupees Ten Crores Sixty Lakhs Only) divided into 2,12,00,000 (Two Crores Twelve Lakhs) Equity Shares of Rs.5/- (Rupees Five only) each with the rights, privileges, and conditions attaching thereto as are provided by the Articles of Association of the Company for the time being with the power to increase and reduce the capital and to divide the shares in the capital for the time being into several classes and to attach there to respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the articles of association of the company for the time being and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the law for the time being in force or provided by the Articles of Association for the time being."*

- 34.3 It is clarified that the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under Sections 13, 14 and 61, respectively, of the Companies Act, 2013 and/ or any other applicable provisions of the Act, would be required to be separately passed.

- 34.4 In the event, the authorized share capital of the Transferee Company undergoes any change prior to the Effective Date, the clauses specified in this Scheme to replace the existing clause V of the memorandum of association, shall be adjusted accordingly to take into account the effect of any such corporate actions.



## 35. ACCOUNTING TREATMENT

- 35.1 As the Transferor Companies shall stand dissolved without being wound up and all the assets and liabilities as well as reserves shall be transferred to the Transferee Company, on a going concern basis, upon the Scheme becoming effective, hence there is no accounting treatment prescribed under this Scheme in the books of the Transferor Companies.
- 35.2 On effectiveness of the Scheme and with effect from the Appointed Date, since the transaction involves entities which are under common control before and after the transaction, the Transferee Company shall account for the transfer and vesting of the Undertaking as per the "Pooling of Interests" method in its books of accounts in accordance with Appendix C for Business combinations of entities under common control of the Indian Accounting Standards (IND AS) 103 prescribed under Section 133 of the Companies Act, 2013, as notified under the Companies (Indian Accounting Standards) Rules, 2015 and other applicable accounting standards prescribed under the Act.
- 35.3 The pooling of interests' method is considered to involve the following:
- a. All the assets and liabilities of the Transferor Companies shall be recorded in the financial statements of the Transferee Company at their carrying amounts as appearing in the financial statements of the Transferor Companies, prior to this Section III being made effective. No adjustments will be made to reflect fair values or recognize any new assets or liabilities. The only adjustments that are made are to harmonize the accounting policies.
  - b. The identity of the reserves of the Transferor Companies shall be preserved and they shall appear in the financial statements of the Transferee Company in the same form and manner in which they appear in the financial statements of the Transferor Companies, prior to Section III of this Scheme being made effective, and it shall be aggregated with the corresponding balance appearing in the financial statements of the Transferee Company.
  - c. The difference between the i) aggregate face value of the equity shares of the Transferee Company issued and allotted by it to the members of the Transferor Companies, if any, (which is expected to be NIL in view of clause 33) and ii) the equity share capital of the Transferor Companies respectively, shall be adjusted in the capital reserve account.
  - d. The financial information in the financial statements of the Transferee Company in respect of prior periods should be restated as if the amalgamation had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination.
  - e. The difference, if any arising from the cancellation of cross-holdings (if any) shall also be adjusted in the capital reserves account of the Transferee Company.
  - f. To the extent that there are inter-corporate loans/trade deposits, debentures, debt securities or balances between the Transferor Companies inter se and/or the Transferor Companies and the Transferee Company, the obligation in respect thereof shall come to an end and corresponding effect shall be given in the books of account and the records of the Transferee Company for the reduction / netting of any assets or liabilities, as the case



may be. Difference, if any, arising upon such cancellation, shall be credited or debited, as the case may be, to the reserve of the Transferee Company.

- g. The Scheme set out herein in its present form or with any modification(s) or amendment(s) approved, imposed or directed by the Tribunals or any other Governmental Authority shall be effective from the Appointed Date but shall be operative from the Effective Date. However, if the Ind AS 103 require the amalgamation to be accounted with effect from a different date, then it would be accounted as per the requirements of Ind AS 103, for accounting purpose, to be compliant with the Indian accounting standards. For regulatory and tax purposes, amalgamation would have been deemed to be effective from the Appointed Date of this Scheme.
- h. In case of any differences in accounting policies between the Transferor Companies and the Transferee Company, the accounting policies followed by the Transferee Company shall prevail to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policies. The difference, if any, in the accounting policies between the Transferor Companies and Transferee Company, shall be ascertained and the impact of the same will be quantified and adjusted in the retained earnings or another affected component of equity of the Transferee Company, as applicable, in accordance with the requirements of Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.
- i. The costs relating to the Scheme will be accounted in accordance with Ind AS 103.

#### **36. TREATMENT OF TAXES PAID BY THE TRANSFEROR COMPANIES**

- 36.1 All taxes, levies, cess, etc. (whether direct or indirect) that might have been paid by the Transferor Companies (whether before or after the Appointed Date) during the period when the amalgamation has not become effective for any tax liability that arises after the Appointed Date shall be deemed to be tax paid by the Transferee Company and credit in respect thereof shall be given to the Transferee Company accordingly.

#### **37. TREATMENT OF SCHEME FOR THE PURPOSES OF INCOME TAX ACT, 1961**

- 37.1 Upon this Scheme being effective, and in terms thereof, the Transferor Companies and the Transferee Company are expressly permitted to prepare/redraw the relevant financial statements, as required, in accordance with, and in terms of, Appendix C to Indian Accounting Standards (“IndAS”) 103 and/or International Financial Reporting Standards and/or Accounting Standards, as applicable, and the financial statements once certified by the Auditors and/or Firm of Chartered Accountants, will be regarded as duly drawn up in compliance with Companies Act, 2013 and/or laws applicable in relation to the Transferor Companies. Further the Transferor Companies and the Transferee Company are expressly permitted to revise and file their respective income tax returns and other statutory returns, including tax deducted / collected at source returns, service tax returns, excise tax returns, sales tax / value added tax ,goods and services tax returns, minimum alternate tax returns as may be applicable and has expressly reserved the right to make such provision in its returns and to claim refunds or credits etc. if any. Such returns may be revised and filed notwithstanding that the statutory period for such revision and filing may have expired and without incurring any additional liability on account of interest, penalty, late fees or any other sum.



37.2 Any refund under the tax laws received by or due to the Transferor Companies consequent to any assessments made on the Transferor Companies subsequent to the Appointed Date pertaining to the business transferred and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company.

37.3 Any transaction entered into by the Transferor Companies between the Appointed Date and the Effective Date will not be regarded as noncompliant of withholding tax/tax deduction at source obligation under the Income Tax Act, 1961 or Goods and Service Tax obligation only on the ground that, on the sanction of the scheme, the transactions are regarded as having been carried out by the Transferee Company.

#### **38. DATE OF TAKING EFFECT AND OPERATIVE DATE**

38.1 The Scheme as set out herein in its present form, or with any modification(s) or amendment(s) approved, imposed or directed by the NCLT or any other appropriate authority and acceptable to the Board of Transferee Company, shall be effective from the Appointed Date, as defined in Section 232 (6) of the Act, but shall be operative from the Effective Date.

#### **39. VALIDITY OF EXISTING RESOLUTIONS, ETC**

39.1 Upon the coming into effect of the Scheme and with effect from the Appointed Date, the resolutions of the Transferor Companies as are considered necessary by the Board of Directors of Transferee Company and which are validly subsisting, shall be considered as resolutions of Transferee Company. If any such resolutions have any monetary limits approved subject to the provisions of the Act or of any other Applicable Laws, then the said limits, as are considered necessary by the Board of Directors of Transferee Company, shall be added to the limits, if any, under the like resolutions passed by Transferee Company.

#### **40. SAVING OF CONCLUDED TRANSACTION**

40.1 The transfer and vesting of the assets, liabilities and obligations pertaining/relating to the Transferor Companies pursuant to this Scheme, and the continuance of the proceedings by or against the Transferee Company, under clause 32 hereof shall not affect any transactions or proceedings already completed or liabilities incurred by the Transferor Companies either prior to or on or after the Appointed Date, to the end and intent that the Transferee Company accepts all acts, deeds and things done and executed by and/or on behalf of the Transferor Companies as acts, deeds and things done and executed by and/or on behalf of itself.

#### **41. DISSOLUTION OF THE TRANSFEROR COMPANY NO. 2, TRANSFEROR COMPANY NO. 3 AND TRANSFEROR COMPANY NO. 4**

41.1 Transferor Company No. 2, Transferor Company No. 3 and Transferor Company No. 4 shall be dissolved without winding up, on an order made by the NCLT under Section 230 of the Act. On and with effect from the Effective Date, the name of the Transferor Companies shall be struck off from the records of the relevant Registrar of Companies.



## **SECTION IV**

### **GENERAL TERMS AND CONDITIONS APPLICABLE TO THE SCHEME**

#### **42. CHANGE IN NAME OF THE DEMERGED COMPANY AND THE RESULTING COMPANY**

##### **42.1 CHANGE IN THE NAME OF THE DEMERGED COMPANY**

42.1.1 Upon the Scheme becoming effective, the name of the Demerged Company shall, without any further act, instrument or deed, stand altered to "Chembond Material Technologies Limited." Such alteration in the name of the Demerged Company shall take place as an integral part of the Scheme and the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this alteration in the name of the Demerged Company. No further resolution(s) under Sections 4, 13, 114 of the Companies Act, 2013 or any other applicable provisions of the Act or any Rules thereunder, would be required to be separately passed.

42.1.2 Pursuant to this Scheme, the Demerged Company shall file all the requisite forms with Registrar of Companies for such change in name.

##### **42.2 CHANGE IN THE NAME OF THE RESULTING COMPANY**

42.2.1 Upon the Scheme becoming effective, the name of the Resulting Company shall, without any further act, instrument or deed, stand altered to "Chembond Chemicals Limited." Such alteration in the name of the Resulting Company shall take place as an integral part of the Scheme and the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this alteration in the name of the Resulting Company. No further resolution(s) under Sections 4, 13, 114 of the Companies Act, 2013 or any other applicable provisions of the Act or any Rules thereunder, would be required to be separately passed.

42.2.2 Pursuant to this Scheme, the Resulting Company shall file all the requisite forms with Registrar of Companies for such change in name.

#### **43. APPLICATION TO THE TRIBUNAL**

43.1 Each of the Demerged Company/Transferee Company, Resulting Company, Transferor Company No. 1 and Transferor Companies, shall, as may be required, make applications and/or petitions under Sections 230 through 232 of the Act and/ or other applicable provisions of the Act to the Tribunal for sanction of this Scheme and all matters ancillary or incidental thereto.

#### **44. EFFECTIVENESS OF THE SCHEME**

44.1 Upon the sanction of this Scheme and upon this Scheme becoming effective, the following shall be deemed to have occurred on the Appointed Date and become effective and operative only in the sequence and in the order mentioned hereunder:

- a. with effect from the Appointed Date, the demerger of the Demerged Undertaking of the Demerged Company, and the vesting of the same in the Resulting Company shall be deemed to have occurred, pursuant to Section I of this Scheme, in accordance with Section 2(19AA) of the IT Act;



- b. with effect from Appointed Date, the amalgamation of the Transferor Company No. 1 with the Resulting Company shall be deemed to have occurred, pursuant to Section II change of this Scheme, in accordance with Section 2(1B) of the IT Act
- c. with effect from the Appointed Date, the amalgamation of the Transferor Companies with the Transferee Company shall be deemed to have occurred, pursuant to Section III change of this Scheme, in accordance with Section 2(1B) of the IT Act.

#### **45. MODIFICATIONS OR AMENDMENTS TO THE SCHEME**

- 45.1 Each of the Demerged Company/Transferee Company, Resulting Company, Transferor Company No. 1 and Transferor Companies, through their respective boards of directors (which shall include any committee constituted by the respective boards) may assent to any modifications/ amendments to the Scheme or to any conditions or limitations that the Tribunal and/ or any other authority may deem fit to direct or impose or which may be otherwise considered necessary, desirable or appropriate by them.
- 45.2 Each of the Demerged Company/Transferee Company, Resulting Company, Transferor Company No. 1 and Transferor Companies, acting 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 whether by reason of any directive or orders of any authority or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.

#### **46. CONDITIONALITY OF THE SCHEME**

- 46.1 The effectiveness of Section I of 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 shareholders and/or creditors of each of the Demerged Company and the Resulting Company as may be required under applicable laws;
  - b. Receipt of observation/ no-objection letters from Stock Exchanges under Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in accordance with SEBI Scheme Circular in respect of the Scheme, on terms acceptable to the Companies.
  - c. The Scheme being sanctioned by the Tribunal under Sections 230-232 of the Act and/or other applicable provisions of the Act.
  - d. Certified copies of the orders of the tribunal sanctioning this Scheme being filed with RoC by each of the Demerged Company and the Resulting Company.
- 46.2 The effectiveness of Section II of 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 shareholders and/or creditors of each of the Transferor Company No. 1 and Resulting Company as may be required under applicable laws;





- b. Receipt of observation/ no-objection letters from Stock Exchanges under Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in accordance with SEBI Scheme Circular in respect of the Scheme, on terms acceptable to the Companies.
  - c. The Scheme being sanctioned by the Tribunal under Sections 230-232 of the Act and/or other applicable provisions of the Act.
  - d. Certified copies of the orders of the tribunal sanctioning this Scheme being filed with RoC by each of the Transferor Company No. 1 and Resulting Company.
- 46.3 The effectiveness of Section III of 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 shareholders and/or creditors of each of the Transferor Companies and the Transferee Company and as may be required under applicable laws;
  - b. Receipt of observation/ no-objection letters from Stock Exchanges under Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in accordance with SEBI Scheme Circular in respect of the Scheme, on terms acceptable to the Companies.
  - c. The Scheme being sanctioned by the Tribunal under Sections 230-232 of the Act and/or other applicable provisions of the Act.
  - d. Certified copies of the orders of the tribunal sanctioning this Scheme being filed with RoC by each of the Transferor Companies and the Transferee Company.

#### **47. EFFECT OF NON-RECEIPT OF APPROVALS**

- 47.1 In the event any of the said approvals or sanctions referred to in clause 46 above not being obtained or conditions enumerated in the Scheme not being complied with, and/or the Scheme not being sanctioned by the Tribunal, or for any other reason, the Scheme cannot be implemented, the Boards of Directors or committee empowered thereof of the Demerged Company/Transferee Company, Resulting Company, Transferor Company No. 1 and Transferor Companies shall by mutual agreement waive such conditions as they consider appropriate to give effect, as far as possible, to this Scheme and failing such mutual agreement, the Scheme shall become null and void and shall stand revoked, cancelled and be of no effect and each party shall bear and pay their respective costs, charges and expenses in connection with the Scheme.
- 47.2 In the event of revocation under the above clause, no rights and liabilities whatsoever shall accrue to or be incurred inter se to the Demerged Company/Transferee Company, Resulting Company, Transferor Company No. 1 and Transferor Companies or their respective shareholders or creditors or employees or any other person save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or in accordance with the Applicable Laws and in such case, each company shall bear its own costs unless otherwise mutually agreed.



47.3 The Board of Directors of the Demerged Company/Transferee Company and the Resulting Company shall be entitled to withdraw this Scheme prior to the Effective Date.

#### **48. FILING / AMENDMENT OF RETURNS, ETC**

48.1 Each of the Demerged Company/Transferee Company, Resulting Company, Transferor Company No. 1 and the Transferor Companies are expressly permitted to file/revise/reopen their financial statements (including their balance sheet and profit and loss statement) and income tax, wealth tax, service tax, value added tax, minimum alternate tax and other statutory returns, consequent to the Scheme becoming effective, notwithstanding that the period for filing/ revising such statements/returns may have lapsed, in order to give full effect to the Scheme, without requiring/ seeking any additional consent or approval under any applicable laws/rules and regulations. Each of the Demerged Company/Transferee Company, Resulting Company, Transferor Company No. 1 and the Transferor Companies is expressly permitted to amend tax deduction at source and other statutory certificates and shall have the right to claim refunds, advance tax credits, minimum alternate tax, set offs and adjustments relating to their respective incomes/ transactions from the Appointed Date.

#### **49. SEVERABILITY OF ANY PART OF THE SCHEME**

49.1 If any part of the Scheme (or any part of a Section thereof) is ruled invalid or illegal by any Tribunal or any other Governmental Authority, or unenforceable under present or future laws, 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 Demerged Company/Transferee Company, Resulting Company, Transferor Company No. 1 and the Transferor Companies, (acting through their respective boards 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.

#### **50. STAMP DUTY**

50.1 Since Sections I, Section II and Section III of the Scheme relate to a transfer of properties between a parent company and its wholly owned subsidiaries (direct and indirect), pursuant to a composite scheme of arrangement, no stamp duty shall be payable in respect of transfer of such properties.

#### **51. COSTS CHARGES AND EXPENSES**

51.1 Each of the Demerged Company/Transferee Company and Resulting Company, shall bear its own 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 all the Sections of this Scheme and matters incidental thereto.

