

**SCHEME OF AMALGAMATION
OF
MACKEIL ISPAT & FORGING LIMITED
WITH
CHANDI STEEL INDUSTRIES LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS
UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013**



A. DESCRIPTION OF THE COMPANIES

- (i) **Mackeill Ispat & Forging Limited** (hereinafter referred to as “Transferor Company”) is a company incorporated under the provisions of the Companies Act, 1956, under corporate identification number U2/109WB2005PLC104575 and having its registered office at Siddha Weston, 2nd Floor, Room No. 203, 9 Weston Street, Kolkata West Bengal 700013. The Transferor Company is engaged in the business of manufacturing/ forging of iron and steel items.
- (ii) **Chandi Steel Industries Limited** (hereinafter referred to as “Transferee Company”) is a company incorporated under the provisions of the Companies Act, 1956, under corporate identification number L13100WB1978PLC031670 and having its registered office at 3 Bentinck Street, PS Hare Street NA, Kolkata, West Bengal 700001. The Transferee Company, *inter alia*, is engaged in the business of manufacturing alloy & non-alloy steel bars, alloy & non- alloy steel scrap. The equity shares of the Transferee Company are listed on The Calcutta Stock Exchange Limited (“CSE”).

B. OVERVIEW AND OPERATION OF THE SCHEME

This Scheme (*as defined hereinafter*) provides for amalgamation of the Transferor Company with the Transferee Company, by way of merger by absorption and dissolution of Transferor Company without winding up with effect from the Appointed Date (*as defined hereinafter*) under the provisions of Sections 230 to 232 and other applicable provisions of the Act (*as defined hereinafter*) read with Section 2(1B) and other applicable provisions of the Income Tax Act (*as defined hereinafter*) and various other matters consequential thereto or otherwise integrally connected therewith in the manner set out in this Scheme.

C. RATIONALE OF THE SCHEME

- (i) The Scheme provides for the amalgamation of the Transferor Company with the Transferee Company and will result in the following benefits:
 - (a) the amalgamation would result in improving the potential for further expansion of businesses by way of consolidation of capital base and increased borrowing strengths of the combined entity;
 - (b) optimal utilisation of resources due to pooling of management, administrative and technical skills of various resources of both companies, better administration, and cost reduction, including reduction in managerial, administrative and other common costs;
 - (c) creation of asset base and facilitating access to better financial resources; and
 - (d) greater size, scale, financial strength and flexibility for the merged Transferee Company will result in maximizing and unlocking overall shareholders value.
- (ii) The Scheme is in the best interests of the shareholders, employees and the creditors of each of the Parties (*as defined hereinafter*).

D. PARTS OF THE SCHEME



The Scheme is divided into the following parts:

- (i) **PART I** deals with the definitions of capitalized terms used in this Scheme, the details of the share capital of the Parties and date of taking effect and implementation of this Scheme;
- (ii) **Part II** deals with the amalgamation of the Transferor Company with the Transferee Company on a *going concern* basis and discharge of consideration in lieu thereof; and
- (iii) **PART III** deals with the general terms and conditions that would be applicable to this Scheme.

PART I

DEFINITIONS, SHARE CAPITAL AND DATE OF TAKING EFFECT AND IMPLEMENTATION OF THIS SCHEME

1. DEFINITIONS

- 1.1 In this Scheme, (i) capitalised terms defined by inclusion in quotations and/or parenthesis shall have the meanings so ascribed; and (ii) the following expressions shall have the meanings ascribed hereunder:

"Act" means the Companies Act, 2013 and rules and regulations made thereunder;

"Applicable Law" or **"Law"** means any applicable national, foreign, provincial, local or other law including applicable provisions of all (a) constitutions, decrees, treaties, statutes, enactments, laws (including the common law), bye-laws, codes, notifications, rules, regulations, policies, guidelines, circulars, press notes, clearances, approvals, directions, directives, ordinances or orders of any Appropriate Authority, statutory authority, court, Tribunal; (b) Permits; and (c) orders, decisions, writs, injunctions, judgments, awards and decrees of or agreements with any Appropriate Authority having jurisdiction over the Parties, in each case having the force of law and that is binding or applicable to a person, as may be in force from time to time;

"Appointed Date" means the opening of the business hours of 1st April 2023 or such other date as may be agreed between the Parties;

"Appropriate Authority" means:

- (a) the government of any jurisdiction (including any national, state, municipal or local government or any political or administrative subdivision thereof) and any department, ministry, agency, instrumentality, court, Tribunal, central bank, commission or other authority thereof;
- (b) any governmental, quasi-governmental or private body or agency lawfully exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, licensing, competition, Tax, importing, exporting or other governmental or quasi-governmental authority; and
- (c) the Tribunal;



"Board" in relation to the Parties, means the board of directors of such Party, and shall include a committee of directors or any person authorized by such board of directors or such committee of directors duly constituted and authorized for the matters pertaining to this Scheme or any other matter relating hereto;

"CSE" means The Calcutta Stock Exchange Limited;

"Effective Date" means the day on which all conditions precedent set forth in Clause 17 (Conditions Precedent) are fulfilled;

References in this Scheme to the date of **"coming into effect of this Scheme"** or **"upon the Scheme becoming effective"** shall mean the Effective Date;

"Encumbrance" means (a) any charge, lien (statutory or other), or mortgage, any easement, encroachment, right of way, right of first refusal or other encumbrance or security interest securing any obligation of any Person; (b) pre-emption right, option, right to acquire, right to set off or other third party right or claim of any kind, including any restriction on use, voting, transfer, receipt of income or exercise; or (c) any hypothecation, title retention, restriction, power of sale or other preferential arrangement; or (d) any agreement to create any of the above; and the term **"Encumber"** shall be construed accordingly;

"Income Tax Act" means the Income-tax Act, 1961;

"INR" means Indian Rupee, the lawful currency of the Republic of India;

"New Shares" means fully paid-up equity share having face value of INR 10 each issued by the Transferee Company, as consideration, as mentioned in Clause 8.1 of this Scheme;

"Parties" shall collectively mean, the Transferor Company and the Transferee Company and **"Party"** shall mean each of them, individually;

"Permits" means all consents, licences, permits, certificates, permissions, power of attorney, authorisations, rights, clarifications, approvals, certificates, clearances, confirmations, declarations, waivers, exemptions, registrations, filings, whether governmental, statutory, regulatory or otherwise as required under Applicable Law;

"Person" means an individual, a partnership, a corporation, a limited liability partnership, a company, an association, a trust, a joint venture, an unincorporated organization or an Appropriate Authority;

"Record Date" means the date to be fixed by the respective Board of the Transferor Company and the Transferee Company in mutual consultation with each other, for the purposes of determining the shareholders of the Transferor Company, for the purposes of issue of equity shares of the Transferee Company, pursuant to this Scheme;

"RoC" means the Registrar of Companies, West Bengal having jurisdiction over the Parties;

"Scheme" or **"this Scheme"** means this scheme of amalgamation, as modified from time to time;

"SEBI" means the Securities and Exchange Board of India;



"SEBI Circular" means the circular issued by the SEBI, being Circular SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated 20 June 2023, and any amendments thereof issued pursuant to Regulations 11, 37 and 94 of the SEBI LoDR;

"SEBI LoDR" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

"Tax Laws" means all the Applicable Law dealing with Taxes including but not limited to income-tax, goods and service tax, customs duty or any other levy of similar nature;

"Taxation" or "Tax" or "Taxes" means all forms of taxes and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions and levies, whether levied by reference to income, profits, book profits, gains, net wealth, asset values, turnover, added value, goods and services or otherwise and shall further include payments in respect of or on account of tax, whether by way of deduction at source, collection at source, dividend distribution tax, advance tax, minimum alternate tax, goods and services tax or otherwise or attributable directly or primarily to any of the Parties and all penalties, charges, costs and interest relating thereto;

"Transferee Company" means Chandi Steel Industries Limited, a company incorporated under the provisions of the Companies Act, 1956, bearing corporate identification number L13100WB1978PLC031670 and having its registered office at 3 Bentinck Street, PS IIare Street NA, Kolkata, West Bengal 700001;

"Transferor Company" means Mackeill Ispat & Forging Limited, a company incorporated under the provisions of the Companies Act, 1956, bearing corporate identification number U27109WB2005PLC104575 and having its registered office at Siddha Weston, 2nd Floor, Room No. 203, 9 Weston Street, Kolkata West Bengal 700013; and

"Tribunal" means the relevant bench of the National Company Law Tribunal having jurisdiction over the Parties.

1.2 In this Scheme, unless the context otherwise requires:

- 1.2.1 words denoting the singular shall include the plural and vice versa;
- 1.2.2 any Person includes that Person's legal heirs, administrators, executors, liquidators, successors, successors-in-interest and permitted assigns, as the case may be;
- 1.2.3 reference to any law or legislation or regulation shall include amendment(s), circulars, notifications, clarifications or supplement(s) to, or replacement, re-enactment, restatement or amendment of, that law or legislation or regulation and shall include the rules and regulations thereunder;
- 1.2.4 headings, subheadings, titles, sub-titles to clauses and sub-clauses and paragraphs are for information and convenience only and shall be ignored in construing the Scheme;
- 1.2.5 the words "include" and "including" are to be construed without limitation; and
- 1.2.6 all terms and words not defined in this Scheme shall unless repugnant or contrary to the context or meaning thereof, have the same meaning as prescribed to them



under the Act, Income Tax Act, or any other Applicable Law, rules, regulations, bye laws, as the case may be.

2. SHARE CAPITAL

- 2.1 The share capital structure of the Transferor Company as on the date of approval by its Board to the Scheme is as follows:

Particulars	INR
Authorised Share Capital	
2,00,00,000 equity shares of INR 10 each	20,00,00,000
Total	20,00,00,000
Issued, Subscribed and Paid up Share Capital	
12,50,000 equity shares of INR 10 each, fully paid up	1,25,00,000
Total	1,25,00,000

- 2.2 The share capital structure of the Transferee Company as on the date of approval by its Board to the Scheme is as follows:

Particulars	INR
Authorised Share Capital	
3,70,00,000 equity shares of INR 10 each	37,00,00,000
Total	37,00,00,000
Issued, Subscribed and Paid up Share Capital	
3,16,05,000 equity shares of INR 10 each, fully paid up	31,60,50,000
Total	31,60,50,000

3. DATE OF TAKING EFFECT AND IMPLEMENTATION OF THIS SCHEME

This Scheme in its present form or with any modification(s) made as per Clause 16 of this Scheme, shall become operative from the Effective Date and effective from the Appointed Date.

PART II

AMALGAMATION OF THE TRANSFEROR COMPANY WITH THE TRANSFEE COMPANY AND OTHER RELATED MATTERS

4. AMALGAMATION AND VESTING OF ASSETS AND LIABILITIES AND ENTIRE BUSINESS OF THE TRANSFEROR COMPANY

- 4.1 Upon effectiveness of the Scheme and with effect from the Appointed Date and in accordance with the provisions of this Scheme and pursuant to Sections 230 to 232 and other applicable provisions of the Act and Section 2(1B) of the Income Tax Act, all assets, rights, claims, intellectual properties, credentials, Permits, contracts, liabilities, employees, loan, debentures, records, duties and obligations of the Transferor Company shall stand transferred to and vested in the Transferee Company as a *going concern*, without any



further act, instrument or deed, matter or thing, or be deemed to have been transferred to and vested in the Transferee Company, so as to become as and from the Appointed Date, the assets, rights, claims, intellectual properties, credentials, Permits, contracts, liabilities, employees, loan, debentures, records, duties and obligations of the Transferee Company by virtue of operation of law, and in the manner provided in this Scheme.

- 4.2 Upon effectiveness of this Scheme and with effect from the Appointed Date, without prejudice to the generality of the provisions of Clause 4.1 above, the manner of transfer and vesting of assets and liabilities of the Transferor Company under this Scheme, is as follows:

4.2.1 In respect of such of the assets and properties of the Transferor Company which are movable in nature (including but not limited to all intangible assets, brands, trademarks of the Transferor Company, whether registered or unregistered trademarks along with all rights of commercial nature including attached goodwill, title, interest, labels and brand registrations, copyrights trademarks and all such other industrial and intellectual property rights of whatsoever nature) or are otherwise capable of transfer by delivery or possession or by endorsement, shall stand transferred upon the Scheme coming into effect and shall, *ipso facto* and without any other order to this effect, become the assets and properties of the Transferee Company without requiring any deed or instrument of conveyance for transfer of the same. 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.

4.2.2 Subject to Clause 4.2.3 below, with respect to the assets of the Transferor Company, other than those referred to in Clause 4.2.1 above, including all rights, title and interests in the agreements (including agreements for lease or license of the properties), investments in shares, mutual funds, bonds and any other securities, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, whether or not the same is held in the name of the Transferor Company shall, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred to and vested in the Transferee Company, with effect from the Appointed Date, by operation of law as transmission or as the case may be, in favour of Transferee Company. Upon the Scheme becoming effective, all subsidy, benefits, incentives, grants, etc., enjoyed by the Transferor Company, shall become subsidy, benefits, incentives, grants, etc. of the Transferee Company, pursuant to Sections 230 to 232 of the Act, the relevant subsidy, benefit, incentive, grant, etc be paid or made good in favour of the Transferee Company, as the Person entitled thereto, to the end and intent that the right of the Transferor Company, to recover or realise the same, stands transferred to the Transferee Company;

4.2.3 In respect of such of the assets and properties of the Transferor Company which are immovable in nature, including rights, interest and easements in relation thereto, the same shall stand transferred to the Transferee Company with effect from the Appointed Date, without any act or deed or conveyance being required to be done or executed by the Transferor Company and/or the Transferee Company.



- 4.2.4 For the avoidance of doubt and without prejudice to the generality of Clause 4.2.3 above and Clause 4.2.5 below, it is clarified that, with respect to the immovable properties of the Transferor Company in the nature of land and buildings, the Transferor Company and/or the Transferee Company shall register the true copy of the orders of the Authority approving the Scheme with the offices of the relevant sub-registrar of Assurances or similar registering authority having jurisdiction over the location of such immovable property and shall also execute and register, as required, such other documents as may be necessary in this regard. For the avoidance of doubt, it is clarified that any document executed pursuant to this Clause 4.2.4 or Clause 4.2.5 below will be for the limited purpose of meeting regulatory requirements and shall not be deemed to be a document under which the transfer of any property of the Transferor Company takes place and the assets and liabilities of the Transferor Company shall be transferred solely pursuant to and in terms of this Scheme and the order of the Appropriate Authority sanctioning this Scheme.
- 4.2.5 Notwithstanding anything contained in this Scheme, with respect to the immovable properties of the Transferor Company in the nature of land and buildings situated in states other than the state of Kolkata, whether owned or leased, for the purpose of, inter alia, payment of stamp duty and vesting in the Transferee Company, if the Transferee Company so decides, the Transferor Company and/or the Transferee Company, whether before or after the Effective Date, may execute and register or cause to be executed and registered, separate deeds of conveyance or deeds of assignment of lease, as the case may be, in favour of the Transferee Company in respect of such immovable properties. Each of the immovable properties, only for the purposes of the payment of stamp duty (if required under Applicable Law), shall be deemed to be conveyed at a value determined by the relevant authorities in accordance with the applicable circle rates. The transfer of such immovable properties shall form an integral part of this Scheme.
- 4.2.6 All debts (including debentures, bonds, notes, commercial papers and such other debt instruments), liabilities, duties and obligations of the Transferor Company shall, without any further act, instrument or deed be transferred to, and vested in, and/or deemed to have been transferred to, and vested in, the Transferee Company, so as to become on and from the Appointed Date, the debts, liabilities, duties and obligations of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company, and it shall not be necessary to obtain the consent of any Person who is a party to contract or arrangement by virtue of which such liabilities have arisen in order to give effect to the provisions of this Clause 4.
- 4.2.7 On and from the Effective Date and till such time that the name of the bank accounts of the Transferor Company has been replaced with that of the Transferee Company, the Transferee Company shall be entitled to maintain and operate the bank accounts of the Transferor Company in the name of the Transferor Company and for such time as may be determined to be necessary by the Transferee Company. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company after the Effective Date shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company, if presented by the Transferee Company.
- 4.2.8 Unless otherwise agreed between the Transferor Company and the Transferee Company, the vesting of all the assets of the Transferor Company, as aforesaid, shall



be along with the Encumbrances, if any, over or in respect of any of the assets or any part thereof, provided however that such Encumbrances shall be confined only to the relevant assets of the Transferor Company or part thereof on or over which they are subsisting prior to the amalgamation of the Transferor Company with the Transferee Company, and no such Encumbrances shall extend over or apply to any other asset(s) of the Transferee Company.

- 4.2.9 Unless otherwise stated in this Scheme, all Permits, including the benefits attached thereto of the Transferor Company, shall be transferred to the Transferee Company from the Appointed Date, without any further act, instrument or deed and shall be appropriately mutated or endorsed by the Appropriate Authorities concerned therewith in favour of the Transferee Company as if the same were originally given by, issued to or executed in favour of the Transferee Company and the Transferee Company shall be bound by the terms, obligations and duties thereunder, and the rights and benefits under the same shall be available to the Transferee Company to carry on the operations of the Transferor Company without any hindrance, whatsoever.
- 4.2.10 Without prejudice to the provisions as stated above, all trade and service names and marks, patents, copyrights, designs, goodwill which includes the positive reputation that the Transferor Company were enjoying to retain its clients, statutory licenses, infrastructural advantages, overall increase in market share, customer base, skilled employees, business claims, business information, business contracts, trade style and name, marketing and distribution channels, marketing or other commercial rights, customer relationship, trade secrets, information on consumption pattern or habits of the consumers in the territory, technical know-how, client records, KYC (know your customer) records/ POAs (power of attorney), authorisations, client details and other intellectual property rights of any nature whatsoever, books, records, files, papers, engineering and process information, software licenses (whether proprietary or otherwise), drawings, computer programs, manuals, data, catalogues, quotations, sales and advertising material, lists of present and former customers and suppliers, other customer information, customer credit information, customer pricing information and all other records and documents, whether in physical or electronic form relating to business activities and operations of the Transferor Company shall be transferred to the Transferee Company from the Appointed Date, without any further act, instrument or deed.
- 4.2.11 All contracts where the Transferor Company is a party, shall stand transferred to and vested in the Transferee Company pursuant to this Scheme becoming effective. The absence of any formal amendment which may be required by a third party to effect such transfer and vesting shall not affect the operation of the foregoing sentence. The Transferee Company shall, wherever necessary, enter into and/ or execute deeds, writings, confirmations or novations to all such contracts, if necessary, in order to give formal effect to the provisions of this Clause.
- 4.2.1 All letters of intent/ acceptance/ awards, memoranda, requests for proposal, qualifications, pre-qualifications, bid acceptances (including pending bid applications), tenders, and other instruments of whatsoever nature to which the Transferor Company is a party to or to the benefit of which Transferor Company may be eligible (including but not limited to entire experience, credentials, past record and market share), shall remain in full force and effect against or in favour of Transferee Company without any further act, instrument, deed or thing and may be



enforced as fully and effectually as if, instead of Transferor Company, the Transferee Company had been a party or beneficiary or obligee or applicant thereto;

4.2.12 Provided that, upon this Scheme coming into effect, all inter-company transactions including loans, contracts executed or entered into by or inter se between the Transferor Company and the Transferee Company, if any, shall stand cancelled with effect from the Effective Date and neither the Transferor Company nor the Transferee Company shall have any obligation or liability against the other party in relation thereto.

4.3 Without prejudice to the provisions of the foregoing sub-clauses of Clause 4.2 and notwithstanding that the vesting of assets, liabilities and entire business of the Transferor Company with the Transferee Company occurs by virtue of this Scheme itself, the Parties may execute any and all instruments or documents and do all acts, deeds and things as may be required, including filing of necessary particulars and/or modification(s) of charge, necessary applications, notices, intimations or letters with any Appropriate Authority or Person to give effect to the Scheme. Any procedural requirements required to be fulfilled solely by the Transferor Company, shall be fulfilled by the Transferee Company as if it were the duly constituted attorney of the Transferor Company. The Transferee Company shall take such actions as may be necessary and permissible to get the assets, Permits and contracts of the Transferor Company transferred and/or registered in its name.

5. EMPLOYEES

5.1 With effect from the Effective Date, all employees of the Transferor Company shall become employees of the Transferee Company, without any interruption in service and (on the basis of continuity of service), on terms and conditions no less favourable than those on which they are engaged by the Transferor Company, immediately preceding the Effective Date. The Transferee Company undertakes to continue to abide by any agreement/ settlement or arrangement, if any, entered into or deemed to have been entered into by the Transferor Company with any Persons in relation to the employees of the Transferor Company. The Transferee Company agrees that the services of all such employees with the Transferor Company prior to the transfer shall be taken into account for the purposes of all existing benefits (including any leave encashment benefits) to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other retiral/ terminal benefits.

5.2 The accumulated balances, if any, standing to the credit of the aforesaid employees in the existing provident fund, gratuity fund and superannuation fund of which they are members, will be transferred respectively to such provident fund, gratuity fund and superannuation funds nominated by the Transferee Company and/or such new provident fund, gratuity fund and superannuation fund to be established in accordance with Applicable Law and caused to be recognized by the Appropriate Authorities, by the Transferee Company. Upon transfer of aforesaid funds of the Transferor Company, the existing trust, if any, created for such funds by the Transferor Company shall stand dissolved and no further act or deed shall be required to this effect.

5.3 The Directors of the Transferor Company will not be entitled to any directorship in the Transferee Company by virtue of the provisions of this Scheme. It is clarified that this Scheme will not affect any directorship of any person who is already a director in the Transferee Company as on the Effective Date.



6. LEGAL PROCEEDINGS

With effect from the Effective Date, if any suit, cause of action, appeal, tax proceedings, investigations, any enquiry or other legal, quasi-judicial, arbitral or other administrative proceedings of whatsoever nature by or against the Transferor Company is pending on the Effective Date, and if such legal proceedings is capable of being continued by or against the Transferee Company under the Applicable Law, the same shall not abate, be discontinued or be in any way prejudicially affected by anything contained in this Scheme, but such proceedings of the Transferor Company will be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company as if this Scheme had not been made. On and from the Effective Date, the Transferee Company may initiate any legal proceeding for and on behalf of the Transferor Company. All orders/ judgments/ awards of any Appropriate Authority in favour of the Transferor Company or to the benefit of which Transferor Company may be eligible, shall remain in full force and effect in favour of Transferee Company without any further act, instrument, deed or thing and may be enforced as fully and effectually as if, instead of Transferor Company, the Transferee Company had been a party or beneficiary thereto.

7. TAXES / DUTIES / CESS

Upon the effectiveness of this Scheme and with effect from the Appointed Date, by operation of law pursuant to the order of the Authority:

- 7.1 All the profits and/or income taxes (including but not limited to credit pertaining to advance tax, tax deducted at source, tax collected at source, foreign tax credits, dividend distribution tax, tax losses (if any), minimum alternate tax credit, any credit for dividend distribution tax on dividend received by the Transferor Company), all input tax credit balances (including but not limited to Central Value Added Tax (CENVAT)/ service tax/ Value Added Tax (VAT), Modified Value Added Tax (MODVAT), sales tax, applicable excise and customs duties, State Goods and Service Tax (SGST), Integrated Goods and Services Tax (IGST) and Central Goods and Service Tax (CGST) credits under the goods and service tax laws) or any costs, charges, expenditure accruing to the Transferor Company in India and abroad or expenditure or losses arising or incurred or suffered by the Transferor Company shall for all purpose be treated and be deemed to be and accrue as the profits and/or income taxes (including but not limited to credit pertaining to advance tax, tax deducted at source, tax collected at source, foreign tax credits, dividend distribution tax, minimum alternate tax credit, any credit for dividend distribution tax on dividend, tax losses (if any), all input tax credit balances (including but not limited to CENVAT/ service tax/ VAT, MODVAT, sales tax, applicable excise and customs duties, SGST, IGST and CGST credits under the goods and service tax laws), costs, charges, expenditure or losses of the Transferee Company, as the case may be.
- 7.2 If the Transferor Company is entitled to any benefits under incentive schemes and policies under Tax Laws, such as tax deferrals, exemptions, benefits and subsidies under export-import policies, (including duty draw back, Duty Entitlement Passbook Scheme (DEPB), Merchandise Exports from India Scheme (MEIS), Service Exports from India Scheme (SEIS), Design Linked Incentive (DLI), Production Linked Incentive Scheme (PLI) etc) concessions, grants, rights, claims, leases, tenancy rights, liberties, and special status, all such benefits under all such incentive schemes and policies as mentioned above shall be available and stand vested in the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions.



- 7.3 Any Tax, whether deducted at source or paid, by the Transferor Company/ Transferee Company on transactions with the Transferee Company/ Transferor Company (from Appointed Date to Effective Date), shall be deemed to be payment of Tax accruing or arising to the Transferee Company and shall, in all proceedings, be dealt with accordingly.
- 7.4 Further, for the avoidance of doubt, input tax credits already availed of or utilised by the Transferee Company and the Transferor Company in respect of transactions between Transferee Company and the Transferor Company shall not be adversely impacted by cancellation of such transaction pursuant to this Scheme. In case of any differences in tax policy/ regime followed by the Transferor Company and the Transferee Company, the Transferee Company shall have its own independent right to select the tax policy/ regime.
- 7.5 Upon the Scheme becoming effective and with effect from the Appointed Date, the Transferee Company shall have the right to revise its financial statements and returns along with prescribed forms, filings and annexures under the Tax Laws and to claim refunds and/or credit for Taxes paid and for matters incidental thereto, if required, to give effect to the provisions of the Scheme. The Transferee Company is expressly permitted to revise and file its income tax returns and other statutory returns, even beyond the due date, if required, including tax deducted/ collected at source returns, service tax returns, excise tax returns, sales tax/ value added tax/ goods and service tax returns, as may be applicable and has expressly reserved the right to make such provision in its returns and to claim unabsorbed depreciation, bought forward losses, refunds, advance tax credits, credit of tax deducted at source, credit of foreign Taxes paid/ withheld, dividend distribution tax credits, service tax credits, tax benefits (including the Tax deduction available under Section 10AA of the IT Act) etc. if any, as may be required for the purposes of implementation of the Scheme.
- 7.6 Upon the Scheme becoming effective, the Transferee Company shall be entitled to claim deduction with respect to items such as provisions, expenses, etc. disallowed in earlier years in the hands of the Transferor Company, which may be allowable in accordance with the provisions of the IT Act on or after the Appointed Date; and exclude items such as provisions, reversals, etc. for which no deduction or Tax benefit has been claimed by the Transferor Company prior to the Appointed Date.
- 7.7 It is hereby clarified that in case of any refunds (including refunds or claims pending with the tax authorities and for which no credit is taken as on the date immediately preceding the Effective Date), benefits, incentives, grants, subsidies, etc., the Transferor Company, shall, if so required by the Transferee Company, issue notices in such form as the Transferee Company may deem fit and proper stating that pursuant to the Authority having sanctioned this Scheme under Sections 230 to 232 of the Act, the relevant refund, benefit, incentive, grant, subsidies, be paid or made good or held on account of the Transferee Company, as the Person entitled thereto, to the end and intent that the right of the Transferor Company, to recover or realise the same, stands transferred to the Transferee Company.
- 7.8 All the expenses incurred by the Transferor Company and the Transferee Company in relation to the amalgamation of the Transferor Company with the Transferee Company in accordance with this Scheme, including stamp duty expenses, if any, shall be allowed as deduction to the Transferee Company in accordance with Section 35DD of the IT Act over a period of five years beginning with the financial year in which the Scheme becomes effective.



8. CONSIDERATION

- 8.1 Upon the Scheme coming into effect and in consideration of the amalgamation of the Transferor Company with the Transferee Company, the Transferee Company shall, without any further application, act, consent, instrument or deed, issue and allot, on a proportionate basis to each shareholder of the Transferor Company, whose name is recorded in the register of members as member of the Transferor Company as on the Record Date, as under:

194 (One hundred and ninety Four fully paid up equity share of INR 10 (Indian Rupees Ten) each of the Transferee Company, credited as fully paid up, for every 100 (One hundred) equity share of INR 10 (Indian Rupees Ten) each of the Transferor Company

It is hereby clarified that no shares shall be issued by the Transferee Company in respect of the shares held by the Transferor Company in the Transferee Company.

The shares to be issued pursuant to this Clause will be referred to as **"New Shares"**.

- 8.2 The New Shares to be issued and allotted pursuant to the amalgamation of the Transferor Company with the Transferee Company under this Scheme shall be subject to the provisions of the memorandum of association and articles of association of the Transferee Company, as the case may be, and shall rank *pari passu* in all respects with the existing equity shares of Transferee Company after the Effective Date including with respect to dividend, bonus, rights shares, voting rights and other corporate benefits attached to the equity shares of the Transferee Company. The New Shares issued to the shareholders of the Transferor Company shall be fully-paid up and free of all liens, charges and Encumbrances, and shall be freely transferable in accordance with the articles of association of the Transferee Company. The issue and allotment of the New Shares is an integral part hereof and shall be deemed to have been carried out under the orders passed by the Tribunal without requiring any further act on the part of the Transferee Company or the Transferor Company or their shareholders and as if the procedure laid down under the Act and such other Applicable Law as may be applicable, were duly complied with. It is clarified that the approval of the shareholders of the Transferee Company to this Scheme, shall be deemed to be their consent/ approval for the issue and allotment of the New Shares.

- 8.3 Subject to Applicable Laws, the New Shares that are to be issued in terms of this Scheme shall be issued in dematerialised form. The register of members maintained by the Transferee Company and/or, other relevant records, whether in physical or electronic form, maintained by the Transferee Company, the relevant depository and registrar and transfer agent in terms of Applicable Laws shall (as deemed necessary by the Board of the Transferee Company) be updated to reflect the issue of New Shares in terms of this Scheme. The shareholders of the Transferor Company who hold equity shares in physical form, should provide the requisite details relating to his/ her/ its account with a depository participant or other confirmations as may be required, to the Transferee Company, prior to the Record Date to enable it to issue the New Shares.

However, if no such details have been provided to the Transferee Company by the equity shareholders holding equity shares in physical share certificates on or before the Record Date, the Transferee Company shall deal with the relevant equity shares in such manner as may be permissible under the Applicable Law, including by way of issuing the corresponding equity shares in dematerialised form to a trustee nominated by the Board of Transferee Company ("**Trustee of Transferee Company**") who shall hold these equity shares in trust for the benefit of such shareholder. The equity shares of the Transferee Company held by the



Trustee of Transferee Company for the benefit of the shareholder shall be transferred to the respective shareholder once such shareholder provides details of his/ her/ its demat account to the Trustee of Transferee Company, along with such other documents as may be required by the Trustee of Transferee Company. The respective shareholders shall have all the rights of the shareholders of the Transferee Company, including the right to receive dividend, voting rights and other corporate benefits, pending the transfer of equity shares from the Trustee of Transferee Company. All costs and expenses incurred in this respect shall be borne by Transferee Company.

- 8.4 For the purpose of the allotment of the New Shares, pursuant to this Scheme, in case any shareholder's holding in the Transferor Company is such that the shareholder becomes entitled to a fraction of a share of the Transferee Company, the Transferee Company shall not issue fractional shares to such shareholder and shall consolidate all such fractions and round up the aggregate of such fractions to the next whole number and issue consolidated New Shares to a trustee (nominated by the Board of the Transferee Company in that behalf) in dematerialised form, who shall hold such shares, with all additions or accretions thereto, in trust for the benefit of the respective shareholders to whom they belong for the specific purpose of selling such shares in the market at such price or prices and at any time within a period of 90 days from the date of allotment of the New Shares as the trustee may, in its sole discretion, decide and distribute the net sale proceeds (after deduction of the expenses incurred and applicable income tax) to the respective shareholders in the same proportion of their fractional entitlements. It is clarified that any such distribution shall take place only on the sale of all the fractional shares of the Transferee Company pertaining to the fractional entitlements.
- 8.5 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Transferor Company, the Board of the Transferee Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or transferee of equity shares in the Transferor Company, after the effectiveness of this Scheme.
- 8.6 The New Shares to be issued pursuant to this Scheme in respect of any equity shares of the Transferor Company which are held in abeyance under the provisions of Section 126 of the Act or otherwise shall pending allotment or settlement of dispute by order of Court or otherwise, be held in abeyance by the Transferee Company.
- 8.7 The New Shares to be issued by the Transferee Company *in lieu* of the shares of the Transferor Company held in the unclaimed suspense account of the Transferor Company shall be issued to a new unclaimed suspense account created for shareholders of the Transferor Company. The shares to be issued by the Transferee Company *in lieu* of the shares of the Transferor Company held in the investor education and protection fund authority shall be issued to investor education and protection fund authority in favour of such shareholders of the Transferor Company.
- 8.8 In the event, the Parties restructure their equity share capital by way of share split/ consolidation/ issue of bonus shares during the pendency of the Scheme, the share exchange ratio, per Clause 8.1 above shall be adjusted accordingly, to consider the effect of any such corporate actions undertaken by any such Party.
- 8.9 The Transferee Company shall apply for listing of New Shares on The Calcutta Stock Exchange Limited in terms of and in compliance of SEBI LoDR, SEBI Circular and other



relevant provisions as may be applicable. The New Shares, pursuant to the Scheme, shall remain frozen in the depository system till listing/ trading permission is given by CSE.

- 8.10 The Transferee Company shall enter into such arrangements and give such confirmations and/ or undertakings as may be necessary in accordance with Applicable Law for complying with the formalities of CSE.

9. ACCOUNTING TREATMENT

On the scheme being effective:

- 9.1 The Transferee Company shall record all the assets and liabilities of the Transferor Company transferred and vested in it pursuant to the Scheme at fair value, as per Indian Accounting Standard 103 or any other applicable Indian Accounting Standard.
- 9.2 The Transferee Company shall account for shares issued to the Transferor Company Shareholders as per applicable Indian Accounting Standard
- 9.3 The difference between the value of Net Assets ("Net Assets" means value of assets over the value of liabilities as per Clause 9.1 pertaining to the Transferor Company and the value of New Shares) shall be recorded as per Indian Accounting Standard 103 or any other applicable Indian Accounting Standard as capital reserve or goodwill, as the case may be.

10. COMBINATION OF AUTHORISED SHARE CAPITAL

- 10.1 Upon the effectiveness of this Scheme, the authorised share capital of the Transferee Company shall stand increased without any further act, instrument or deed on the part of Transferee Company including payment of stamp duty and fees to RoC, by the authorised share capital of the Transferor Company amounting to INR 20,00,00,000 (Rupees Twenty Crore Only) and the consent of the shareholders of the Transferee Company to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under the applicable provisions of the Act would be required to be separately passed, as the case may be and for this purpose the stamp duty and fees paid on the authorized capital of the Transferor Company shall be utilized and applied to the increased authorized share capital of the Transferee Company and there would be no requirement for any further payment of stamp duty and/or fee by the Transferee Company for increase in the authorised share capital to that extent.
- 10.2 Consequentially, Clause VI of the memorandum of association of the Transferee Company shall without any act, instrument or deed be and stand altered, reclassified, modified and amended, as under as per Clause 10.1 above, pursuant to Sections 13, 14, 61, 64, and other applicable provisions of the Act:

Particulars	INR
Authorised Share Capital	
5,70,00,000 equity shares of INR 10 each	57,00,00,000
Total	57,00,00,000

- 10.3 It is clarified that the approval of the members of the Transferee Company to the Scheme shall be deemed to be their consent/ approval also to the reclassification/ alteration of the memorandum of association of the Transferee Company as may be required under the Act.



11. DISSOLUTION OF THE TRANSFEROR COMPANY

Upon the effectiveness of this Scheme, the Transferor Company shall stand dissolved without winding up and the Board and any committees thereof of the Transferor Company shall without any further act, instrument or deed be and stand discharged. On and from the Effective Date, the name of the Transferor Company shall be struck off from the records of the concerned RoC.

**PART III
GENERAL TERMS & CONDITIONS**

12. VALIDITY OF EXISTING RESOLUTIONS, ETC.

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

13. DECLARATION OF DIVIDEND

- 13.1 The Parties shall be entitled to declare and pay dividends to their respective shareholders in the ordinary course of business, whether interim or final.
- 13.2 It is clarified that the aforesaid provisions in respect of declaration of dividends (whether interim or final) are enabling provisions only and shall not be deemed to confer any right on any shareholder of any of the Parties, as the case may be, to demand or claim or be entitled to any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the Board of respective Parties, and subject to approval, if required, of the shareholders of the respective Parties.

14. CONDUCT OF BUSINESS FROM APPOINTED DATE UP TO THE EFFECTIVE DATE:

- 14.1 With effect from the date of approval of the Board of the Parties to the Scheme and up to and including the Effective Date, the Transferor Company shall carry on its business with diligence and business prudence in the ordinary course consistent with past practice in good faith and in accordance with Applicable Law.
- 14.2 With effect from the Appointed Date and up to and including the Effective Date:
- 14.2.1 the Transferor Company shall be deemed to have been carrying on and shall carry on its business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of the assets, contracts, rights, titles, investments and interest for and on account of, and in trust for the Transferee Company;
- 14.2.2 all profits or income arising or accruing to the Transferor Company and all Taxes paid thereon (including but not limited to advance tax, tax deducted or collected at source, minimum alternate tax, dividend distribution tax, securities transaction tax,



taxes withheld/ paid in a foreign country, goods and service tax, etc.) or losses arising or incurred by the Transferor Company shall, for all purposes, be treated as and deemed to be the profits or income, Taxes or losses, as the case may be, of the Transferee Company;

- 14.2.3 all liabilities incurred by the Transferor Company after the Appointed Date and prior to the Effective Date, and to the extent they are outstanding on the Effective Date, shall be deemed to be the liabilities of the Transferee Company; and
- 14.2.4 Any of the rights, powers, authorities, privileges exercised by the Transferor Company shall be deemed to have been exercised by such Transferor Company for and on behalf of, and in trust for the Transferee Company. Similarly, any of the obligations, duties and commitments that have been undertaken or discharged by Transferor Company shall be deemed to have been undertaken for and on behalf of the Transferee Company.
- 14.3 The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to the Appropriate Authorities concerned as necessary under Applicable Law for such consents, approvals and sanctions which the Transferee Company, may require to carry on the relevant business of the Transferor Company and to give effect to the Scheme.
- 14.4 For the purpose of giving effect to the order passed under Sections 230 to 232 and other applicable provisions of the Act in respect of this Scheme by the Tribunal, the Transferee Company, at any time pursuant to the orders approving this Scheme, be entitled to get the recordal of the change in the legal right(s) upon the amalgamation of the Transferor Company, in accordance with the provisions of Sections 230 to 232 of the Act. The Transferee Company shall always be deemed to have been authorized to execute any pleadings, applications, forms, etc, as may be required to remove any difficulties and facilitate and carry out any formalities or compliances as are necessary for the implementation of this Scheme. For the purpose of giving effect to the vesting order passed under Section 232 of the Act in respect of this Scheme, the Transferee Company, shall be entitled to exercise all rights and privileges, and be liable to pay all taxes and charges and fulfil all its obligations, in relation to or applicable to all immovable properties, including mutation and/or substitution of the ownership or the title to, or interest in the immovable properties which shall be made and duly recorded by the Appropriate Authority(ies) in favour of the Transferee Company, pursuant to the sanction of the Scheme by the Tribunal and upon the effectiveness of this Scheme in accordance with the terms hereof, without any further act or deed to be done or executed by the Transferee Company. It is clarified that the Transferee Company, shall be entitled to engage in such correspondence and make such representations, as may be necessary, for the purposes of the aforesaid mutation and/or substitution.
- 15. APPLICATIONS/ PETITIONS TO THE TRIBUNAL**
- 15.1 The Parties shall make and file all applications and petitions under sections 230 to 232 and other applicable provisions of the Act before the Tribunal, for sanction of this Scheme under the provisions of the Act.
- 15.2 The Parties shall be entitled, pending the sanction of the Scheme, to apply to any Appropriate Authority, if required, under any Applicable Law for such consents and approvals which the Transferee Company may require to own the assets and/or liabilities of the Transferor Company, and to carry on the business of the Transferor Company.



16. MODIFICATION OR AMENDMENTS TO THE SCHEME

- 16.1 The Board of the Parties may make any modifications or amendments to this Scheme at any time and for any reason whatsoever, or which may otherwise be considered necessary, desirable or appropriate. The Board of the Parties may consent to any conditions or limitations that the Tribunal or any other Appropriate Authority may impose.
- 16.2 For the purposes of giving effect to this Scheme, the Board of the Parties may give such directions including directions for settling any question or difficulty that may arise and such directions shall be binding on all Parties as if the same were specifically incorporated in this Scheme.
- 16.3 The Parties agree that if, at any time, either of the Tribunal or Appropriate Authority directs or requires any modification or amendment to this Scheme, such modification or amendment shall not, to the extent it adversely affects the interest of any of the Parties, be binding on such Parties, as the case may be, except where the written consent of the affected Party has been obtained for such modification or amendment.
- 16.4 In case, post approval of the Scheme by the Tribunal, there is any confusion in interpreting any Clause of this Scheme, or otherwise, the Board of the Parties or (after the Effective Date), the Board of the Transferee Company shall have complete power to take the most sensible interpretation so as to render the Scheme operational.
- 16.5 If any part of this Scheme is invalid, ruled illegal or rejected by the Tribunal or any court of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the Parties that such part shall be severable from the remainder of this Scheme and this Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to either the Transferor Company or Transferee Company, in which case the Parties, acting through their respective Boards, shall attempt to bring about a modification in this Scheme, as will best preserve for the Parties, the benefits and obligations of this Scheme, including but not limited to such part, which is invalid, ruled illegal or rejected by the Tribunal or any court of competent jurisdiction, or unenforceable under present or future Applicable Laws.

17. CONDITIONS PRECEDENT

- 17.1 Unless otherwise decided (or waived) by the Board of the Parties, this Scheme shall be conditional upon and subject to the following conditions precedent:
- 17.1.1 Obtaining no-objection letter(s) from the CSE in relation to the Scheme under Regulation 37 of the SEBI LoDR;
- 17.1.2 approval of the Scheme by the requisite majority of each class of shareholders, and such other classes of Persons of the Parties, if any, as applicable or as may be required under the Act and as may be directed by the Tribunal.
- 17.1.3 the sanctions and orders of the Tribunal, under Sections 230 to 232 of the Act being obtained by the Parties;
- 17.1.4 certified/ authenticated copies of the orders of the Tribunal, sanctioning the Scheme, being filed with the RoC having jurisdiction over the Parties; and



17.1.5 any other matters expressly agreed as conditions precedent to the effectiveness of the Scheme amongst the Parties, including consents, approvals or permissions of the Appropriate Authority or any third parties, in writing.

18. WITHDRAWAL OF THIS SCHEME AND NON-RECEIPT OF APPROVALS

18.1 Parties, acting jointly, shall be at liberty to withdraw the Scheme, any time before the Scheme is effective.

18.2 In the event of any of the requisite sanctions and approvals not being obtained on or before such date as may be agreed to by the Parties, this Scheme shall become null and void and each Party shall bear and pay its respective costs, charges and expenses for and/or in connection with this Scheme.

18.3 In the event of revocation/ withdrawal/ nullity of the Scheme under Clause 18.1 or Clause 18.2 above, no rights and liabilities whatsoever shall accrue to or be incurred *inter se* the Parties 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 Applicable Law or in accordance with any agreement entered by the parties and in such case, each Party shall bear its own costs, unless otherwise mutually agreed.

19. COSTS AND EXPENSES

All costs, charges and expenses (including, but not limited to, any taxes and duties, registration charges, etc.) arising out of or incurred in carrying out and implementing and completing the terms and provisions of this Scheme and/or incidental to the completion of this Scheme shall be borne by the Transferee Company.

20. SAVING OF CONCLUDED TRANSACTIONS

Nothing in this Scheme shall affect any transaction or proceedings already concluded or liabilities incurred by the Transferor Company, until the Appointed Date to the end and intent that the Transferee Company, shall accept and adopt all acts, deeds and things done and executed by the Transferor Company in respect thereto as done and executed on behalf of the Transferee Company.

