



Regd. Office : Texcellence Complex, Near. Anupam Cinema, Khokhra, Ahmedabad - 380 021, India.

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CIN No : L99999GJ1982PLC005253

MEETING OF THE UNSECURED CREDITORS OF ASHIMA LIMITED (“Company”)

(convened pursuant to an Order dated 30th January 2020 passed by

the Hon’ble National Company Law Tribunal, Ahmedabad Bench at Ahmedabad)

Day	Wednesday
Date	11 th March 2020
Time	12.30 p.m.
Venue	Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad – 380021, Gujarat, India

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BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,
AHMEDABAD BENCH
C A (CAA) NO.18 OF 2020

In the matter of the Companies Act, 2013;

AND

In the matter of Sections 230 to 232 read with Section 66 and other
applicable provisions of the Companies Act, 2013;

AND

In the matter of Scheme of Arrangement involving amalgamation of Ashima
Dyecot Private Limited with Ashima Limited.

ASHIMA LIMITED

CIN: L99999GJ1982PLC005253

Company incorporated under the Companies Act, 1956, having its registered office at
Texcellence Complex, Near Anupam Cinema, Khokhara,
Ahmedabad – 380021, Gujarat, India

..... **Applicant Transferee Company**

NOTICE CONVENING THE MEETING OF THE UNSECURED CREDITORS OF ASHIMA LIMITED

To,

All the Unsecured Creditors of Ashima Limited

Notice is hereby given that by an Order dated 30th January 2020 (the '**Order**'), the Hon'ble National Company Law Tribunal, Ahmedabad Bench ('**NCLT**' or '**Tribunal**') has directed that a meeting of the Unsecured Creditors of the Applicant Transferee Company, be convened and held at the Registered Office of the Applicant Company at Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad – 380021, in the state of Gujarat, for the purpose of considering, and if thought fit, approving, with or without modification(s), the Scheme of Amalgamation and Arrangement between Ashima Dyecot Private Limited ('**ADPL**' or the '**Transferor Company**') and Ashima Limited ('**ASHIMA**' or the '**Transferee Company**') and their respective shareholders and creditors ('**Scheme**').

In pursuance of the said Order and as directed therein, further notice is hereby given that a meeting of the Unsecured Creditors of the Applicant Transferee Company will be held at the Registered Office of the Applicant Transferee Company at Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad – 380021, in the state of Gujarat, on Wednesday, 11th March 2020 at 12.30 p.m. at which time and place you are requested to attend.

The copies of the Scheme and of the Explanatory Statement, under Sections 230(3), 232(1), 232(2) and 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 can be obtained free of charge at the registered office of the Applicant Transferee Company at Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad – 380021, Gujarat, India.

The Hon'ble Tribunal has appointed Shri Balubhai Patel, an Independent Practising Chartered Accountant and failing him Shri Jainam Shah, an Independent Practising Chartered Accountant to be the Chairman of the said meeting including for any adjournment or adjournments thereof.

The Scheme, if approved in the aforesaid meeting, will be subject to the subsequent approval by the Hon'ble National Company Law Tribunal, Ahmedabad Bench.

Dated this 3rd day of February 2020
Place: Ahmedabad

Sd/-
Balubhai Patel
Chairman appointed for the meeting

Notes:

1. The statement pursuant to Sections 230(3), 232(1), 232(2) and 102, any other applicable provisions of the Act, the rules made thereunder, SEBI Listing Regulations stating all material facts and the reasons thereof for the proposed resolution, forming part of this Notice, is annexed herewith.
2. A UNSECURED CREDITOR ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY / PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY / PROXIES NEED NOT BE AN UNSECURED CREDITOR OF THE COMPANY. THE FORM OF PROXY DULY COMPLETED SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. Form of Proxy is annexed to this Notice and can also be obtained from the registered office of the Company.
4. All alterations made in the Form of Proxy should be initialed.
5. An Unsecured Creditor or his proxy or authorized representative, as the case may be, attending the meeting, is requested to bring the copy of the notice to the meeting and produce the Attendance Slip, duly completed and signed at the entrance of the meeting venue.
6. An individual Unsecured Creditor or the authorized representative of the Unsecured Creditor (in case such Unsecured Creditor is a body corporate) or the proxy should carry a copy of their valid and legible identity proof (i.e. PAN Card/Aadhaar Card/Passport/Driving License/Voter ID Card) to the meeting.
7. The authorised representative of a Body Corporate, which is a registered Unsecured Creditor of the Company may attend and vote at the meeting, provided a certified true copy of the resolution of the Board of Directors or other governing body of such Body Corporate authorizing such a representative to attend and vote at the meeting is deposited at the registered office of the Company not later than 48 hours before the scheduled time of the commencement of the meeting.
8. Unsecured Creditors whose names appear on the list of Unsecured Creditors as on the date of the meeting will be considered for the purpose of voting.
9. The voting rights of Unsecured Creditors shall be in proportion to the principal amount due to the Unsecured Creditors as on the date of the meeting.
10. In accordance with the provisions of Section 230 read with Section 232 of the Companies Act, 2013, the Scheme shall be acted upon only if majority of persons representing three-fourth in value of the Unsecured Creditors of the Company, voting by way of Ballot/Polling papers at the meeting, agree to the Scheme.
11. The Notice convening the aforesaid meeting will be published through advertisement in Indian Express, Ahmedabad edition in the English language and Sandesh, Ahmedabad edition in the Gujarati language.
12. As directed by the Tribunal, Mr. Tapan Shah, Practising Company Secretary (Membership No. FCS 4476 and CP No.2839) has been appointed as the scrutinizer for the said meeting of the Unsecured Creditors for conducting the voting through Ballot/ Polling papers process in ballot in a fair and transparent manner. The Scrutinizer will submit his report to the Chairman or a person authorized by him, after the completion of scrutiny, and the result of the voting shall be displayed at the registered office of the Company at Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad – 380021, Gujarat, India.
13. The material documents, referred to in the Explanatory Statement will be available for inspection at the registered office of the Company during working hours on all working days from the date of dispatch of the Notice up to the date of the meeting.

EXPLANATORY STATEMENT UNDER SECTION 230(3), 232(1) AND (2) AND 102 OF THE COMPANIES ACT, 2013 READ WITH RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016

1. Pursuant to the Order dated 30th January 2020, passed by the Hon'ble National Company Law Tribunal, Ahmedabad Bench (the '**NCLT**' / '**Tribunal**'), in Company Application No. CA (CAA) No. 18 of 2020 ('**Order**'), a meeting of the Unsecured Creditors of ASHIMA LIMITED is being convened at Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad – 380021, Gujarat, India on Wednesday, 11th March, 2020 at 12.30 p.m., for the purpose of considering, and if thought fit, approving, with or without modification(s), the Scheme of Amalgamation and Arrangement between Ashima Dyecot Private Limited (hereinafter referred to as '**ADPL**' or '**Transferor Company**') and Ashima Limited (hereinafter referred to as '**Ashima**' or '**Transferee Company**' or '**Applicant Transferee Company**') and their respective shareholders and creditors under Sections 230-232 and other applicable provisions of the Companies Act, 2013 (the "**Scheme**"). ADPL and Ashima are together referred to as the '**Companies**'. A copy of the Scheme, which has been, inter alia, approved by the Board of Directors of the Applicant Transferee Company at its meeting held on October 19, 2019, is enclosed herewith. Capitalized terms used herein but not defined shall have the meaning assigned to them in the Scheme, unless otherwise stated.
2. In terms of the said Order, the quorum for the aforesaid meeting of the Unsecured Creditors of the Applicant Transferee Company shall be 15 (Fifteen) Unsecured Creditors, present in person or by proxy or by authorised representative. Further in terms of the said Order, NCLT has appointed Shri Balubhai Patel, an Independent Practising Chartered Accountant and failing him Shri Jainam Shah, an Independent Practising Chartered Accountant, to be the Chairman of the said meeting including for any adjournment or adjournments thereof.
3. This statement is being furnished as required under Sections 230(3), 232(1) and (2) and 102 of the Companies Act, 2013 (the '**Act**') read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (the '**Rules**').
4. In accordance with the provisions of Sections 230-232 of the Companies Act, 2013, the Scheme shall be acted upon only if a majority of persons representing 3/4th in value of the Unsecured Creditors of the Applicant Transferee Company, voting through ballot / polling paper as arranged by the Applicant Transferee Company at the venue of the meeting, agree to the Scheme.
5. In terms of the Order dated 30th January, 2020, passed by the Tribunal, in Company Application No. CA (CAA) No. 18 of 2020, if the entries in the books/register of the Applicant Transferee Company in relation to the number or value, as the case may be, of the Unsecured Creditors are disputed, the Chairman of the meeting shall determine the number or value, as the case may be, for the purposes of the said meeting and his decision in that behalf would be final.
6. The draft Scheme was placed before the Audit Committee and Board of Directors of the Applicant Transferee Company and the Transferor Company at their respective meetings held on 19th October 2019. In accordance with the provisions of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, the Audit Committee of the Applicant Transferee Company recommended the Scheme to the Board of Directors of the Applicant Transferee Company, inter-alia taking into account:-
 - a) Share Exchange Valuation Report dated October 19, 2019 issued by N.S. Kumar & Co., Independent Chartered Accountants, having Registration No. 139792W and Niranjan Kumar Registered Valuer, having IBBI Registration Number IBBI/RV/06/2018/10137 providing the share exchange ratio for the amalgamation of ADPL with Ashima under the Scheme;
 - b) Fairness Opinion dated October 19, 2019 issued by Kunvarji Finstock Private Limited, a SEBI Registered (Category – I) Merchant Banker, having SEBI Registration No. INM000012564 providing the fairness opinion on the share exchange ratio recommended by N.S. Kumar & Co., Independent Chartered Accountants and Niranjan Kumar, Registered Valuer as referred above in connection with amalgamation of ADPL with Ashima under the Scheme;
 - c) Certificate obtained from the Statutory Auditors of Ashima i.e. Mukesh M. Shah & Co., Chartered Accountants, having Registration No. 106625W confirming that the Scheme is in compliance with the applicable accounting treatment notified under the Companies Act, 2013 and other generally accepted accounting principles.

7. Based upon the recommendations of the Audit Committee of the Applicant Transferee Company and on the basis of the evaluations, the Board of Directors of the Applicant Transferee Company has concluded that the Scheme is in the interest of the Applicant Transferee Company and its shareholders.

PARTICULARS OF ASHIMA DYECOT PRIVATE LIMITED (ADPL)

8. The Transferor Company was incorporated on 20th day of April 1995 as Ashima Dyecot Limited (“ADPL” or “Transferor Company”), a public limited company, with the Registrar of Companies, Gujarat, under the provisions of the Companies Act, 1956. The Transferor Company had thereafter altered its Articles of Association and consequently, the word “Private” had been added before the word “Limited” under section 21, 31(1) and 44 of the Companies Act, 1956 with effect from 04th day of April 2002. Thereafter, the word “Private” was deleted with effect from 22nd February 2006 in terms of section 31 and 44 of the Companies Act, 1956. In the year 2015, the Transferor Company had again altered its Articles of Association and consequently, the word “Private” was again added before the word “Limited” in terms of Section 18 of the Companies Act, 2013 with effect from 22nd day of September 2015. The Registered office is currently situated at Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad – 380021, Gujarat. The Transferor Company is holding 58.61% in the Transferee Company, Ashima Limited. The Transferor Company is engaged in the business of processing textile fabrics and manufacture of readymade garments and offers a range of cotton textile products encompassing Khakis, Readymade garments, Interlining fabrics, Garment washing activities (Laundry), etc. On account of its qualitative supremacy, the products command a base of discerning customers in domestic and international markets. The Permanent Account Number of the Transferor Company is AACCA2753K. Email id of the Transferor Company is ashimadyecot@yahoo.co.in . The equity shares of ADPL are not listed on any stock exchanges.
9. The objects for which the Transferor Company has been established are set out in its Memorandum of Association. The main objects of Transferor Company are, inter alia, as follows:
- 1. To carry on anywhere in India or elsewhere in the world the business of textile processing viz. combing, doubling, winding, beaming, singeing, desizing, bleaching; mercerising, dyeing, bleaching, dyeing, carbonising padding, sanforising, washing, finishing, printing, flanellete raising, stentering, damping, scouring, cropping, curing, heat setting, water proofing, expanding, hydroextracting, organdy processing, shrink proofing, resin sweating and folding of cloth, fiber and yarn of all types, fabrics, knitted fabrics and hosiery of all kinds, readymade garments, apparels whether natural, artificial synthetics, made from cotton, wool, silk, jute, hemp, linen, viscose, flax, rayon, artificial silk, nylon, polyester, acrylic, polypropylene, polyinosic or any of man-made synthetic fibres, staple fibres, yarn or fabric and their blends, including waste soddy, fibrous materials, textile substances, by-products, waste products, allied and related products, items including those which are not specifically referred to herein and generally to carry on business of processing at all its units.*
 - 2. To carry on anywhere in India or elsewhere in the world the business of manufacturing, processing, producing, trading, selling, purchasing, importing, exporting, and/or otherwise dealing in cotton, woolen, silk, polyester, polyinosic or natural fibres, vegetable fibres, animal fibres, manmade fibres and all kinds of products and substances and allied and related items made out of one or more of above group of fibres such as, yarn of all types and of any fibrous substance, cloth and fabrics of all types, knitted fabrics, all types of garments, hosiery goods and to carry on business of all types of textile processes such as spinning, knitting, weaving, interlining, embroidering, sewing, designing, stitching, sizing, draw twisting, texturising, twisting, processing, singeing and to carry out all other processes at all or any of the units.*
 - 3. To carry on all or any of the business namely, cotton spinners and doublers, spinners, of yarn from various kinds of natural or synthetic fibre waste, lint or any fibrous substance natural or synthetic, like cotton flax, hemp, jute, viscose, nylon, polyester, linen manufacturers, blanket or carpet manufacturers, flax, hemp, jute and wool merchants, wool combers, worsted spinners, woolen spinners, yarn merchants cotton and other fibrous substance, waste merchants, worsted stuff manufacturers, bleachers and dyers, printers and finishers of fabric and other textile products and makers of vitriol, bleaching and dyeing materials, chemicals and auxiliaries and to purchase, comb, prepare, spin, dye, process and deal in flax, hemp, jute, wool, cotton, silk and all other kinds of fibrous substances and their products, and to weave or otherwise manufacture, buy and sell import and export and deal in linen cloth and fabrics whether textile, felted, netted or looped and to carry on the business of spinning, weaving and/ or manufacturing and/or dealing in cotton or other fibrous substances and the preparation, dyeing or colouring of any of the said substances and the sale and purchase of yarn, cloth or other manufacturing fibrous products, and also to carry on business as manufacturers, traders, exporters, importers, dealers and processors of cotton, woolen, silk, polyester, or any other man-made fibre, yarn or filament or any kind of yarn, flat yarn, texturised yarn and yarn of any other varieties and of any other fibrous substance and to carry on the business of manufacturing, processing and dealing in the same and twisting, texturising, crimping, combing, spinning, doubling, winding, beaming, mercerizing, bleaching, dyeing, carbonizing, singeing and such other processing of fibres and yarns of filaments and manufacturing, processing and dealing in fabrics manufactured there from and to carry on all other types of incidental which can be carried on so as to directly or indirectly benefit the company.*

4. *To carry on business as house, land and estate agents and to arrange or undertake the sale, and purchase or advertise for sale or purchase, assist in selling or purchasing or introduce purchasers or vendors, and to manage land, building and other property whether belonging to the Company or not, and to let any portion or any premises for residential trade or business purposes and other private or public purposes and to collect rents and income and to supply to tenants and occupiers and other refreshments, attendants, clubs, public hall messengers, light waiting rooms, reading rooms, meeting rooms, lavatories, laundry conveniences, electric conveniences, garages, stables and other advantages.*
 5. *To develop the resources of and turn to account any lands, any right over to or connected with land belonging to or in which the Company is interested in particular by cleaning, draining, grazing and the establishment of colonies and settlements and building schemes and to build, erect, execute, administer, construct, alter, maintain, enlarge, pull down, remove, or replace and to work, manage and control any buildings, structures, offices, factories, mills, shops, machinery, engines, roads, ways, tramways, railways, branches or sidings, bridges, reservoirs, water courses, waterways, electric work, docks, harbours, canals, embankments, irrigation reclamation, sewage, drainage and conveniences, which may seem calculated directly or indirectly to advance the interest of the Company and to join with any other person or company doing any of these things and generally to carry on the business of builders and contractors, engineers, surveyors, estimators, designers and supervisors in all their respective branches.*
10. The Authorised, Issued, Subscribed and Paid up Share Capital of Transferor Company as on December 31, 2019 was as under:

Particulars	Amount (INR)
Authorized Capital	
4,39,80,000 Equity Shares of INR 10/- each	43,98,00,000/-
15,00,000 Preference Shares of INR 100/- each	15,00,00,000/-
Total	58,98,00,000/-
Issued, Subscribed and Paid-up	
3,97,95,448 equity shares of INR 10/- each as fully paid-up	39,79,54,480/-
Total	39,79,54,480/-

Subsequent to December 31, 2019, there has been no change in the authorized, issued, subscribed and paid-up capital of Transferor Company.

PARTICULARS OF ASHIMA LIMITED (ASHIMA)

11. The Transferee Company was incorporated on 17th day of June 1982 as Ashima Syntex Private Limited, a private limited company, with the Registrar of Companies, Gujarat, under the provisions of the Companies Act, 1956. The Transferee Company had thereafter altered its Articles of Association and consequently, the word "Private" had been deleted in terms of section 21, 31(1), 44 of the Companies Act, 1956 with effect from 26th day of August 1988. In the year 1999, The Transferee Company's name was changed to Ashima Limited with effect from 27th Day of January 1999. Ashima Limited, having CIN: L99999GJ1982PLC005253, is listed on BSE Limited ('BSE') and National Stock Exchange of India Limited ('NSE') and is having its registered office at Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad – 380021, Gujarat. The Transferee Company is a subsidiary of the Transferor Company. The Transferee Company is one of India's leading 100% cotton fabric manufacturers. The Transferee Company offers a range of cotton textile products encompassing Denims, Yarn-dyed Shirting fabrics and also operates into ready-to-stitch fabrics. On account of its qualitative supremacy, the products command a base of discerning customers in domestic and international markets. The Permanent Account Number of the Applicant Transferee Company is AACCA2750L. Email id of the Applicant Transferee Company is ashima2007@ashima.in. The equity shares of the Applicant Transferee Company are listed on the BSE and the NSE.
12. The objects for which Applicant Transferee Company has been established are set out in its Memorandum of Association which *inter alia* are as follows:
 1. *To carry on business as manufacturers, traders, exporters, importers, dealers and processors of cotton, woolen, silk, polyester, polynosic or any other manmade fibre, yarn or filament or any kind of yarn, flat yarn, texturised yarn and yarn of any other varieties and of any other fibrous substance fabrics of any kind and to carry on the business of manufacturing, processing and dealing in the same and twisting, texturising, crimping, combing, spinning, doubling, winding, beaming, mercerising bleaching, dyeing, carbonising singeing and such*

other processing of fibers and yarns of filaments and manufacturing, processing and dealing in fabrics manufactured therefrom.

2. To carry on all or any of the business following, namely, cotton spinners and doublers, spinners of yarn from various kinds of natural or synthetic fibre waste, lint or any fibrous substance natural or synthetic, like cotton flax, hemp, jute, viscose, nylon, ployester, linen manufacturers, blanket or carpet manufacturers, flax, hemp, jute and wool merchants, wool combers, worsted spinners, woolen spinners, yarn merchants cotton and other fibrous substance, waste merchants, worsted stuff manufacturers, bleachers and dyers, printers and finishers of fabric and other textile products and makers of vitriol, bleaching and dyeing materials, chemicals and auxiliaries and to purchase, comb, prepare, spin, dye, process and deal in flax, hemp, jute, wool, cotton, silk and all other kinds of fibrous substances and their products, and to weave or otherwise manufacture, buy and sell import and export and deal in linen cloth and fabrics whether textile, felted, netted or looped and to carry on the business of spinning, weaving and/or manufacturing and/or dealing in cotton or other fibrous substances and the preparation, dyeing or colouring of any of the said substances and the sale and purchase of yarn, cloth or other manufacturing fibrous products, and to carry on all other types of incidental which can be carried on so as to directly or indirectly benefit the company.
 3. To carry on the business of manufacturers, importers, exporters, buyers, sellers, dealers, distributors, traders, fabricators and suppliers of all kinds of readymade garments, jewellery, footwear, hand bags, coverings, coated fabrics, hosiery, all kind of apparel, made of knitted or woven material, cotton, silk, knitweares, blankets, track suits, shawls, mufflers, carpets, synthetic, blended including innerwear, such as undergarments, briefs, vests, brasseries and panties and outwear such as T-Shirt, sportswear, swimsuits, shirts, trousers, pants, socks, gloves, gowns, skirts, tops or other outer wearing apparels, textile trimmings and components part of apparels, accessories of apparel, made up articles of textile such as bed sheets, towels furnishing, fabric or merchandise of every kind and description and other production goods, articles and things as are made from or with cotton, nylon, silk, polyester, acrylics, wool, jute and other such kinds of fiber by whatever name called or made under any process, whether natural or artificial and by mechanical or other means and all other such products of allied nature made thereof and also to act as agents, sub-agents, wholesalers, retailers, representatives, commission agents, franchisers and dealers of all kinds of textile clothing, wearing apparel, cosmetics, jute, linens, furnishing fabrics and fabrics of all kinds of readymade garments and clothing, lingerie, hosiery, footweares and accessories in India or abroad and also to offer one stop solution for sale, purchase, export, import, and the like, of Garments, fashion clothes, fashion products, life style products, apparels, general merchandise etc.
 4. To carry on the business as agents, commission agents, buying and selling agents, distributors, wholesaler, retailer, sub-agents, estate agents or agents of any kind or description and to sell, distribute, export and import, act as manufacturer's representative and deal in all classes and kinds of chemicals including its By-Products, organic and inorganic, chemicals, laboratory and scientific chemicals, chemicals of any nature and kind whatsoever, including alkalies, acids, drugs, tannis, essences and pharmaceutical, photographic, medicinal, petrochemical, industrial and other preparations and articles of any nature and kind, plastics, leather and leather goods, textile and textile related products, coir products, natural fiber products, readymade garments, hosiery and knitwear, gem and jewellery, stainless, steel products, mineral, raw materials, and to do all such other acts and things required for the abovesaid business.
13. The Authorised, Issued, Subscribed and Paid up Share Capital of the Applicant Transferee Company as on December 31, 2019 was as under:

Particulars	Amount (INR)
Authorized Capital	
12,95,00,000 equity shares of INR 10/- each	129,50,00,000/-
20,50,000 preference shares of INR 100/- each	20,50,00,000/-
Total	150,00,00,000/-
Issued, Subscribed and Paid-up	
12,84,53,876 equity shares of INR 10/- each fully paid up	128,45,38,760/-
20,50,000 1% redeemable non-cumulative preference shares of INR 100/- each as fully paid-up	20,50,00,000/-
Total	148,95,38,760/-

Subsequent to December 31, 2019, there has been no change in the authorized, issued, subscribed and paid-up capital of Transferee Company.

14. RATIONALE OF THE SCHEME:

The Transferee Company is engaged in manufacturing of “Cotton Fabric Products” while the Transferor Company is engaged in the business of “processing textile fabrics” and manufacturing of “readymade garments”. Thus, the business of the Transferor and Transferee Company are complementary to each other.

The proposed amalgamation of Transferor Company into Transferee Company shall result into several advantages to both the companies and their stakeholders. Some of them, inter *alia*, are:

- (i) The proposed amalgamation will offer an immense opportunity to consolidate the portfolio of brands and products that are relevant to the “textile sector” under a single roof;
- (ii) The proposed amalgamation will enable the merged entity to cater to the needs of entire value chain from fabrics to garments. This can have a better reach in terms of various customer base and will provide a stronger market position to the company;
- (iii) The proposed amalgamation will result in operational synergies and efficiency for the merged entity. Accordingly, the Scheme would strengthen and complement the businesses of the Companies;
- (iv) The Scheme would help in achieving synergies in business operations and streamlining the business activities for the Companies, combining the following activities which would result in significant growth in business: –
 - a. logistics;
 - b. material procurement and storage;
 - c. FG storage and dispatches;
 - d. Internal movement of materials;
 - e. Sharing of common utilities;
 - f. Re-distribution of marketing portfolios thereby reducing marketing and travelling costs;
 - g. Various administrative costs including courier, stationery, statutory fees, insurance premiums, conveyance expenses, etc.
- (v) The Amalgamation of Transferor Company with the Transferee Company will result into enlarged combined assets base and will also provide an opportunity for the merged entity to leverage on such assets;
- (vi) Greater integration and greater financial strength and flexibility for the Transferee Company, which would result in maximizing overall shareholders value, and will improve the competitive position of the merged entity;
- (vii) The proposed amalgamation would help in enhancing the scale of operations, reduction in overheads, including administrative, statutory compliances, managerial and other expenditure, operational rationalization, organizational efficiency, and optimal utilization of resources by avoiding duplication of efforts;
- (viii) Taking into consideration the above synergies, the merged entity would result in better profitability and EBITDA margins. Accordingly, the stronger financials will provide a better opportunity in terms of better trade credits, financial resources and in negotiations for prices and suppliers credit terms for the merged entity;
- (ix) The merged entity will have a seamless flow of forward and backward integration of operations, from yarn till garments as depicted by the following chart:



- (x) Both companies have currently limited international presence. The proposed amalgamation would help both the companies consolidate their international business and scale up and diversify presence in various international territories;
- (xi) The proposed merger shall not be prejudicial to the interest of the shareholders and shall not have any adverse impact on creditors and other stakeholders of the Transferor and Transferee Company.

In view of the aforesaid, the Board of Directors of Transferor Company and Transferee Company have considered and proposed the Scheme, in nature of amalgamation for consolidation of operations carried by Transferor Company into Transferee Company, under Sections 230 to 232 read with Section 66 and other relevant provisions of the Companies Act, 2013.

15. SALIENT FEATURES OF THE SCHEME:

1. "Definitions:

1.4 "Appointed Date" shall mean the opening of business hours on 1st April 2019.

1.7 "Effective Date" means the last of the date on which the conditions specified in Clause 20 of this Scheme are fulfilled with respect to the Scheme. References in this Scheme to the date of "coming into effect of this Scheme" or "upon the Scheme being effective" shall mean the Effective Date.

1.12 "Scheme of Amalgamation" or "this Scheme" or "the Scheme" means this Scheme of Amalgamation and Arrangement of Ashima Dyecot Private Limited with Ashima Limited in its present form or with any modification(s) as approved by the NCLT.

1.16 "Undertaking" shall mean and include all the businesses, undertakings, properties, investments, liabilities of whatsoever nature, kind and wheresoever situated, of the Transferor Company, on a going concern basis, together with all their assets and liabilities and shall mean and include (without limitation):

- a) All the assets (including intangible assets) and properties of the Transferor Company including, without limitation, offices, plant and machineries, equipment, interest, capital work in progress, installations, appliances, tools, accessories, freehold land, leasehold land and any other title, interests or right in such immovable assets, buildings and structures, offices, furniture, fixtures, office equipment, computers, goodwill and other intangibles assets and all stocks on the Appointed Date;
- b) All the debts, liabilities, duties and obligations of the Transferor Company as on the Appointed Date both present and future, whether provided for or not in the books of accounts or disclosed in the balance sheet, whether secured or unsecured, all guarantees, assurances, commitments and obligations of any kind, nature or description, whether fixed, contingent or absolute, asserted or not asserted, matured or not matured, liquidated or unliquidated, accrued or not accrued, known or unknown, due to become due, whenever or however arising pertaining to the Transferor Company;
- c) Without prejudice to the generality of sub-clause (a) and (b) above, the Undertaking of the Transferor Company shall include –
 - i. All movable and immovable properties, assets, including leasehold rights, tenancy rights, industrial and other licenses, registrations, permits, authorizations, trademarks, copyrights, patents and other industrial and intellectual properties, electrical connections, telephones, telex, facsimile and other communications facilities and equipment, rights and benefits of all agreements, pending applications and all other interest, rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals of the Transferor Company;
 - ii. All current assets including inventories; sundry debtors; receivables; cash and bank accounts (including bank balances), fixed deposits, loans and advances, actionable claims, bills of exchanges and debit notes of the Transferor Company;
 - iii. All agreements, contracts, arrangements, understandings, engagements, deeds and instruments including lease/ license agreements, tenancy rights, equipment purchase agreement and other agreements with the customers, purchase and other agreements / contracts with the supplier/ manufacturer of goods / service provider and all rights, title, interest, claims and benefits there under of the Transferor Company;
 - iv. All application monies, advance monies, earnest monies and security deposits paid or deemed to have been paid and payments against other entitlements of the Transferor Company;
 - v. It is clarified that all debts, loans and liabilities, duties and obligations of the Transferor Company as on the Appointed Date and all other liabilities which may accrue or arise after the Appointed Date but which relate to the period on or up to the date of the Appointed Date shall be debts, loans and liabilities, duties and obligations of the Transferee Company including any encumbrances on the assets of the Transferor Company or any income earned from those assets.
 - vi. All intellectual property rights (including applications for registrations of the same and the right to use such intellectual property rights), trade and service names and marks, patents, copyrights, brand names, trademarks

and other intellectual property rights of any nature whatsoever, trade secrets, confidential information, domain names, books, records, files, papers, software licenses (whether proprietary or otherwise), data and all other records and documents whether in physical or electronic form relating to the business activities and operations of the Transferor Company;

- vii. all staff, workmen and employees of the Transferor Company engaged in or in relation to the business of the Transferor Company at respective offices and all provisions and benefits made in relation to such employees including but not limited to provident funds, registrations and reserves;
- viii. All books, records, files, papers, engineering and 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 of the Transferor Company;
- ix. all investments held the Transferor Company whether listed / unlisted company shares, units of mutual funds and rights, privileges and obligations attaching to such investments;
- x. all taxes including (but not limited to) Minimum Alternate Tax ("MAT") paid under Section 115JAA/ 115JB of the Income-tax Act, duties, cess of whatsoever nature refundable / receivable to the Transferor Company from any statutory / governmental authority. Also, including but not limited to the benefit(s) under Income-tax Act, 1961 (including tax relief under the Income-tax Act, 1961 such as credit for advance tax, TDS, etc.), Goods and Service Tax (GST), service tax (including benefit of any unutilized GST/ CENVAT / service tax credits etc.) permits, approvals, concessions, reliefs, rights to use and avail of assets shall, without any further act, instrument or deed stand transferred to and vested in and/or deemed to be transferred to and vested in the Transferee Company, free from all encumbrances, but subject to subsisting charges and pledges, if any.

4. TRANSFER AND VESTING OF UNDERTAKING OF TRANSFEROR COMPANY

- 4.1 Upon the coming into effect of this Scheme, and with effect from the Appointed Date, and subject to the provisions of the Scheme in relation to mode of transfer and vesting, the Undertaking of Transferor Company shall without any further act, instrument or deed, be and stand transferred to and vested in and/or be deemed to have been transferred to and vested in Transferee Company as a going concern so as to become on and from the Appointed Date the estate, assets, rights, title, interests and authorities of Transferee Company, pursuant to the provisions of Section 230 to 232 of the Act.
- 4.2 Without prejudice to generality of the aforesaid clause 4.1 above –
 - (a) All assets (including intangible assets) and properties of Transferor Company as are movable in nature or incorporeal property or otherwise capable of transfer by delivery of possession or by endorsement and / or delivery, the same shall stand so transferred by the Transferor Company upon the coming into effect of the Scheme, to the end and intent that the rights, titles, interest and property therein passes to Transferee Company and shall, become the assets and property of Transferee Company with effect from the Appointed Date pursuant to the provisions of Section 232 of the Act, without requiring any deed or instrument of conveyance for transfer of the same. No additional stamp duty shall be payable on the transfer of such movable properties (including shares and other investments) upon its transfer and vesting in Transferee Company.
 - (b) In respect of other assets pertaining to the Transferor Company including actionable claims, sundry debtors, outstanding loans, advances, recoverable in cash or kind or for value to be received and deposits / bonds with the government, semi-government, local and other authorities and bodies, customers or any other person, the same shall, without any further act, instrument or deed, be transferred and vested in Transferee Company on the Effective Date pursuant to the provisions of Section 230 to Section 232 and all other applicable provisions, if any, of the Act, with effect from the Appointed Date. It is hereby clarified that all the investments made by Transferor Company and all the rights, title and interests of Transferor Company in any leasehold properties in relation to the Undertaking of the Transferor Company shall, pursuant to Section 230 to 232 and all other applicable provisions, if any, of the Act and the provisions of this Scheme, without any further act or deed, be transferred to and vested in or be deemed to have been transferred to and vested in Transferee Company.
 - (c) Any and all immovable properties (including land together with the building and structures standing thereon) of Transferor Company, whether freehold or leasehold and any documents of title, rights and easements in relation thereto shall stand transferred to and be vested in Transferee Company, without any act or deed done by the Transferor Company or Transferee Company. With effect from the Appointed Date, Transferee Company shall be entitled to exercise all rights and privileges and be liable to pay ground rent, municipal taxes and fulfill all obligations, in relation to or applicable to such immovable properties. The mutation of title to the immovable properties in the name of Transferee Company shall be made and duly recorded upon this Scheme being effective in accordance with the terms hereof without any further act or deed on part of the Transferee Company except the payment of stamp duty, as may be applicable for such Scheme.

- (d) *In respect of such of the assets belonging to Transferor Company other than referred to in clause (a) to (c) above, the same shall be transferred to and vested in and / or deemed to be transferred to and vested in Transferee Company on the Appointed Date pursuant to the provisions of Section 232 of the Act.*
 - (e) *All debts, loans and liabilities, duties and obligations of the Transferor Company as on the Appointed Date and all other liabilities which may accrue or arise after the Appointed Date but which relate to the period on or upto the day of the Appointed Date shall be the debts, loans and liabilities, duties and obligations of the Transferee Company including any encumbrance on the assets of the Transferor Company or any income earned on those assets.*
 - (f) *It is hereby clarified that if any Assets (freehold or leasehold, fixed or current, tangible or intangible) or any contract, deeds, bond, agreements, schemes, arrangements or other instruments of whatsoever nature in which the Transferor Company owns or the Transferor Company is a party and which cannot be transferred to the Transferee Company for any reason whatsoever, the Transferor Company shall hold such Assets or contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Transferee Company in so far as it is permissible so to do, till such time as the transfer is effected.*
- 4.3 *All permits, approvals, consents, quotas, rights, authorizations, entitlements, registrations, no-objection certificates and licenses including those relating to tenancies, privileges, powers and facilities of every kind and description of whatsoever nature, to which the Transferor Company is a party or to the benefit of which the Transferor Company may be entitled to use or which may be required to carry on the operations of the Transferor Company, and which is subsisting or in effect immediately prior to the Effective Date, shall be, and remain, in full force and effect in favour of the Transferee Company and may be enforced as fully and effectually as if, instead of Transferor Company, Transferee Company had been a party, a beneficiary or an obligee thereto and shall be appropriately mutated by the relevant statutory authorities in favour of the Transferee Company in accordance in law.*
- 4.4 *The entitlement to various benefits under exemption schemes, incentive schemes, subsidies / grant, tax holiday, any privileges enjoyed / conferred upon/ held/ availed of by the Transferor Company and insurance policies in relation to the Undertaking of Transferor Company shall stand transferred to and be vested in and/ or deemed to have been transferred to and vested in Transferee Company together with all benefits, entitlements and incentives of any nature whatsoever. Such entitlements shall include incentives available under Applicable Laws in relation to the Undertaking of Transferor Company to be claimed by the Transferee Company with effect from the Appointed Date as if the Transferee Company was originally entitled to all such benefits under such incentive schemes and / or policies, subject to continued compliance by the Transferee Company of all the terms and conditions based on which the benefits under such incentive schemes were made available to Transferor Company.*
- 4.5 *Transferee Company, at any time after coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, execute deeds, writings, confirmations or notices with, or in favour of, any other party to any contract or arrangement to which Transferor Company is the party or any writings as may be necessary to be executed in order to give formal effect to the provisions of the Scheme. Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of Transferor Company and to implement and carry out all such formalities or compliance referred to above for and on behalf of the Transferor Company.*
- 4.6 *Upon the coming into effect of this Scheme and with effect from the Appointed Date, all liabilities, including, without limitation, all secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, contingent liabilities, duties, obligations of every kind, nature and description whatsoever and howsoever arising, raised, incurred or utilized for their business activities and operations in relation to the Undertaking of the Transferor Company, shall, pursuant to the sanction of this Scheme by the NCLT and under the provisions of Section 230 to Section 232 of the Act and other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing being made, done or executed, be transferred to, and vested in, or be deemed to have been transferred to, and vested in, Transferee Company, and such liabilities shall be assumed by the Transferee Company to the extent they are outstanding as on the Effective Date so as to become, as on and from the Appointed Date, the liabilities, debts, duties and obligations of Transferee Company on the same terms and conditions as were applicable to Transferor Company, and Transferee Company shall meet, discharge and satisfy the liabilities and it shall not be necessary to obtain the consent of any third party or any other person who is a party to any contract or arrangement by virtue of such liabilities have arisen in order to give effect to the provisions of this Clause.*
- 4.7 *All debts, liabilities along with any charge, encumbrance, lien or security created by the Transferor Company, duties and obligations of Transferor Company shall, as on the Appointed Date, whether or not provided in the books of Transferor Company, and all debts and loans raised and used, and duties, liabilities and obligations incurred or which arise or accrue to Transferor Company on or after the Appointed Date till the Effective Date shall be deemed to be and shall become the debts, loans raised and*

used, duties, liabilities and obligations incurred by the Transferee Company by virtue of the Scheme. It is hereby clarified that the debt, liabilities along with any charge, encumbrance, lien or security shall be taken over by the Transferee Company at the same terms and conditions as applicable to Transferor Company and there shall no change in the charge/ encumbrances/ security provided to the end and intent that in no case, such charge, lien, encumbrance or security shall extend or be deemed to extend to any assets of the Transferee Company.

- 4.8 Where any such debts, liabilities, duties and obligations of Transferor Company as on the Appointed Date have been discharged by the Transferor Company on or after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to be for and on account of the Transferee Company upon coming into effect of this Scheme.
- 4.9 All loans raised and utilized and all liabilities duties and obligations incurred or undertaken by Transferor Company on or after the Appointed Date and prior to the Effective Date shall 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 and under the provisions of Sections 230 to 232 of the Act, without any further act, instrument or deed be and shall be transferred to and vested in Transferee Company and shall become the loans and liabilities, duties and obligations of the Transferee Company which shall meet, discharge and satisfy the same.
- 4.10 For avoidance of doubt and without prejudice to generality of the applicable provisions of the Scheme, it is clarified that with effect from the Effective Date and till such time that the name in the bank accounts of the Transferor Company have been replaced with that of the Transferee Company, the Transferee Company shall be entitled to operate the bank accounts of the Transferor Company in the name of Transferor Company in so far as may be necessary. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of 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. The Transferee Company shall be allowed to maintain bank accounts in the name of the Transferor Company for such time as may be determined to be necessary by the Transferee Company for presentation of deposition of cheques and pay orders that have been issued in the name of the Transferor Company. It is hereby expressly clarified that any legal proceedings by or against the Transferor Company in relation to the cheques and other negotiable instruments, payments order received or presented for encashment which are in the name of Transferor Company shall be instituted, or as the case may be, continued by or against the Transferee Company after the coming into effect of the Scheme. With effect from the Effective Date and till the time any regulatory registrations of the Transferor Company are expired or suspended and if any regulatory filings are required to be done on such registrations, the Transferee Company shall be entitled to do so to comply with the relevant regulations.
- 4.11 Any amount including refund under the Tax laws due to Transferor Company consequent to the assessment proceedings or otherwise and which may not have been received by the Transferor Company as on the date immediately preceding the Appointed date shall also belong to and be receivable by Transferee Company upon the Scheme being effective.
- 4.12 If and to the extent there are investments, loans, deposits or balances inter-se between Transferor Company, the obligations in respect thereof shall, on and from the Appointed Date, come to an end and suitable effect from the Effective Date shall be given. There would be no accrual of interest or other charges in respect of any such investments, loans, deposits or balances inter-se between the Transferor Company and Transferee Company from the Appointed Date.
- 4.13 This Scheme shall not, in any manner, affect the rights of any of the Creditors of the Transferor Company.

7. LEGAL PROCEEDINGS

- 7.1 All legal proceedings of whatsoever nature by or against the Transferor Company pending and/ or arising on or after the Appointed Date and relating to the Transferor Company shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against Transferee Company in the manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company, if this Scheme had not been made.
- 7.2 The Transferee Company undertakes to have all legal or other proceedings initiated by or against the Transferor Company referred to in Clause 7.1 above transferred in its name respectively and to have the same continued, prosecuted and enforced by or against Transferee Company to the same extent as would or might have been continued and enforced by or against the Transferor Company, to the exclusion of the Transferor Company.

12. CONSOLIDATION OF AUTHORIZED CAPITAL AND AMENDMENT TO MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE TRANSFEE COMPANY

- 12.1 Upon coming into effect of this Scheme, the authorized share capital of the Transferor Company amounting to Rs 58,98,00,000 (Rupees Fifty Eight Crore Ninety Eight Lacs Only) divided into 4,39,80,000 (Four Crore Thirty Nine Lacs Eighty Thousand) equity shares of Rs 10/- each and

15,00,000 (Fifteen Lacs) preference shares of Rs 100/- each, or such amount as may be on the Effective Date, shall be deemed to have been reclassified into 5,89,80,000 (Five Crore Eighty Nine Lacs Eighty Thousand) equity shares of Rs 10/- each and shall be consolidated with the authorized share capital of the Transferee Company, without any further act or deed and without any liability for payment of any additional fees or stamp duty in respect of such increase as the stamp duty and fees have already been paid by the Transferor Company on such authorized capital.

- 12.2 Pursuant to the Scheme and after the Scheme becomes effective,
Clause V of the Memorandum of Association of the Transferee Company shall be amended as below:
V. "The authorized share capital of the Transferee Company will be Rs 2,08,98,00,000/- (Rs Two Hundred Eight Crore Ninety-Eight Lacs) divided into 18,84,80,000 (Eighteen Crore Eighty-Four Lacs Eighty Thousand) equity shares of Rs. 10/- (Rs Ten) each and 20,50,000 (Twenty Lacs Fifty Thousand) preference shares of Rs 100/- (Rs Hundred) each with power to increase or reduce the capital of the Company and/or the nominal value of the shares and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions with or without voting rights as may be determined by or in accordance with the Articles of Association of the company or as may be decided by the Board of Directors or by company in general meeting, as applicable, in conformity with the provisions of the Act, and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions and to consolidate or sub-divide the shares and issue shares of higher or lower denomination."
- 12.3 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 alteration of the Memorandum and Articles of Association of the Transferee Company as may be required under the Act, and Clause V of the Memorandum of Association of the Transferee Company.

13. CONSIDERATION

- 13.1 Upon the Scheme becoming effective, in consideration of the amalgamation of the Transferor Company with the Transferee Company, the Transferee Company shall, without any further act or deed, issue and allot its shares, at par credited as fully paid up to the extent indicated below, to the members of Transferor Company, whose name is recorded in the register of members of the Transferor Company on the Record Date in the following ratio:
- "348 (Three Hundred Forty Eight) New Equity shares in **Transferee Company** of the face value of Rs.10/- (Rupees Ten Only) each, credited as fully paid-up for every 100 (One Hundred) equity shares of Rs.10/- (Rupees Ten Only) each fully paid-up held by such member in the **Transferor Company**"
- 13.2 The equity shares issued and allotted pursuant to Scheme of Amalgamation and Arrangement shall be hereinafter referred to as 'New Shares'.
- 13.3 The existing equity shares of the Transferee Company held by the Transferor Company shall stand cancelled and the Equity Share Capital of the Transferee Company shall stand reduced to that extent. The Details of the same shall be as envisaged in Clause 14 hereinbelow.
- 13.4 The Share Exchange Valuation Reports dated October 19th 2019 have been obtained from N S Kumar & Co., Independent Chartered Accountant, having Registration No. 139792W and Niranjan Kumar, Registered Valuer, having IBBI Registration No IBBI/RV/06/2018/10137 providing the share exchange ratio for the amalgamation of Transferor Company with the Transferee Company under the Scheme.
- 13.5 A Fairness Opinion dated October 19th October 2019 has been obtained from Kunvarji Finstock Private Limited a SEBI Registered Category I Merchant Banker, having SEBI Registration No INM000012564 providing the fairness opinion on the Share Exchange Ratio recommended by N S Kumar & Co, Independent Chartered Accountants and Niranjan Kumar, Registered Valuer in connection with amalgamation of Transferor Company with the Transferee Company under the Scheme.
- 13.6 The New Equity Shares shall be issued and allotted by the Transferee Company in physical form or demat form, as applicable, to the respective shareholder(s) of Transferor Company.
- 13.7 Upon the Scheme becoming effective and upon the New Shares being issued and allotted as per Clause 13.1 above, the equity shares of Transferor Company in physical form shall be deemed to have been automatically cancelled and be of no effect on and from the Record Date.
- 13.8 The Transferee Company in respect of fractional entitlement shall issue no fractional shares, if any, to the shareholders of the Transferor Company and the fractions shall be rounded upto the nearest whole number. Further, each shareholder of the Transferor Company shall get at least one share of the Transferee Company.
- 13.9 The New Shares to be issued and allotted as per Clause 13.1 above shall be subject to the provisions of Memorandum and Articles of Association of the Transferee Company and shall rank pari-passu in all respects with the equity shares of the Transferee Company as on Effective Date, including that any dividend that may be declared by the Transferee Company on or after the Effective Date.
- 13.10 Upon the Scheme being effective, the New Shares to be issued and allotted by the Transferee Company in terms of Clause 13.1 of this Scheme shall be listed and shall be admitted for trading on the Stock

Exchanges. The Transferee Company shall make all requisite applications and shall otherwise comply with the provisions of Applicable Laws, including as applicable, the provisions of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and the SEBI Circular No. CFD/ DIL3/ CIR/ 2017/ 21 dated 10th March 2017, as amended from time to time. The equity shares allotted pursuant to this Scheme shall remain frozen in the depositories system till relevant directions in relation to listing/ trading are provided by the Stock Exchanges.

- 13.11 Transferee Company shall if necessary and to the extent required, increase its authorized capital to facilitate the issue of New Equity Shares under this Scheme subject to payment of requisite fees for the same.
- 13.12 The increase in authorized share capital and issue and allotment of New Shares to the respective shareholders of the Transferor Company as provided in this Scheme, is an integral part thereof and shall be deemed to have been carried out without requiring any further act on the part of the Transferee Company or its shareholders and as if the procedure laid down under section 13, 42, 61, 62 of the Act and any other applicable provisions of the Act, and such other statutes and regulations as may be applicable were duly complied with.

14. CANCELLATION OF PART OF THE EXISTING PAID UP EQUITY SHARE CAPITAL OF THE TRANSFEE COMPANY

- 14.1 Upon the Scheme becoming effective, 7,52,81,959 (Seven Crore Fifty Two Lacs Eighty One Thousand Nine Hundred Fifty Nine) equity shares of Transferee Company held by Transferor Company or such other class of shares of Transferee Company held by Transferor Company on the Effective Date shall be cancelled without any further act or deed by operation of law and shall amount to reduction of share capital.
- 14.2 However, considering the issue of New Equity Shares to the shareholders of the Transferor Company, in terms of Clause 13.1 of the Scheme, there will not be any net reduction of Equity Share Capital of the Transferee Company. Since the said proposal forms an integral part of the Scheme, provisions of Section 66 of the Act read with applicable rules made thereunder shall not be attracted pursuant to order issued by the NCLT.
- 14.3 Notwithstanding the reduction of issued, subscribed and paid-up share capital of Transferee Company, it shall not be required to add the words "And Reduced" as suffix to its name.
- 14.4 The consent of the Shareholders of the Transferee Company to this Scheme shall be deemed to be the consent of its shareholders for the purpose of effecting the above reduction, if any, under the provisions of Section 66 of the Act read with applicable rules made thereunder and no further resolution under Section 66 of the Act or any other applicable provisions of the Act, would be required to be separately passed.

15. ACCOUNTING TREATMENT FOR AMALGAMATION

Upon the Scheme becoming effective and with effect from the Appointed Date, the Amalgamation of the Transferor Company with Transferee Company shall be accounted as per the below method:

- 15.1 The Transferee Company shall account for the amalgamation of the Transferor Company on the basis of 'pooling of interest' method as stated in Appendix C of Indian Accounting Standard (IND AS) 103 Business Combinations.
- 15.2 The pooling of interest method is considered to involve the following:
- (i) The assets and liabilities of the combining entities are reflected at their carrying amounts.
 - (ii) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonize accounting policies.
- 15.3 The balance of the retained earnings appearing in the financial statements of the Transferor Company is aggregated with the corresponding balance appearing in the financial statements of the Transferee Company.
- 15.4 The identity of the reserves shall be preserved and shall appear in the financial statements of the Transferee Company in the same form in which they appeared in the financial statements of the Transferor Company. As a result of preserving the identity, reserves which are available for distribution as dividend before the business combination would also be available for distribution as dividend after the business combination.
- 15.5 Upon Scheme becoming effective, the accounts of the Transferee Company, as on the appointed date shall be reconstructed in accordance with the terms of this Scheme.
- 15.6 The difference arising between the carrying value of the assets, liabilities and reserves pertaining to the Transferor Company recorded in terms of Clause 15.2 & 15.3 and the value of shares issued in terms of Clause 13.1 and face value of shares reduced in terms of Clause 14.1 in the books of Transferee Company shall be in case of deficit debited to the Business Reconstruction Reserve/ General Reserve/Retained Earnings and in case of surplus credited to General Reserves of the Transferee Company.

16. TREATMENT OF TAXES / TAX CREDITS

- 16.1 *Any tax liabilities under the Income-tax Act, 1961, Wealth-tax Act, 1957, Customs Act, 1962, Central Excise Act, 1944, Central Sales Tax Act, 1956, any other state Sales Tax / Value Added Tax laws, Service Tax, Goods and Service Tax, stamp laws, registration fees or any other applicable laws/regulations (hereinafter in this Clause referred to as "Tax Laws") dealing with taxes/ duties/ levies allocable or related to the business of the Transferor Company to the extent not provided for or covered by tax provision in the Accounts made as on the date immediately preceding the Appointed Date shall be transferred to the Transferee Company.*
- 16.2 *All taxes (including income tax and tax deducted at source, wealth tax, sales tax, excise duty, customs duty, service tax, GST, VAT, etc.) paid or payable by the Transferor Company in respect of the operations and/or the profits of the business on and from the Appointed Date, shall be on account of the Transferee Company and, insofar as it relates to the tax payment (including without limitation income tax, wealth tax, sales tax, excise duty, customs duty, service tax, GST, VAT, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operation of the business on and from the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company, and, shall, in all proceedings, be dealt with accordingly.*
- 16.3 *Any refund under the Tax Laws due to the Transferor Company consequent to the assessments made on the Transferor Company and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company.*
- 16.4 *Without prejudice to the generality of the above, all benefits including claim of tax deduction at source, tax collection at source, advance tax and self-assessment tax and any similar credits or balances under the income tax, sales tax, excise duty, customs duty, service tax, GST, VAT, etc., to which the Transferor Company are entitled to in terms of the applicable Tax Laws of the Union and State Governments, shall be available to and vest in the Transferee Company. Similarly, the unabsorbed depreciation and brought forward losses of the Transferor Company as considered for the purposes of Explanation 1 to Section 115JB (2) of the Income-tax Act, 1961 shall stand transferred to the Transferee Company and the Transferee Company shall consolidate the same with its unabsorbed depreciation and brought forward losses for the purpose of Explanation 1 to Section 115JB (2) of the Income-tax Act, 1961.*
- 16.5 *The Amalgamation as contemplated in this Scheme would be completed in a manner so as to comply with the conditions relating to 'amalgamation' as specified under section 2(1B) of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said section at the later date including resulting from a retrospective amendment of law or for any other reason whatsoever, the provisions of the said section of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with section 2(1B) of the Income-tax Act, 1961. Such modification will however not affect the other parts of the Scheme. Furthermore, all credits or balances eligible for roll-over, set-off or carry forward under the Income-tax Act, 1961 including under Chapter VI of the Income-tax Act, 1961 shall be given effect to in compliance with the applicable provisions of the Income-tax Act, 1961.*

21. DISSOLUTION OF TRANSFEROR COMPANY

- 21.1 *Upon the Scheme becoming effective, the Transferor Company shall stand dissolved without being wound up without any further act by the parties.*
- 21.2 *Any obligations/ steps which need to be undertaken by the Transferor Company pursuant to the sanction of this Scheme shall be fulfilled by the Transferee Company."*

The aforesaid are only the salient features of the Scheme. You are requested to read the entire text of the Scheme to get fully acquainted with the provisions thereof.

16. CORPORATE APPROVALS

- 16.1 The proposed Scheme was placed before the Audit Committee of the Applicant Transferee Company at its meeting held on October 19, 2019. The Audit Committee of Applicant Transferee Company in their meeting recommended the Scheme to the Board of Directors of Applicant Transferee Company.
- 16.2 The Scheme was placed before the Board of Directors of Applicant Transferee Company, at its meeting held on October 19, 2019. The report of the Audit Committee was also submitted to the Board of Directors of Applicant Transferee Company. Based on the aforesaid, the Board of Directors of Applicant Transferee Company approved the Scheme. The meeting of the Board of Directors of Applicant Transferee Company, held on October 19, 2019, was attended by 5 (Five) out of 7 (seven) directors. None of the Directors of Applicant Transferee Company who attended the meeting voted against the Scheme. Thus, the Scheme

was approved unanimously by the Directors of Applicant Transferee Company who attended and voted at the meeting.

- 16.3 The Scheme was placed before the Board of Directors of Transferor Company, at its meeting held on October 19, 2019. The Board of Directors of Transferor Company unanimously approved the Scheme. The meeting of the Board of Directors of Transferor Company, held on October 19, 2019, was attended by 5 (Five) out of 6 (six) directors. None of the Directors of Transferor Company who attended the meeting voted against the Scheme. Thus, the Scheme was approved unanimously by the Directors of Transferor Company who attended and voted at the meeting.

17. APPROVALS AND ACTIONS TAKEN IN RELATION TO THE SCHEME

- 17.1 Pursuant to the SEBI Circular read with Regulation 37 of the SEBI Listing Regulations, the Applicant Transferee Company had filed the necessary applications before the BSE and NSE seeking their no-objections to the Scheme. The Applicant Transferee Company has received the observation letters dated 10th January 2020 from BSE and NSE conveying their no-objection to the Scheme ("**Observation Letters**"). Copies of the aforesaid Observation Letters are enclosed herewith.
- 17.2 As required by the SEBI Circular, the Applicant Transferee Company has filed the Complaints Reports with the BSE and NSE on December 04, 2019 and December 07, 2019, respectively. A copy of the aforementioned Complaints Reports are enclosed herewith.
- 17.3 The Companies would obtain such necessary approvals/sanctions/no objection(s) from the regulatory or other governmental authorities in respect of the Scheme in accordance with law, if so required.
- 17.4 The application along with the annexures thereto (which includes the Scheme) were filed by the Companies with the Tribunal on 20th January, 2020.

18. CAPITAL STRUCTURE PRE AND POST AMALGAMATION AND ARRANGEMENT

- 18.1 The pre-amalgamation and arrangement capital structure of the Applicant Transferee Company is mentioned in paragraph 13 above
- 18.2 The pre-amalgamation and arrangement capital structure of the Transferor Company is mentioned in paragraph 10 above. Post the amalgamation and arrangement, the Transferor Company shall stand dissolved without being wound-up.

19. PRE AND POST AMALGAMATION AND ARRANGEMENT SHAREHOLDING PATTERN

The pre and post amalgamation and arrangement shareholding pattern of the Transferor and Applicant Transferee Company is as follows:

Sr	Description	Name of Shareholder	Transferor Company		Transferee company			
			Pre-amalgamation		Pre-amalgamation		Post-arrangement	
			No. of shares	%	No. of shares	%	No. of shares	%
(A)	Shareholding of Promoter and Promoter Group							
1	Indian							
	Individuals/Hindu Undivided Family	Names of Promoter						
		Mr. Chintan N. Parikh	2520	0.01	147900	0.12	156670	0.08
		Krishana chintan Chintan Parikh	-	-	31300	0.02	31300	0.05

		Chintan Navnitlal Parikh – HUF	-	-	30425	0.02	30425	0.02
		Mrs. Shefali C. Parikh	12	0.00	88720	0.07	88762	0.02
(b)	Central Government/ State Government(s)	Names	-	-	-	-	-	-
(c)	Bodies Corporate	Names	-	-	75281959	58.61	-	-
		Ashima Dyecot Private Limited						
(d)	Financial Institutions/ Banks		-	-	-	-	-	-
(e)	Any Others	Chintan Navnitlal Parikh And Shefali Chintan Parikh - Trustee Of Navchintan Trust	39616160	99.55	2671441	2.08	140535678	73.33
	Sub Total(A)(1)		39618692	99.56	78251745	60.92	140842835	73.49
2	Foreign		-	-	-	-	-	-
(a)	Individuals (Non-Residents Individuals/ Foreign Individuals)		-	-	-	-	-	-
(b)	Bodies Corporate		-	-	-	-	-	-
(c)	Institutions		-	-	-	-	-	-
(d)	Any Others		-	-	-	-	-	-
	Sub Total(A)(2)		-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)		39618692	99.56	78251745	60.92	140842835	73.49
(B)	Public shareholding							

1	Institutions		-	-	-	-	-	-
(a)	Mutual Funds/ UTI		-	-	3300	0.00	3300	0.00
(b)	Financial Institutions / Banks				20074	0.02	20074	0.01
	Sub-Total (B)(1)		-	-	23374	0.02	23374	0.01
2	Non-institutions	-	-	-	-	-	-	-
(a)	Bodies Corporate	-	-	-	-	-	-	-
(b)	Individuals	-	-	-	-	-	-	-
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 2 lakh	-	1756	0.00	17410780	13.55	17416892	9.09
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakh.	-	-	-	16025468	12.48	16025468	8.36
(c)	Any Other		175000	0.44	16742509	13.03	17351509	9.05
	Sub-Total (B)(2)	-	176756	0.44	50178757	39.06	50793869	26.50
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)		176756	0.44	50202131	39.08	50817243	26.51
	TOTAL (A)+(B)	-	39795448	100	128453876	100	191660078	100
(C)	Shares held by Custodians and against which ADRs have been issued	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	-	39795448	100	128453876	100	191660078	100

Post the Scheme becoming effective, Ashima Dyecot Private Limited shall amalgamate with Ashima Limited and hence, post shareholding pattern of Ashima Dyecot Private Limited is not applicable.

20. EXTENT OF SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL ('KMP'):

20.1 The Directors, KMP and their relatives of the Transferor and Applicant Transferee Company may be affected only to the extent of their shareholding in the Transferor and/or Applicant Transferee Company, or to the

extent that the said Directors or KMP are the partners, directors, members of the companies, firms, association of persons, bodies corporates and /or beneficiary of Trust that hold shares in the Transferor and/or Applicant Transferee Company, if any. Save as aforesaid, none of the Directors / KMP or their relatives of the Transferor and/or Applicant Transferee Company have any material interest in the Scheme.

- 20.2 The details of the present Directors and KMP of the Applicant Transferee Company and their respective shareholdings in the Applicant Transferee Company and Transferor Company as on the date of this notice are as follows:

Name of Director/KMP	Designation	Equity Shares in the Applicant Transferee Company	Equity Shares in the Transferor Company
Mr. Chintan N. Parikh	Chairman & Managing Director	147900	2520
Dr. Bakul H. Dholakia	Independent Director	13400	-
Mrs. Koushlya Melwani	Independent Director	-	-
Mr. Neeraj Golas	Independent Director	-	-
Mr. Sanjay Majmudar	Independent Director	-	-
Mr. Vipul Naik	Director	-	-
Mr. Hiren S. Mahadevia	Company Secretary	34680	-
Mr. Jayesh C. Bhayani	Chief Financial Officer	-	25

- 20.3 The details of the present Directors and KMP of the Transferor Company and their respective shareholdings in the Transferor Company and Applicant Transferee Company as on the date of this notice are as follows:

Name of Director	Designation	Equity Shares in the Transferor Company	Equity Shares in the Applicant Transferee Company
Bakul Harshadrai Dholakia	Director	-	13400
Chintan Navnital Parikh	Director	2520	147900
Devan Vipinbhai Parikh	Director	-	-
Vanita Mathur	Director	12	-
Shrikant Sachidanand Pareek	Director	291	186
Uttara Chintan Parikh	Director	-	100463
Dipakkumar Sharadchandra Thaker	Company Secretary	-	-
Bhikhabhai Jayantilal Shah	Chief Financial Officer	12	-

21. GENERAL

- 21.1 The Applicant Transferee Company and the Transferor Company have made a joint application before the Hon'ble National Company Law Tribunal, Ahmedabad Bench at Ahmedabad for the sanction of the Scheme under Section 230-232 read with Section 66 and other applicable provisions of the Companies Act, 2013 and other relevant rules thereunder.
- 21.2 The amount due by the Applicant Transferee Company to its secured creditors as on 31st December, 2019 is Rs. 9,41,49,675/-. Further, the amount due by the Applicant Transferee Company to its unsecured creditors as on 31st December, 2019 is Rs.23,61,49,905/-. Meeting of such secured and unsecured creditors is being convened in terms of the NCLT Order.
- 21.3 The amount due by the Transferor Company to its secured creditors as on 31st December, 2019 is Rs. 3,21,71,872/-. Further, the amount due by the Transferor Company to its secured and unsecured creditors

as on 31st December, 2019 is Rs. 36,39,31,983/-. Meeting of such secured and unsecured creditors is being convened in terms of the NCLT Order.

- 21.4 The Unsecured Creditors of the Applicant Transferee Company whose names are appearing in the records of the Company as on the date of the meeting shall be eligible to attend and vote at the meeting convened as per the directions of the Tribunal.
- 21.5 The latest audited financial statements for the year ended March 31, 2019 and unaudited financial results for the period ended September 30, 2019 of the Applicant Transferee Company indicates that it is in a solvent position and would be able to meet liabilities as they arise in the course of business. There is no likelihood that any Secured and Unsecured Creditors of the Applicant Transferee Company would lose or be prejudiced as a result of this Scheme being passed since no sacrifice or waiver is at all called for from them nor are their rights sought to be adversely modified in any manner. Hence, the amalgamation and arrangement will not cast any additional burden on the shareholders or creditors of the Applicant Transferee Company, nor will it adversely affect the interest of any of the shareholders or creditors.
- 21.6 There are no winding up proceedings pending against the Applicant Transferee Company as of date.
- 21.7 No investigation proceedings are pending or are likely to be pending under the provisions of Chapter XIV of the Companies Act, 2013 or under the provisions of the Companies Act, 1956 in respect of the Applicant Transferee Company.
- 21.8 A copy of the proposed Scheme has been filed by the respective Companies before the concerned Registrar of Companies.
- 21.9 The Applicant Transferee Company and the Transferor Company are required to seek approvals / sanctions / no objections from certain regulatory and governmental authorities for the Scheme such as the Registrar of Companies, Regional Director and Income-tax authorities. These approvals will be obtained by the Applicant Transferee Company and the Transferor Company at the relevant time.
- 21.10 In the event that the Scheme is withdrawn in accordance with its terms, the Scheme shall stand revoked, cancelled and be of no effect and become null and void.
- 21.11 Names and addresses of the Directors and Promoters of the Applicant Transferee Company as on the date of this notice are as under:

Sl. No.	Name of Director	Address	DIN
1.	Mr. Chintan N. Parikh	Chitrakut, B/h Cargo Ford Motors, Off. C. G. Road, Ellisbridge, Ahmedabad-380006	00155225
2.	Dr. Bakul H. Dholakia	6, Asopalav Bunglows, Behind Bhaikakanagar, , Thaltej Ahmedabad 380059	00005754
3.	Mrs. Koushlya Melwani	T-2, Kalyani Apartment, 4-A, Sattar Taluka Society, B/H C. U. Shah College, Ashram Road, Ahmedabad 380009	01575110
4.	Mr. Neeraj Golas	703/704, Shivalik Tower, 90 Feet Road, Thakur Complex, Hdfc Bank, Kandivali East Mumbai 400101	06566069
5.	Mr. Sanjay Majmudar	24, Sumadhur Society, Near Nehrunagar Cross Road, S M Road, Ambavadi, Ahmedabad 380015	00091305
6.	Mr. Vipul Naik	F/304, Indraprasth - 3, Opp. Dhananjay Bunglows, Anandnagar Road, Satellite, Ahmedabad 380015	08450305

Sl. No.	Name of Promoter /Members of Promoter Group	Address
1.	Chintan Navnitlal Parikh*	Chitrakut, B/h Cargo Ford Motors, Off. C. G. Road, Ellisbridge, Ahmedabad- 380006

2.	Shefali Chintan Parikh*	Chitrakut, B/h Cargo Ford Motors, Off. C. G. Road, Ellisbridge, Ahmedabad- 380006
3.	Krishnachintan Parikh*	Chitrakut, B/h Cargo Ford Motors, Off. C. G. Road, Ellisbridge, Ahmedabad- 380006
4.	Chintan Navnitlal Parikh – HUF*	Chitrakut, B/h Cargo Ford Motors, Off. C. G. Road, Ellisbridge, Ahmedabad- 380006
5.	Ashima Dyecot Private Limited*	Texcellence Complex, Khokhara-Mehmedabad Ahmedabad-380021
6.	Chintan Navnitlal Parikh and Shefali Chintan Parikh – Trustee of Navchintan Trust*	Chitrakut, B/h Cargo Ford Motors, Off. C. G. Road, Ellisbridge, Ahmedabad- 380006
*Holding shares in ASHIMA LIMITED		

21.12 Names and addresses of the Directors and Promoters of the Transferor Company as on the date of this notice are as under:

SI. No.	Name of Director	Address	DIN
1.	Chintan Navnitlal Parikh	Chitrakut, B/h Cargo Ford Motors, Off. C. G. Road, Ellisbridge, Ahmedabad- 380006	00155225
2.	Bakul Harshadrai Dholakia	6, Asopalav Bunglows, Behind Bhaikakanagar, , Thaltej Ahmedabad 380059	00005754
3.	Devan Vipinbhai Parikh	Behind Abhijeet - 3, Near Law Garden, Ellisbridge, Ahmedabad 380006	00179826
4.	Vanita Mathur	C/202, Sanskaar, B/h Shalby Hospital, Opp. Karnavati Club, Satellite, Ahmedabad 380015	02139103
5.	Shrikant Sachidanand Pareek	4, Shalin Bunglows, Corporate Road, Near Suyog Plots, Prahladnagar, Ahmedabad 380051	02139143
6.	Uttara Chintan Parikh	Chitrakut, B/h Cargo Ford Motors, Off. C. G. Road, Ellisbridge, Ahmedabad- 380006	02334342

SI. No.	Name of Promoter	Address
1.	Chintan Navnitlal Parikh*	Chitrakut, B/h Cargo Ford Motors, Off. C. G. Road, Ellisbridge, Ahmedabad- 380006
2.	Shefali Chintan Parikh*	Chitrakut, B/h Cargo Ford Motors, Off. C. G. Road, Ellisbridge, Ahmedabad- 380006
3.	Chintan Navnitlal Parikh and Shefali Chintan Parikh – Trustee of Navchintan Trust*	Chitrakut, B/h Cargo Ford Motors, Off. C. G. Road, Ellisbridge, Ahmedabad- 380006
*Holding shares in ASHIMA DYECOT PRIVATE LIMITED		

21.13 Details of Directors of the Applicant Transferee Company who voted in favour / against / did not participate on resolution passed at the meeting of the Board of Directors of the Applicant Transferee Company are given below:

SI. No.	Name of Director	Votes for the Resolution	Votes Against the Resolution	Did not Vote or Participate
1.	Mr. Chintan N. Parikh	✓	-	-
2.	Mr. Krishnachintan Parikh	-	-	Absent at Meeting

3.	Dr. Bakul H. Dholakia	-	-	Absent at Meeting-
4.	Mrs. Koushlya Melwani	✓	-	-
5.	Mr. Neeraj Golas	✓	-	-
6.	Mr. Sanjay Majmudar	✓	-	-
7.	Mr. Vipul Naik	✓	-	-

21.14 Details of Directors of the Transferor Company who voted in favour / against / did not participate on resolution passed at the meeting of the Board of Directors of the Transferor Company are given below:

Sl. No.	Name of Director	Votes for the Resolution	Votes Against the Resolution	Did not Vote or Participate
1.	Bakul Harshdrai Dholakia	-	-	Absent at Meeting
2.	Chintan Navnitlal Parikh	✓	-	-
3.	Devan Vipinbhai Parikh	✓	-	-
4.	Vanita Mathur	✓	-	-
5.	Shrikant Sachidanand Pareek	✓	-	-
6.	Uttara Chintan Parikh	✓	-	-

21.15 For the purpose of the amalgamation and arrangement of the Transferor Company with the Applicant Transferee Company, a Share Exchange Valuation Report dated October 19, 2019 has been obtained from N. S. Kumar & Co., Chartered Accountants, and Niranjana Kumar, Registered Valuer describing the methodology adopted by them in arriving at the share exchange ratio. Kunvarji Finstock Pvt. Ltd., a Category I Merchant Banker after having reviewed the Share Exchange Valuation Report of N. S. Kumar & Co Chartered Accountants and Niranjana Kumar, Registered Valuer and on consideration of all the relevant factors and circumstances, opined that in their view the independent valuer's proposed share exchange ratio is fair.

21.16 In compliance with the provisions of Section 232(2)(c) of the Act, the Board of Directors of Transferor Company and the Applicant Transferee Company, in their separate meetings held on October 19, 2019 respectively, have adopted a report, inter alia, explaining effect of the Scheme on each class of shareholders, KMP, promoters and non-promoter shareholders among others. The Transferor Company and the Applicant Transferee Company does not have any depositors, deposit trustee and debenture trustee. There will be no adverse effect on account of the Scheme as far as the employees and creditors of the Transferor Company and the Applicant Transferee Company are concerned.

21.17 The following documents will be open for inspection by the Unsecured Creditors of the Applicant Transferee Company at its registered office at Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad – 380021, Gujarat, India during working hours on all working days (except Saturdays, Sundays and public holidays) up to the date of the meeting:

- (i) Copy of the Order passed by NCLT in Company Application No. CA (CAA) No. 18 of 2020 dated 30th January, 2020 directing Applicant Transferee Company to, *inter alia*, convene the meeting of its Equity Shareholders, Preference Shareholders, Secured Creditors and Unsecured Creditors;
- (ii) Copy of Company Application No. CA (CAA) No. 18 of 2020 along with annexures filed by the Applicant Transferee Company before NCLT;
- (iii) Copy of the Scheme;
- (iv) Copy of Audit Committee Report dated October 19, 2019 of Applicant Transferee Company;
- (v) Copy of the Report dated October 19, 2019 adopted by the Board of Directors of the Applicant Transferee Company and Transferor Company, pursuant to the provisions of section 232(2)(c) of the Act;
- (vi) Copy of the resolutions dated October 19, 2019 passed by the Board of Directors of Applicant Transferee Company and Transferor Company approving the Scheme;

- (vii) Copy of the Share Exchange Valuation Report dated October 19, 2019 issued by N. S. Kumar & Co., Chartered Accountants, and Niranjan Kumar, Registered Valuer describing the methodology adopted by them in arriving at the share exchange ratio;
- (viii) Copy of the Fairness Opinion dated October 19, 2019 issued by Kunvarji Finstock Pvt. Ltd.;
- (ix) Copy of the Statutory Auditors' certificate dated October 17, 2019 issued by Mukesh M. Shah & Co., Chartered Accountants to Applicant Transferee Company, confirming the compliance of the accounting treatment as specified by Central Government in Section 133 of the Companies Act, 2013;
- (x) Copy of abridged prospectus providing information pertaining to the unlisted entity i.e. Transferor Company, involved in the scheme as per the format specified in Part E of Schedule VI of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 along with a copy of certificate from the Merchant Banker confirming the adequacy and accuracy of the information contained in above document on unlisted company in terms of Para 3(a) of Part I(A) of the SEBI circular dated March 10, 2017;
- (xi) A copy of Complaints Report dated December 04, 2019 of the Applicant Transferee Company filed with the BSE in terms of Para 6(a) of Part I(A) of the SEBI circular dated March 10, 2017;
- (xii) A copy of Complaints Report dated December 7, 2019 of the Applicant Transferee Company filed with the NSE in terms of Para 6(a) of Part I(A) of the SEBI circular dated March 10, 2017;
- (xiii) Copy of the Observation letter dated January 10, 2020 issued by the BSE to Applicant Transferee Company;
- (xiv) Copy of the Observation letter dated January 10, 2020 issued by the NSE to Applicant Transferee Company;
- (xv) Copy of Form No. GNL-1 filed by the Applicant Transferee Company with the concerned Registrar of Companies along with challan, evidencing filing of the Scheme with the concerned Registrar of Companies;
- (xvi) List of Unsecured Creditors of the Applicant Transferee Company as on 31st December, 2019;
- (xvii) Copy of the Memorandum and Articles of Association of the Applicant Transferee Company and Transferor Company;
- (xviii) Copy of the annual reports of Applicant Transferee Company and Transferor Company for the financial years ended March 31, 2017, March 31, 2018 and March 31, 2019;
- (xix) Copy of Limited Review Report and Unaudited financial results of the Applicant Transferee Company for the period ended September 30, 2019;
- (xx) Copy of unaudited financial statements of the Transferor Company for the period ended September 30, 2019; and
- (xxi) Copy of the Register of Directors and KMP and shareholding maintained under Section 170 of the Companies Act, 2013, of Applicant Transferee Company.

This statement may be treated as an Explanatory Statement under Sections 230(3), 232(1), 232(2) and 102 and any other applicable provisions of the Companies Act, 2013 read with Rule 6 of the Companies (Compromise, Arrangements and Amalgamations) Rules, 2016.

Sd/-
Balubhai Patel
Chairman appointed for the meeting

Dated this 3rd day of February, 2020.

Registered office:

Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad – 380021, Gujarat, India.

**SCHEME OF AMALGAMATION AND ARRANGEMENT
BETWEEN
ASHIMA DYECOT PRIVATE LIMITED (CIN: U17110GJ1995PTC025537)
AND
ASHIMA LIMITED (CIN: L99999GJ1982PLC005253)
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS
(UNDER SECTIONS 230 to 232 READ WITH SECTION 66 OF THE COMPANIES ACT, 2013)**

PREAMBLE

This Scheme of Amalgamation and Arrangement (as defined hereinafter) is presented pursuant to the provisions of Sections 230 to 232 of the Act (as defined hereinafter), together with Sections 66 and other relevant provisions of the Act, as may be applicable, and also read with Section 2(1B) and other relevant provision of the Income-tax Act, 1961 in relation to amalgamation of Ashima Dyecot Private Limited with Ashima Limited; and for matters consequential, supplemental and/or otherwise integrally connected therewith.

(A) Description of Companies

1. The Transferor Company was incorporated on 20th day of April 1995 as Ashima Dyecot Limited (“ADPL” or “Transferor Company”), a public limited company, with the Registrar of Companies, Gujarat, under the provisions of the Companies Act, 1956. The Transferor Company had thereafter altered its Articles of Association and consequently, the word “Private” had been added before the word “Limited” under section 21, 31(1), 44 of the Companies Act, 1956 with effect from 04th day of April 2002. Thereafter, the word “Private” was deleted with effect from 21st February 2006 in terms of section 31, 44 of the Companies Act, 1956. In the year 2015, the Transferor Company had again altered its Articles of Association and consequently, the word “Private” was again added before the word “Limited” in terms of Section 13 of the Companies Act, 2013 with effect from 21th day of September 2015. The Registered office is currently situated at Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad – 380021, Gujarat. The Transferor Company is holding 58.61% in the Transferee Company, Ashima Limited. The Transferor Company is engaged in the business of processing textile fabrics and manufacture of readymade garments and offers a range of cotton textile products encompassing Khakis, Readymade garments, Interlining fabrics, Garment washing activities (Laundry), etc. On account of its qualitative supremacy, the products command a base of discerning customers in domestic and international markets.
2. The Transferee Company was incorporated on 17th day of June 1982 as Ashima Syntex Private Limited, a private limited company, with the Registrar of Companies, Gujarat, under the provisions of the Companies Act, 1956. The Transferee Company had thereafter altered its Articles of Association and consequently, the word “Private” had been deleted in terms of section 21, 31(1), 44 of the Companies Act, 1956 with effect from 26th day of August 1988. In the year 1999, The Transferee Company’s name was changed to Ashima Limited with effect from 27th Day of January 1999. Ashima Limited (‘Ashima’ or ‘Transferee Company’); having CIN: L99999GJ1982PLC005253, is listed on BSE Limited (‘BSE’) and National Stock Exchange of India Limited (‘NSE’) and is having its registered office at Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad – 380021, Gujarat. The Transferee Company is a subsidiary of the Transferor Company. The Transferee Company is one of India’s leading 100% cotton fabric manufacturers. The Transferee Company offers a range of cotton textile products encompassing Denims, Yarn-dyed Shirting fabrics and also operates into ready-to-stitch fabrics. On account of its qualitative supremacy, the products command a base of discerning customers in domestic and international markets.

(B) Rationale and Purpose of the Scheme

The Transferee Company is engaged in manufacturing of “Cotton Fabric Products” while the Transferor Company is engaged in the business of “processing textile fabrics” and manufacturing of “readymade garments”. Thus, the business of the Transferor and Transferee Company are complementary to each other.

The proposed amalgamation of Transferor Company into Transferee Company shall result into several advantages to both the companies and their stakeholders. Some of them, inter *alia*, are:

- (i) The proposed amalgamation will offer an immense opportunity to consolidate the portfolio of brands and products that are relevant to the “textile sector” under a single roof;
- (ii) The proposed amalgamation will enable the merged entity to cater to the needs of entire value chain from fabrics to garments. This can have a better reach in terms of various customer base and will provide a stronger market position to the company;
- (iii) The proposed amalgamation will result in operational synergies and efficiency for the merged entity. Accordingly, the Scheme would strengthen and complement the businesses of the Companies;

- (iv) The Scheme would help in achieving synergies in business operations and streamlining the business activities for the Companies, combining the following activities which would result in significant growth in business: –
- logistics;
 - material procurement and storage;
 - FG storage and dispatches;
 - Internal movement of materials;
 - Sharing of common utilities;
 - Re-distribution of marketing portfolios thereby reducing marketing and travelling costs;
 - Various administrative costs including courier, stationery, statutory fees, insurance premiums, conveyance expenses, etc.
- (v) The Amalgamation of Transferor Company with the Transferee Company will result into enlarged combined assets base and will also provide an opportunity for the merged entity to leverage on such assets;
- (vi) Greater integration and greater financial strength and flexibility for the Transferee Company, which would result in maximizing overall shareholders value, and will improve the competitive position of the merged entity;
- (vii) The proposed amalgamation would help in enhancing the scale of operations, reduction in overheads, including administrative, statutory compliances, managerial and other expenditure, operational rationalization, organizational efficiency, and optimal utilization of resources by avoiding duplication of efforts;
- (viii) Taking into consideration the above synergies, the merged entity would result in better profitability and EBITDA margins. Accordingly, the stronger financials will provide a better opportunity in terms of better trade credits, financial resources and in negotiations for prices and suppliers credit terms for the merged entity;
- (ix) The merged entity will have a seamless flow of forward and backward integration of operations, from yarn till garments as depicted by the following chart:



- (x) Both companies have currently limited international presence. The proposed amalgamation would help both the companies consolidate their international business and scale up and diversify presence in various international territories;
- (xi) The proposed merger shall not be prejudicial to the interest of the shareholders and shall not have any adverse impact on creditors and other stakeholders of the Transferor and Transferee Company.

In view of the aforesaid, the Board of Directors of Transferor Company and Transferee Company have considered and proposed the Scheme, in nature of amalgamation for consolidation of operations carried by Transferor Company into Transferee Company, under Sections 232 to 232 read with Section 66 and other relevant provisions of the Companies Act, 2013.

(C) OPERATIONS OF THE SCHEME

This Scheme provides for:

- (i) Amalgamation of the Transferor Company on a going concern basis, with the Transferee Company and the consequent issue of shares by the Transferee Company to the shareholders of Transferor Company in the manner set out in this Scheme (*as defined hereinafter*) and other applicable provisions of Applicable Law;
- (ii) Cancellation of part of share capital of Transferee Company in the manner set out in this Scheme, and in accordance with Sections 230 to 232 read with Section 66, and other applicable provisions of the Act.

(D) Treatment of Scheme for the purpose of the Income Tax Act, 1961

This Scheme has been drawn up to comply with the conditions relating to “Amalgamation” as specified under Section 2(1B) and other applicable provisions of the Income-tax Act, 1961. If any of the terms or provisions of this Scheme is/are found or interpreted to be inconsistent with the provisions of Section 2(1B) of the Income-tax Act, 1961 at a later date including resulting from a retrospective amendment of law or for any other reason whatsoever, the provisions of Section 2(1B) of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with the provisions of Section 2(1B) of the Income-tax Act, 1961.

DEFINITION, DATE OF TAKING EFFECT & SHARE CAPITAL

1. DEFINITIONS

In this Scheme (as defined hereinafter), unless inconsistent with the subject, the following expressions shall have the meaning respectively assigned against them below:

- 1.1 **“Act” or “The Act”** means the Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other applicable provisions, for time being in force, including any statutory modifications, re-enactments or amendments thereof.
- 1.2 **“Accounting Standards”** means the Indian Accounting Standards as notified under Section 133 of the Act read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, issued by the Ministry of Corporate Affairs and the other accounting principles generally accepted in India.
- 1.3 **“Applicable Laws”** means any applicable central, provincial, local or other law including all applicable provisions of all (a) constitutions, decrees, treaties, statutes, laws (including the common law), codes, notifications, rules, regulations, policies, guidelines, circulars, directions, directives, ordinances or orders of any Appropriate Authority, statutory authority, court, tribunal having jurisdiction over the Companies; (b) permits; and (c) orders, decisions, injunctions, judgments, awards and decrees of or agreements with any Appropriate Authority having jurisdiction over the Companies.
- 1.4 **“Appointed Date”** shall mean the opening of business hours on 1st April 2019.
- 1.5 **“Appropriate Authority”** means any government, statutory, departmental or public body or authority in India including NCLT.
- 1.6 **“Board of Directors” or “Board” or “Management”** in relation to Transferor Company and Transferee Company, as the case may be, 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 of the Scheme.
- 1.7 **“Effective Date”** means the last of the date on which the conditions specified in Clause 20 of this Scheme are fulfilled with respect to the Scheme. References in this Scheme to the date of “coming into effect of this Scheme” or “upon the Scheme being effective” shall mean the Effective Date.
- 1.8 **“National Company Law Tribunal” or “NCLT”** means the National Company Law Tribunal, Ahmedabad Bench at Ahmedabad, Gujarat.
- 1.9 **“Record Date”** means such date after the Effective Date fixed by the Board of the Transferee Company for the purpose of determining the shareholders of the Transferor Company to whom shares of the Transferee Company shall be allotted pursuant to amalgamation under this Scheme.
- 1.10 **“RoC”** means the Registrar of Companies having jurisdiction over the Transferor Company and Transferee Company as the case may be.
- 1.11 **“SAST Regulations”** means the Securities and Exchange of Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time;
- 1.12 **“Scheme of Amalgamation” or “this Scheme” or “the Scheme”** means this Scheme of Amalgamation and Arrangement of Ashima Dyecot Private Limited with Ashima Limited in its present form or with any modification(s) as approved by the NCLT.

- 1.13 **“SEBI”** means the Securities Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.
- 1.14 **“Transferor Company”** shall have the meaning assigned to it in paragraph A (1) of the Preamble of the Scheme.
- 1.15 **“Transferee Company”** shall have the meaning assigned to it in paragraph A (2) of the Preamble of the Scheme.
- 1.16 **“Undertaking”** shall mean and include all the businesses, undertakings, properties, investments, liabilities of whatsoever nature, kind and wheresoever situated, of the Transferor Company, on a going concern basis, together with all their assets and liabilities and shall mean and include (without limitation):
- a) All the assets (including intangible assets) and properties of the Transferor Company including, without limitation, offices, plant and machineries, equipment, interest, capital work in progress, installations, appliances, tools, accessories, freehold land, leasehold land and any other title, interests or right in such immovable assets, buildings and structures, offices, furniture, fixtures, office equipment, computers, goodwill and other intangibles assets and all stocks on the Appointed Date;
 - b) All the debts, liabilities, duties and obligations of the Transferor Company as on the Appointed Date both present and future, whether provided for or not in the books of accounts or disclosed in the balance sheet, whether secured or unsecured, all guarantees, assurances, commitments and obligations of any kind, nature or description, whether fixed, contingent or absolute, asserted or not asserted, matured or not matured, liquidated or unliquidated, accrued or not accrued, known or unknown, due to become due, whenever or however arising pertaining to the Transferor Company;
 - c) Without prejudice to the generality of sub-clause (a) and (b) above, the Undertaking of the Transferor Company shall include –
 - i. All movable and immovable properties, assets, including leasehold rights, tenancy rights, industrial and other licenses, registrations, permits, authorizations, trademarks, copyrights, patents and other industrial and intellectual properties, electrical connections, telephones, telex, facsimile and other communications facilities and equipment, rights and benefits of all agreements, pending applications and all other interest, rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals of the Transferor Company;
 - ii. All current assets including inventories; sundry debtors; receivables; cash and bank accounts (including bank balances), fixed deposits, loans and advances, actionable claims, bills of exchanges and debit notes of the Transferor Company;
 - iii. All agreements, contracts, arrangements, understandings, engagements, deeds and instruments including lease/ license agreements, tenancy rights, equipment purchase agreement and other agreements with the customers, purchase and other agreements / contracts with the supplier/ manufacturer of goods / service provider and all rights, title, interest, claims and benefits there under of the Transferor Company;
 - iv. All application monies, advance monies, earnest monies and security deposits paid or deemed to have been paid and payments against other entitlements of the Transferor Company;
 - v. It is clarified that all debts, loans and liabilities, duties and obligations of the Transferor Company as on the Appointed Date and all other liabilities which may accrue or arise after the Appointed Date but which relate to the period on or up to the date of the Appointed Date shall be debts , loans and liabilities, duties and obligations of the Transferee Company including any encumbrances on the assets of the Transferor Company or any income earned from those assets.
 - vi. All intellectual property rights (including applications for registrations of the same and the right to use such intellectual property rights), trade and service names and marks, patents, copyrights, brand names, trademarks and other intellectual property rights of any nature whatsoever, trade secrets, confidential information, domain names, books, records, files, papers, software licenses (whether proprietary or otherwise), data and all other records and documents whether in physical or electronic form relating to the business activities and operations of the Transferor Company;
 - vii. all staff, workmen and employees of the Transferor Company engaged in or in relation to the business of the Transferor Company at respective offices and all provisions and benefits made in relation to such employees including but not limited to provident funds, registrations and reserves;
 - viii. All books, records, files, papers, engineering and 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 of the Transferor Company;
 - ix. all investments held the Transferor Company whether listed / unlisted company shares, units of mutual funds and rights, privileges and obligations attaching to such investments;
 - x. all taxes including (but not limited to) Minimum Alternate Tax (“MAT”) paid under Section 115JAA/ 115JB of the Income-tax Act, duties, cess of whatsoever nature refundable / receivable to the Transferor Company from any statutory / governmental authority. Also, including but not limited to the benefit(s) under Income-tax Act, 1961 (including tax relief under the Income-tax Act, 1961 such as credit for advance tax, TDS, etc.), Goods and Service Tax (GST), service tax (including benefit of any unutilized GST/ CENVAT / service tax credits etc.) permits, approvals, concessions, reliefs, rights to use and avail of assets shall, without any further act, instrument or deed stand transferred to and vested in and/or deemed to be transferred to and vested in the Transferee Company, free from all encumbrances, but subject to subsisting charges and pledges, if any.

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 and other applicable laws, rules, regulations, bye-laws, as the case may

be or any statutory modification or re-enactment thereof from time to time.

- 2. DATE OF TAKING EFFECT AND OPERATIVE DATE** The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the NCLT shall be effective from the Appointed Date but shall be operative from the Effective Date.

3. SHARE CAPITAL

- 3.1 The Share Capital of the Transferor Company as on date is as follows:

Particulars	Amount (INR)
Authorized Capital	
4,39,80,000 equity shares of INR 10/- each	43,98,00,000/-
15,00,000 preference shares of INR 100/- each	15,00,00,000/-
Total	58,98,00,000/-
Issued, Subscribed and Paid-up	
3,97,95,448 equity shares of INR 10/- each as fully paid-up	39,79,54,480/-
Total	39,79,54,480/-

Subsequent to 31st March 2019, the effect of the change in Authorized capital and issued, subscribed and paid-up capital of Transferor Company has already been given and reflected in above table.

- 3.2 The Share Capital of Transferee Company as on 31st March 2019 is as follows:

Particulars	Amount (INR)
Authorized Capital	
12,95,00,000 equity shares of INR 10/- each	129,50,00,000/-
20,50,000 preference shares of INR 100/- each	20,50,00,000/-
Total	150,00,00,000/-
Issued, Subscribed and Paid-up	
12,84,53,876 equity shares of INR 10/- each fully paid up	128,45,38,760/-
20,50,000 1% redeemable non-cumulative preference shares of INR 100/- each as fully paid-up	20,50,00,000/-
Total	148,95,38,760/-

Subsequent to 31st March 2019, there has been no change in the Authorized capital and issued, subscribed and paid-up capital of Transferee Company.

4. TRANSFER AND VESTING OF UNDERTAKING OF TRANSFEROR COMPANY

- 4.1 Upon the coming into effect of this Scheme, and with effect from the Appointed Date, and subject to the provisions of the Scheme in relation to mode of transfer and vesting, the Undertaking of Transferor Company shall without any further act, instrument or deed, be and stand transferred to and vested in and/ or be deemed to have been transferred to and vested in Transferee Company as a going concern so as to become on and from the Appointed Date the estate, assets, rights, title, interests and authorities of Transferee Company, pursuant to the provisions of Section 230 to 232 of the Act.

- 4.2 Without prejudice to generality of the aforesaid clause 4.1 above –

- (a) All assets (including intangible assets) and properties of Transferor Company as are movable in nature or incorporeal property or otherwise capable of transfer by delivery of possession or by endorsement and / or delivery, the same shall stand so transferred by the Transferor Company upon the coming into effect of the Scheme, to the end and intent that the rights, titles, interest and property therein passes to Transferee Company and shall, become the assets and property of Transferee Company with effect from the Appointed Date pursuant to the provisions of Section 232 of the Act, without requiring any deed or instrument of conveyance for transfer of the same. No additional stamp duty shall be payable on the transfer of such movable properties (including shares and other investments) upon its transfer and vesting in Transferee Company.
- (b) In respect of other assets pertaining to the Transferor Company including actionable claims, sundry debtors, outstanding loans, advances, recoverable in cash or kind or for value to be received and deposits / bonds with the government, semi-government, local and other authorities and bodies, customers or any other person, the same shall, without any further act, instrument or deed, be transferred and vested in Transferee Company on the Effective Date pursuant to the provisions of Section 230 to Section 232 and all other applicable provisions, if any, of the Act, with effect from the Appointed Date. It is hereby clarified that all the investments made by

Transferor Company and all the rights, title and interests of Transferor Company in any leasehold properties in relation to the Undertaking of the Transferor Company shall, pursuant to Section 230 to 232 and all other applicable provisions, if any, of the Act and the provisions of this Scheme, without any further act or deed, be transferred to and vested in or be deemed to have been transferred to and vested in Transferee Company.

- (c) Any and all immovable properties (including land together with the building and structures standing thereon) of Transferor Company, whether freehold or leasehold and any documents of title, rights and easements in relation thereto shall stand transferred to and be vested in Transferee Company, without any act or deed done by the Transferor Company or Transferee Company. With effect from the Appointed Date, Transferee Company shall be entitled to exercise all rights and privileges and be liable to pay ground rent, municipal taxes and fulfill all obligations, in relation to or applicable to such immovable properties. The mutation of title to the immovable properties in the name of Transferee Company shall be made and duly recorded upon this Scheme being effective in accordance with the terms hereof without any further act or deed on part of the Transferee Company except the payment of stamp duty, as may be applicable for such Scheme..
 - (d) In respect of such of the assets belonging to Transferor Company other than referred to in clause (a) to (c) above, the same shall be transferred to and vested in and / or deemed to be transferred to and vested in Transferee Company on the Appointed Date pursuant to the provisions of Section 232 of the Act.
 - (e) All debts, loans and liabilities, duties and obligations of the Transferor Company as on the Appointed Date and all other liabilities which may accrue or arise after the Appointed Date but which relate to the period on or up to the day of the Appointed Date shall be the debts, loans and liabilities, duties and obligations of the Transferee Company including any encumbrance on the assets of the Transferor Company or any income earned on those assets.
 - (f) It is hereby clarified that if any Assets (freehold or leasehold, fixed or current, tangible or intangible) or any contract, deeds, bond, agreements, schemes, arrangements or other instruments of whatsoever nature in which the Transferor Company owns or the Transferor Company is a party and which cannot be transferred to the Transferee Company for any reason whatsoever, the Transferor Company shall hold such Assets or contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Transferee Company in so far as it is permissible so to do, till such time as the transfer is effected.
- 4.3 All permits, approvals, consents, quotas, rights, authorizations, entitlements, registrations, no-objection certificates and licenses including those relating to tenancies, privileges, powers and facilities of every kind and description of whatsoever nature, to which the Transferor Company is a party or to the benefit of which the Transferor Company may be entitled to use or which may be required to carry on the operations of the Transferor Company, and which is subsisting or in effect immediately prior to the Effective Date, shall be, and remain, in full force and effect in favour of the Transferee Company and may be enforced as fully and effectually as if, instead of Transferor Company, Transferee Company had been a party, a beneficiary or an obligee thereto and shall be appropriately mutated by the relevant statutory authorities in favour of the Transferee Company in accordance in law.
- 4.4 The entitlement to various benefits under exemption schemes, incentive schemes, subsidies / grant, tax holiday, any privileges enjoyed / conferred upon/ held/ availed of by the Transferor Company and insurance policies in relation to the Undertaking of Transferor Company shall stand transferred to and be vested in and/ or deemed to have been transferred to and vested in Transferee Company together with all benefits, entitlements and incentives of any nature whatsoever. Such entitlements shall include incentives available under Applicable Laws in relation to the Undertaking of Transferor Company to be claimed by the Transferee Company with effect from the Appointed Date as if the Transferee Company was originally entitled to all such benefits under such incentive schemes and / or policies, subject to continued compliance by the Transferee Company of all the terms and conditions based on which the benefits under such incentive schemes were made available to Transferor Company.
- 4.5 Transferee Company, at any time after coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, execute deeds, writings, confirmations or notices with, or in favour of, any other party to any contract or arrangement to which Transferor Company is the party or any writings as may be necessary to be executed in order to give formal effect to the provisions of the Scheme. Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of Transferor Company and to implement and carry out all such formalities or compliance referred to above for and on behalf of the Transferor Company.
- 4.6 Upon the coming into effect of this Scheme and with effect from the Appointed Date, all liabilities, including, without limitation, all secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, contingent liabilities, duties, obligations of every kind, nature and description whatsoever and howsoever arising, raised, incurred or utilized for their business activities and operations in relation to the Undertaking of the Transferor Company, shall, pursuant to the sanction of this Scheme by the NCLT and under the provisions of Section 230 to Section 232 of the Act and other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing being made, done or executed, be transferred to, and vested in, or be deemed to have been transferred to, and vested in, Transferee Company, and such liabilities shall be assumed by the Transferee Company to the extent they are outstanding as on the Effective Date so as to become, as on and from the Appointed Date, the liabilities, debts, duties and obligations of Transferee Company on the same terms and conditions as were applicable to Transferor Company, and Transferee Company shall meet, discharge and satisfy the liabilities and it shall not be necessary to obtain the consent of any third

party or any other person who is a party to any contract or arrangement by virtue of such liabilities have arisen in order to give effect to the provisions of this Clause.

- 4.7 All debts, liabilities along with any charge, encumbrance, lien or security created by the Transferor Company, duties and obligations of Transferor Company shall, as on the Appointed Date, whether or not provided in the books of Transferor Company, and all debts and loans raised and used, and duties, liabilities and obligations incurred or which arise or accrue to Transferor Company on or after the Appointed Date till the Effective Date shall be deemed to be and shall become the debts, loans raised and used, duties, liabilities and obligations incurred by the Transferee Company by virtue of the Scheme. It is hereby clarified that the debt, liabilities along with any charge, encumbrance, lien or security shall be taken over by the Transferee Company at the same terms and conditions as applicable to Transferor Company and there shall no change in the charge/ encumbrances/ security provided to the end and intent that in no case, such charge, lien, encumbrance or security shall extend or be deemed to extend to any assets of the Transferee Company.
- 4.8 Where any such debts, liabilities, duties and obligations of Transferor Company as on the Appointed Date have been discharged by the Transferor Company on or after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to be for and on account of the Transferee Company upon coming into effect of this Scheme.
- 4.9 All loans raised and utilized and all liabilities duties and obligations incurred or undertaken by Transferor Company on or after the Appointed Date and prior to the Effective Date shall 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 and under the provisions of Sections 230 to 232 of the Act, without any further act, instrument or deed be and shall be transferred to and vested in Transferee Company and shall become the loans and liabilities, duties and obligations of the Transferee Company which shall meet, discharge and satisfy the same.
- 4.10 For avoidance of doubt and without prejudice to generality of the applicable provisions of the Scheme, it is clarified that with effect from the Effective Date and till such time that the name in the bank accounts of the Transferor Company have been replaced with that of the Transferee Company, the Transferee Company shall be entitled to operate the bank accounts of the Transferor Company in the name of Transferor Company in so far as may be necessary. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of 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. The Transferee Company shall be allowed to maintain bank accounts in the name of the Transferor Company for such time as may be determined to be necessary by the Transferee Company for presentation of deposition of cheques and pay orders that have been issued in the name of the Transferor Company. It is hereby expressly clarified that any legal proceedings by or against the Transferor Company in relation to the cheques and other negotiable instruments, payments order received or presented for encashment which are in the name of Transferor Company shall be instituted, or as the case may be, continued by or against the Transferee Company after the coming into effect of the Scheme. With effect from the Effective Date and till the time any regulatory registrations of the Transferor Company are expired or suspended and if any regulatory filings are required to be done on such registrations, the Transferee Company shall be entitled to do so to comply with the relevant regulations.
- 4.11 Any amount including refund under the Tax laws due to Transferor Company consequent to the assessment proceedings or otherwise and which may not have been received by the Transferor Company as on the date immediately preceding the Appointed date shall also belong to and be receivable by Transferee Company upon the Scheme being effective.
- 4.12 If and to the extent there are investments, loans, deposits or balances inter-se between Transferor Company, the obligations in respect thereof shall, on and from the Appointed Date, come to an end and suitable effect from the Effective Date shall be given. There would be no accrual of interest or other charges in respect of any such investments, loans, deposits or balances inter-se between the Transferor Company and Transferee Company from the Appointed Date.
- 4.13 This Scheme shall not, in any manner, affect the rights of any of the Creditors of the Transferor Company.

5. VALIDITY OF EXISTING RESOLUTIONS, ETC.

The resolutions, if any, of the Transferor Company, which are valid and subsisting on the Effective Date, shall be continued to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have upper monetary or other limits being imposed under the provisions of the Act, or any other applicable provisions, then the said limits shall be added and shall constitute the aggregate of the said limits in the Transferee Company.

6. CONTRACTS, DEEDS, APPROVALS, EXEMPTIONS, ETC.

- 6.1 Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, insurance policies, indemnities, guarantees, arrangements and other instruments, whether pertaining

to immovable properties or otherwise of whatsoever nature to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or have effect immediately before the date of NCLT approval to the Scheme is received, shall continue in full force and effect on or against or in favor of, as the case may be, of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or beneficial owner or obligee thereto or there under.

- 6.2 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licenses, registrations, certificates, clearances, authorities, power of attorney given by, issued to or executed in favour of the Transferor Company shall stand transferred to the Transferee Company, as if the same were originally given by, issued to or executed in favour of Transferee Company and Transferee Company shall be bound by the terms thereof, the obligations and duties there under, and the rights and benefits under the same shall be available to the Transferee Company. The Transferee Company shall make applications and do all such acts or things which may be necessary to obtain relevant approvals from the concerned Governmental Authorities as may be necessary in this behalf.
- 6.3 The Transferee Company, at any time after the Scheme becoming effective in accordance with the provisions hereof, if so required under any law or otherwise, will execute deeds of confirmation or other writings or arrangements with any party to any contract or arrangement to which the Transferor Company is a party in order to give formal effect to the above provisions. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances, referred to above, on behalf of the Transferor Company.

7. LEGAL PROCEEDINGS

- 7.1 All legal proceedings of whatsoever nature by or against the Transferor Company pending and/ or arising on or after the Appointed Date and relating to the Transferor Company shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against Transferee Company in the manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company, if this Scheme had not been made.
- 7.2 The Transferee Company undertakes to have all legal or other proceedings initiated by or against the Transferor Company referred to in Clause 7.1 above transferred in its name respectively and to have the same continued, prosecuted and enforced by or against Transferee Company to the same extent as would or might have been continued and enforced by or against the Transferor Company, to the exclusion of the Transferor Company.

8. STAFF, WORKMEN & EMPLOYEES

- 8.1 Upon the Scheme becoming effective, all employees of the Transferor Company in service on the date on which NCLT approval to the Scheme is received shall be deemed to have become employees of the Transferee Company with effect from the Appointed Date without any break, discontinuance or interruption in their service and on the basis of continuity of service, and the terms and conditions of their employment with Transferee Company shall be the same as those applicable to them with reference to the Transferor Company on the date on which NCLT approval to the Scheme is received. The Transferee Company further agrees that for the purpose of payment of any retirement benefit / compensation, such immediate uninterrupted past services with the Transferor Company shall also be taken into account and paid (as and when payable) by Transferee Company.
- 8.2 In so far as the existing provident fund, gratuity fund and pension and/ or superannuation fund, trusts, retirement fund or benefits and any other funds or benefits created by the Transferor Company (collectively referred to as the "Funds"), the Funds and such of the investments made by the Funds which pertains/ relates to the employees of the Transferor Company shall be transferred to the Transferee Company and shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. The Funds shall, subject to the necessary approvals and permissions and at the discretion of the Transferee Company, either be continued as separate funds of the Transferee Company for the benefit of the employees of the Transferor Company or be transferred to and merged with other similar funds, if any, of the Transferee Company. In the event that the Transferee Company does not have its own funds in respect of any of the above, the Transferee Company may, subject to necessary approvals and permissions, continue to contribute to the relevant Funds of the Transferor Company, until such time that the Transferee Company creates its own fund, at which time the Funds and the investments and contributions pertaining to the employees of the Transferor Company shall be transferred to the funds created by the Transferee Company. It is clarified that the services of the employees of the Transferor Company will be treated as having been continuous for the purpose of the said fund or funds.

- 8.3 With effect from the first of the dates of filing of this Scheme with the NCLT and up to and including the Effective Date, Transferor Company shall not vary or modify the terms and conditions of employment of any of their said employees, except with the written consent of Transferee Company, unless it is in the ordinary course of business. However, the terms and conditions of their employment with Transferee Company shall be the same as those on which they were engaged in Transferor Company.
- 8.4 In relation to those employees for whom Transferor Company is making contributions to the government provident fund, if any, Transferee Company shall stand substituted for Transferor Company, as the case may be, 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.

9. CONDUCT OF BUSINESS UNTIL THE EFFECTIVE DATE

- 9.1 With effect from the Appointed Date and up to and including the Effective Date, Transferor Company shall carry on its business with reasonable diligence and except in the ordinary course of business, Transferor Company shall not, without prior written consent of the Transferee Company or pursuant to any pre-existing obligation, sell, transfer or otherwise alienate, charge, mortgage, encumber or otherwise deal with, or dispose of, any of the assets of the Undertaking of Transferor Company or any part thereof.
- 9.2 The Transferor Company shall carry on and be deemed to have carried on all business and activities and shall stand possessed of all the assets, rights, title and interest of the Transferor Company for and on account of, and in trust for the Transferee Company.
- 9.3 All profits and cash accruing to or losses arising or incurred (including the effect of all taxes (for instance income tax, customs duty, GST, etc.) if any thereon), by the Transferor Company, respectively, shall for all purposes, be treated as the profits and cash, taxes or losses of the Transferee Company.
- 9.4 Any of the rights, powers, authorities or privileges exercised by Transferor Company shall be deemed have been exercised by the Transferor Company for and on behalf of, and in trust for as an agent of the Transferee Company. Similarly, any of the obligations, duties and commitments that have been undertaken or discharged by the Transferor Company shall be deemed to have been undertaken for and on behalf of and as an agent for Transferee Company.
- 9.5 The Transferee Company shall be entitled to apply to the Central Government and any other Government or statutory or regulatory authorities/ agencies/ body concerned as are necessary under any law for such consents, approvals, licenses, registrations and sanctions which Transferee Company may require to carry on the business of Transferor Company.

10. DECLARATION OF DIVIDEND

For the avoidance of doubt, it is hereby clarified that nothing in this Scheme shall prevent Transferee Company from declaring and paying dividends, whether interim or final, to its equity or preference shareholders as on the Effective Date for the purpose of any such dividend.

11. SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of the assets, liabilities and obligations pertaining /relating to the Transferor Company, pursuant to this Scheme, and the continuance of the proceedings by or against the Transferee Company, under Clause 7 hereof shall not affect any transactions or proceedings already completed by the Transferor Company, on and after the Appointed Date to the end and intent that Transferee Company accepts all acts, deeds and things done and executed by and/ or on behalf of the Transferor Company, as acts, deeds and things done and executed by and on behalf of Transferee Company.

12. CONSOLIDATION OF AUTHORIZED CAPITAL AND AMENDMENT TO MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE TRANSFEEE COMPANY

- 12.1 Upon coming into effect of this Scheme, the authorized share capital of the Transferor Company amounting to Rs 58,98,00,000 (Rupees Fifty Eight Crore Ninety Eight Lacs Only) divided into 4,39,80,000 (Four Crore Thirty Nine Lacs Eighty Thousand) equity shares of Rs 10/- each and 15,00,000 (Fifteen Lacs) preference shares of Rs 100/- each, or such amount as may be on the Effective Date, shall be deemed to have been reclassified into 5,89,80,000 (Five Crore Eighty Nine Lacs Eighty Thousand) equity shares of Rs 10/- each and shall be consolidated with the authorized share capital of the Transferee Company, without any further act or deed and without any liability for payment of any additional fees or stamp duty in respect of such increase as the stamp duty and fees have already been paid by the Transferor Company on such authorized capital.

12.2 Pursuant to the Scheme and after the Scheme becomes effective, **Clause V of the Memorandum of Association of the Transferee Company shall be amended as below:**

V. "The authorized share capital of the Transferee Company will be Rs 2,08,98,00,000/- (Rs Two Hundred Eight Crore Ninety-Eight Lacs) divided into 18,84,80,000 (Eighteen Crore Eighty-Four Lacs Eighty Thousand) equity shares of Rs. 10/- (Rs Ten) each and 20,50,000 (Twenty Lacs Fifty Thousand) preference shares of Rs 100/- (Rs Hundred) each with power to increase or reduce the capital of the Company and/or the nominal value of the shares and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions with or without voting rights as may be determined by or in accordance with the Articles of Association of the company or as may be decided by the Board of Directors or by company in general meeting, as applicable, in conformity with the provisions of the Act, and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions and to consolidate or sub-divide the shares and issue shares of higher or lower denomination."

12.3 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 alteration of the Memorandum and Articles of Association of the Transferee Company as may be required under the Act, and Clause V of the Memorandum of Association of the Transferee Company.

13. CONSIDERATION

13.1 Upon the Scheme becoming effective, in consideration of the amalgamation of the Transferor Company with the Transferee Company, the Transferee Company shall, without any further act or deed, issue and allot its shares, at par credited as fully paid up to the extent indicated below, to the members of Transferor Company, whose name is recorded in the register of members of the Transferor Company on the Record Date in the following ratio:

*"348 (Three Hundred Forty Eight) New Equity shares in **Transferee Company** of the face value of Rs.10/- (Rupees Ten Only) each, credited as fully paid-up for every 100 (One Hundred) equity share of Rs.10/- (Rupees Ten Only) each fully paid-up held by such member in the **Transferor Company**"*

13.2 The equity shares issued and allotted pursuant to Scheme of Amalgamation and Arrangement shall be hereinafter referred to as 'New Shares'.

13.3 The existing equity shares of the Transferee Company held by the Transferor Company shall stand cancelled and the Equity Share Capital of the Transferee Company shall stand reduced to that extent. The Details of the same shall be as envisaged in Clause 14 hereinbelow.

13.4 The Share Exchange Valuation Reports dated October 19th, 2019 have been obtained from N S Kumar & Co., Independent Chartered Accountant, having Registration No. 139792W and Niranjana Kumar, Registered Valuer, having IBBI Registration No IBBI/RV/06/2018/10137 providing the share exchange ratio for the amalgamation of Transferor Company with the Transferee Company under the Scheme.

13.5 A Fairness Opinion dated October 19th October 2019 has been obtained from Kunvarji Finstock Private Limited a SEBI Registered Category I Merchant Banker, having SEBI Registration No INM000012564 providing the fairness opinion on the Share Exchange Ratio recommended by N S Kumar & Co, Independent Chartered Accountants and Niranjana Kumar, Registered Valuer in connection with amalgamation of Transferor Company with the Transferee Company under the Scheme.

13.6 The New Equity Shares shall be issued and allotted by the Transferee Company in physical form or demat form, as applicable, to the respective shareholder(s) of Transferor Company.

13.7 Upon the Scheme becoming effective and upon the New Shares being issued and allotted as per Clause 13.1 above, the equity shares of Transferor Company in physical form shall be deemed to have been automatically cancelled and be of no effect on and from the Record Date.

13.8 The Transferee Company in respect of fractional entitlement shall issue no fractional shares, if any, to the shareholders of the Transferor Company and the fractions shall be rounded up to the nearest whole number. Further, each shareholder of the Transferor Company shall get at least one share of the Transferee Company.

13.9 The New Shares to be issued and allotted as per Clause 13.1 above shall be subject to the provisions of Memorandum and Articles of Association of the Transferee Company and shall rank pari-passu in all respects with the equity shares of the Transferee Company as on Effective Date, including that any dividend that may be declared by the Transferee Company on or after the Effective Date.

13.10 Upon the Scheme being effective, the New Shares to be issued and allotted by the Transferee Company in terms of Clause 13.1 of this Scheme shall be listed and shall be admitted for trading on the Stock Exchanges. The Transferee Company shall make all requisite applications and shall otherwise comply with the provisions of Applicable Laws, including as applicable, the provisions of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and the SEBI Circular No. CFD/ DIL3/ CIR/ 2017/ 21 dated 10th March 2017, as amended from time to time. The equity shares allotted pursuant to this Scheme shall remain frozen in the depositories system till relevant directions in relation to listing/ trading are provided by the Stock Exchanges.

13.11 Transferee Company shall if necessary and to the extent required, increase its authorized capital to facilitate the issue of New Equity Shares under this Scheme subject to payment of requisite fees for the same.

13.12 The increase in authorized share capital and issue and allotment of New Shares to the respective shareholders of the Transferor Company as provided in this Scheme, is an integral part thereof and shall be deemed to have been carried out without requiring any further act on the part of the Transferee Company or its shareholders and as if the procedure laid down under section 13, 42, 61, 62 of the Act and any other applicable provisions of the Act, and such other statutes and regulations as may be applicable were duly complied with.

14. CANCELLATION OF PART OF THE EXISTING PAID UP EQUITY SHARE CAPITAL OF THE TRANSFEE COMPANY

14.1 Upon the Scheme becoming effective, 7,52,81,959 (Seven Crore Fifty Two Lacs Eighty One Thousand Nine Hundred Fifty Nine) equity shares of Transferee Company held by Transferor Company or such other class of shares of Transferee Company held by Transferor Company on the Effective Date shall be cancelled without any further act or deed by operation of law and shall amount to reduction of share capital.

14.2 However, considering the issue of New Equity Shares to the shareholders of the Transferor Company, in terms of Clause 13.1 of the Scheme, there will not be any net reduction of Equity Share Capital of the Transferee Company. Since the said proposal forms an integral part of the Scheme, provisions of Section 66 of the Act read with applicable rules made thereunder shall not be attracted pursuant to order issued by the NCLT.

14.3 Notwithstanding the reduction of issued, subscribed and paid-up share capital of Transferee Company, it shall not be required to add the words "And Reduced" as suffix to its name.

14.4 The consent of the Shareholders of the Transferee Company to this Scheme shall be deemed to be the consent of its shareholders for the purpose of effecting the above reduction, if any, under the provisions of Section 66 of the Act read with applicable rules made thereunder and no further resolution under Section 66 of the Act or any other applicable provisions of the Act, would be required to be separately passed.

15. ACCOUNTING TREATMENT FOR AMALGAMATION

Upon the Scheme becoming effective and with effect from the Appointed Date, the Amalgamation of the Transferor Company with Transferee Company shall be accounted as per the below method:

15.1 The Transferee Company shall account for the amalgamation of the Transferor Company on the basis of 'pooling of interest' method as stated in Appendix C of Indian Accounting Standard (IND AS) 103 Business Combinations.

15.2 The pooling of interest method is considered to involve the following:

(iii) The assets and liabilities of the combining entities are reflected at their carrying amounts.

(iv) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonize accounting policies.

15.3 The balance of the retained earnings appearing in the financial statements of the Transferor Company is aggregated with the corresponding balance appearing in the financial statements of the Transferee Company.

15.4 The identity of the reserves shall be preserved and shall appear in the financial statements of the Transferee Company in the same form in which they appeared in the financial statements of the Transferor Company. As a result of preserving the identity, reserves which are available for distribution as dividend before the business combination would also be available for distribution as dividend after the business combination.

- 15.5 Upon Scheme becoming effective, the accounts of the Transferee Company, as on the appointed date shall be reconstructed in accordance with the terms of this Scheme.
- 15.6 The difference arising between the carrying value of the assets, liabilities and reserves pertaining to the Transferor Company recorded in terms of Clause 15.2 & 15.3 and the value of shares issued in terms of Clause 13.1 and face value of shares reduced in terms of Clause 14.1 in the books of Transferee Company shall be in case of deficit debited to the Business Reconstruction Reserve/ General Reserve/Retained Earnings and in case of surplus credited to General Reserves of the Transferee Company.

16. TREATMENT OF TAXES / TAX CREDITS

- 16.1 Any tax liabilities under the Income-tax Act, 1961, Wealth-tax Act, 1957, Customs Act, 1962, Central Excise Act, 1944, Central Sales Tax Act, 1956, any other state Sales Tax / Value Added Tax laws, Service Tax, Goods and Service Tax, stamp laws, registration fees or any other applicable laws/ regulations (hereinafter in this Clause referred to as "**Tax Laws**") dealing with taxes/ duties/ levies allocable or related to the business of the Transferor Company to the extent not provided for or covered by tax provision in the Accounts made as on the date immediately preceding the Appointed Date shall be transferred to the Transferee Company.
- 16.2 All taxes (including income tax and tax deducted at source, wealth tax, sales tax, excise duty, customs duty, service tax, GST, VAT, etc.) paid or payable by the Transferor Company in respect of the operations and/or the profits of the business on and from the Appointed Date, shall be on account of the Transferee Company and, insofar as it relates to the tax payment (including without limitation income tax, wealth tax, sales tax, excise duty, customs duty, service tax, GST, VAT, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operation of the business on and from the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company, and, shall, in all proceedings, be dealt with accordingly.
- 16.3 Any refund under the Tax Laws due to the Transferor Company consequent to the assessments made on the Transferor Company and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company.
- 16.4 Without prejudice to the generality of the above, all benefits including claim of tax deduction at source, tax collection at source, advance tax and self-assessment tax and any similar credits or balances under the income tax, sales tax, excise duty, customs duty, service tax, GST, VAT, etc., to which the Transferor Company are entitled to in terms of the applicable Tax Laws of the Union and State Governments, shall be available to and vest in the Transferee Company. Similarly, the unabsorbed depreciation and brought forward losses of the Transferor Company as considered for the purposes of Explanation 1 to Section 115JB (2) of the Income-tax Act, 1961 shall stand transferred to the Transferee Company and the Transferee Company shall consolidate the same with its unabsorbed depreciation and brought forward losses for the purpose of Explanation 1 to Section 115JB (2) of the Income-tax Act, 1961.
- 16.5 The Amalgamation as contemplated in this Scheme would be completed in a manner so as to comply with the conditions relating to 'amalgamation' as specified under section 2(1B) of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said section at the later date including resulting from a retrospective amendment of law or for any other reason whatsoever, the provisions of the said section of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with section 2(1B) of the Income-tax Act, 1961. Such modification will however not affect the other parts of the Scheme. Furthermore, all credits or balances eligible for roll-over, set-off or carry forward under the Income-tax Act, 1961 including under Chapter VI of the Income-tax Act, 1961 shall be given effect to in compliance with the applicable provisions of the Income-tax Act, 1961.

17. EXEMPTION UNDER SAST REGULATIONS

For the avoidance of doubt, it is clarified that pursuant to amalgamation of the Transferor Company into and with the Transferee Company, the issuance of equity shares of the Transferee Company to the shareholders of the Transferor Company as consideration for amalgamation of the Transferor Company into and with the Transferee Company in terms of the Scheme, is exempt under the provisions of the Regulation 10(1)(d)(ii) of SAST Regulations, and therefore, the requirement to make an "open offer" shall not be triggered in terms of the provisions of the SAST Regulations.

18. APPLICATION TO THE NCLT

- 18.1 The Transferor Company and the Transferee Company shall, with all reasonable dispatch, make necessary applications to the NCLT Bench at Ahmedabad, where the respective registered offices of the Transferor Company and the Transferee Company are situated, for convening and/or seeking exemption to convene meetings of shareholders/ creditors and for

sanctioning this Scheme under Sections 230 – 232 of the Act, for an order thereof, for carrying this Scheme into effect and for dissolution of Transferor Company without winding up.

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

19. CONDITIONALITY TO THE SCHEME

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

- (i) SEBI and Stock Exchanges approving this Scheme;
- (ii) The scheme is conditional upon scheme being approved by the PUBLIC shareholders through e-voting in terms of para 9 (a) of part I of Annexure I of SEBI circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and the scheme shall be acted upon only if vote cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it.
- (iii) The Scheme being approved by the requisite majority in number and value of such classes of persons including the respective members and / or creditors of the Transferor Company and Transferee Company as may be directed by the NCLT.
- (iv) The sanction of the NCLT under sections 230 to 232 of the Act and other applicable provisions of the Act, if so required, in favour of Transferor Company and Transferee Company being obtained.
- (v) The requisite consent, approval or permission of the Governmental Authority which by law may be necessary for the implementation of this Scheme; and
- (vi) Certified or authenticated copies of the order of the NCLT sanctioning the Scheme being filed with the Registrar of Companies, Gujarat.

20. MODIFICATIONS/AMENDMENTS TO THE SCHEME

The Transferee Company and the Transferor Company by their respective Board of Directors or such other person or persons as the respective Board of Directors may authorise, including any committee or sub-committee thereof, may make and/or assent to any modifications/amendments to the Scheme or to any conditions or limitations that the NCLT and/or any other authority, as may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them (i.e. the Board of Directors). The Transferee Company and the Transferor Company by their respective Board of Directors be and are hereby authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions of law or otherwise, whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith. The aforesaid powers of the Board shall be exercised with the approval of the NCLT.

21. DISSOLUTION OF TRANSFEROR COMPANY

21.1 Upon the Scheme becoming effective, the Transferor Company shall stand dissolved without being wound up without any further act by the parties.

21.2 Any obligations/ steps which need to be undertaken by the Transferor Company pursuant to the sanction of this Scheme shall be fulfilled by the Transferee Company.

22. SEQUENCING OF EVENTS

22.1 Upon the sanction of this Scheme and upon this Scheme becoming effective, the following shall be deemed to have occurred / shall occur and become effective and operative, only in the sequence and in order mentioned as under:

- (i) Amalgamation of the Transferor Company into and with the Transferee Company in accordance with the Scheme;
- (ii) Transfer of the Authorized Share Capital of the Transferor Company to the Transferee Company in accordance with Clause 12 of this Scheme, and consequential increase in the authorized share capital of the Transferee Company;
- (iii) Dissolution of the Transferor Company without winding-up, in accordance with Clause 22 of this Scheme; and
- (iv) Increase in the authorized capital to the extent required, subject to payment of requisite fees for the same and consequent Issue and allotment of equity shares of the Transferee Company to the shareholders of the Transferor Company as on the Record Date, in accordance with Clause 13.1 of this Scheme.

23. EFFECT OF NON-RECEIPT OF APPROVALS

In the event of any of the said sanctions and approvals referred to in Clause 20 not being obtained and/ or the Scheme not being sanctioned by the NCLT or such other appropriate authority, if any, this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law and agreed between the respective parties to this Scheme. Each party shall bear and pay its respective costs, charges and expenses for and or in connection with the Scheme unless otherwise mutually agreed.

24. COSTS, CHARGES AND EXPENSES

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of Transferee Company and the Transferor Company arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne by the Transferee Company.

25. NO CAUSE OF ACTION

No third party claiming to have acted or changed his position in anticipation of the Scheme taking effect, shall get any cause of action against the Transferor Company or Transferee Company or their directors or officers, if this Scheme does not take effect or is withdrawn, cancelled, revoked, amended or modified for any reason whatsoever.

26. RESIDUAL PROVISIONS

I In order to ensure the smooth transition and sales of products and inventory of the Transferor Company, manufacture and/or branded and/or labelled and/or packed in the name of the Transferor Company prior to the Effective Date, the Transferee Company shall have the right to own, use, market, sell, exhaust or in any manner deal with any such products and inventory (including packing material) pertaining to the Transferor Company at any manufacturing locations or warehouses or retail stores or elsewhere, without making any modification whatsoever to such products and/or their branding, packing or labelling. All invoices/payment related documents pertaining to such products and inventory (including packing material) shall be raised in the name of the Transferee Company after the Effective Date.

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD BENCH
C A (CAA) NO.18 OF 2020

In the matter of the Companies Act, 2013;

AND

In the matter of Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013;

AND

In the matter of Scheme of Arrangement involving amalgamation of Ashima Dyecot Private Limited with Ashima Limited.

ASHIMA LIMITED

CIN: L99999GJ1982PLC005253

Company incorporated under the Companies Act, 1956, having its registered office at

Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad – 380021, Gujarat, India

.....Applicant Transferee Company

FORM MGT - 11
PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Unsecured Creditor(s)

Registered Address

Email ID

Folio No. / DP ID & Client ID

I/We, being the Unsecured Creditor of Ashima Limited, hereby appoint :

A. Name :
Address :
E-mail id :
Signature..... ; or failing him/her

B. Name :
Address :
E-mail id :
Signature..... ; or failing him/her

C. Name :
Address :
E-mail id :
Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the meeting of the Unsecured Creditors of the Company convened pursuant to an Order dated 30th day of January, 2020 of Hon'ble National Company Law Tribunal Ahmedabad Bench, to be held on **Wednesday, 11th March 2020 at 12.30 pm at Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad – 380021, Gujarat, India** and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No	Resolutions	Vote (Optional) (Please put a (✓) mark)	
		For	Against
1.	Approval of the Scheme of Amalgamation and Arrangement between Ashima Dyecot Private Limited ('Transferor Company') and Ashima Limited ('Transferor Company') and their respective shareholders and Creditors pursuant to the provisions of Sections 230-232 read with Section 66 and other relevant provisions of the Companies Act, 2013 and rules there under.		

Signed this _____ day of _____ 2020

Signature of the Unsecured Creditor _____

Signature of the Proxy holder(s) _____

Affix Revenue Stamp

Note:

1. Please affix revenue stamp not less than Re.1 before putting signature.
2. Proxy need not be an Unsecured Creditor of the Company.
3. The Proxy Form in order to be effective shall be duly filled in and signed by the Unsecured Creditor(s) across Revenue Stamp and should reach the Company's Registered Office at least 48 hours before the commencement of the meeting (i.e. on Wednesday, 11th March 2020 at 12.30 pm).
4. Corporate Unsecured Creditors intending to send their authorised representative(s) to attend the meeting are requested to send a certified copy of the Board resolution authorizing their representative(s) to attend and vote on their behalf at the meeting.
5. It is optional to indicate your preference. If you leave the for and against column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may think appropriate.
6. In case of multiple proxies, the proxy later in time shall be accepted.
7. No person shall be appointed as a Proxy who is a minor.

ATTENDANCE SLIP

MEETING OF THE UNSECURED CREDITORS OF THE COMPANY CONVENED BY THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, AHMEDABAD BENCH ON Wednesday, 11th March 2020 at 12.30 pm

Name and Address of the Unsecured Creditor

Authorized Representative/Proxy Holder

Folio No./DP ID & Client ID

Value of debt outstanding as on date of meeting (i.e. 11th March,2020)

I Certify that I am an Unsecured Creditor/ proxy/ authorized representative for the Unsecured Creditor of the Company

I hereby record my presence at the meeting of the Unsecured Creditors of the Company convened pursuant to an Order dated 30th day of January, 2020 of Hon'ble National Company Law Tribunal, Ahmedabad Bench at Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad – 380021, Gujarat, India on Wednesday, 11th March 2020 at 12.30 pm

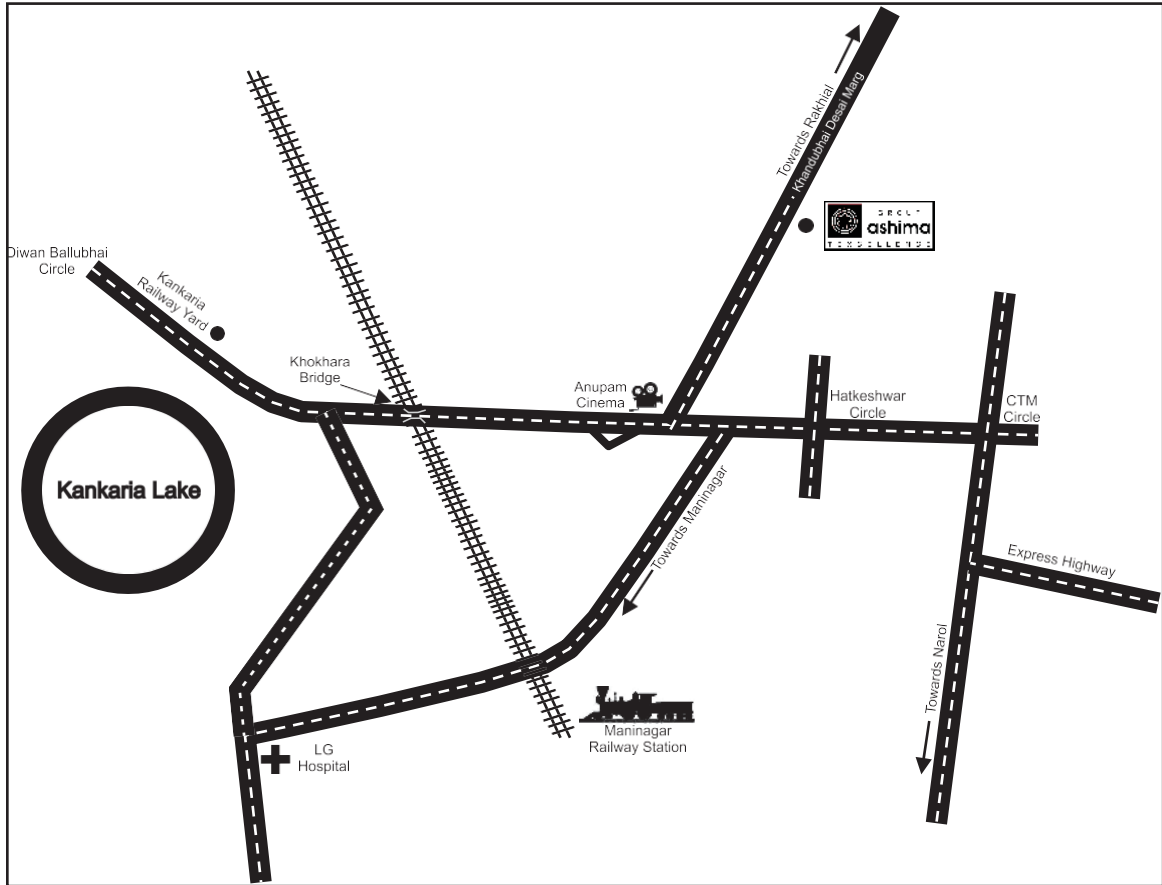
Name of Unsecured Creditor/Proxy
(Block Letters)

Signature of the Unsecured Creditor / Proxy

Notes:

1. Only Unsecured Creditors would be allowed to attend the meeting. No Minors would be allowed at the meeting.
2. The Unsecured Creditors, Proxy Holder or the Authorized Representative attending the meeting must bring this attendance slip to the meeting and hand over at the entrance duly signed for admission to the meeting hall.
3. The Unsecured Creditors, Proxy Holder or the Authorized Representative are requested to bring their copy of notice of reference at the Meeting.
4. The authorised representative of a body corporate which is an Unsecured Creditors of the Company must bring a certified true copy of the Resolution of the board meeting authorizing such representative to attend and vote at the said meeting.

ROUTE MAP TO THE VENUE OF THE MEETING



ASHIMA LIMITED

CIN: L99999GJ1982PLC005253

Company incorporated under the Companies Act, 1956, having its registered office at
Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad – 380021, Gujarat,
India

If undelivered, please return to:

ASHIMA LIMITED

CIN: L99999GJ1982PLC005253

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