

SCHEME OF ARRANGEMENT

BETWEEN

PRIMA PLASTICS LIMITED  
("DEMERGED COMPANY")

AND

PRIMA INNOVATION LIMITED  
("RESULTING COMPANY")

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

UNDER SECTIONS 230 TO 232 READ WITH SECTIONS 52, 66 AND OTHER APPLICABLE PROVISIONS OF THE  
COMPANIES ACT, 2013

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For PRIMA PLASTICS LTD.

*Amitaeebh*

Director



For PRIMA INNOVATION LIMITED

*P.B. Parikh*

Director

**(A) DESCRIPTION OF COMPANIES**

1. **Prima Plastics Limited ("Demerged Company")**, is a public company, limited by shares, incorporated under the provisions of the Companies Act, 1956 bearing corporate identification number ("CIN") L25206DD1993PLC001470 and having its registered office 98/4 Prima House, Daman Industrial Estate, Kadaiya, Nani Daman, Daman – 396 210. The Demerged company is one of the leading plastic furniture and moulding articles manufacturing company in India. The equity shares of the Demerged Company are listed on BSE Limited.
2. **Prima Innovation Limited ("Resulting Company")** is a public company, limited by shares, incorporated under the provisions of the Companies Act, 2013 on having corporate identity number U22207DD2024PLC010039 and its registered office at Survey No. 85/1-2, 86/1, Daman Ind Estate, Kadaiya, Daman, Daman, Daman and Diu, India, 396210. The Resulting company is newly incorporated Company proposed to be engaged in Rotational Moulding Business or Roto Business (**as defined hereinafter**). The Resulting Company is currently a wholly owned subsidiary of the Demerged Company.

**(B) OVERVIEW OF THE SCHEME**

1. This Scheme (*as defined hereinafter*) is presented under the provisions of Sections 230 to 232 read with Section 52, Section 66, and other applicable provisions of the Act (*as defined hereinafter*) and provides for the following:
  - (i) demerger, transfer and vesting of the Demerged Undertaking (*as defined hereinafter*) from the Demerged Company into the Resulting Company on a *going concern* basis, and issue of equity shares by the Resulting Company to all the equity shareholders of the Demerged Company, in consideration thereof on a proportionate basis, in accordance with the provisions of Section 2(19AA) of the Income Tax Act (*as defined hereinafter*); and
  - (ii) various other matters consequential or otherwise integrally connected therewith including changes in share capital and reduction and cancellation of the entire pre-scheme share capital of the Resulting Company.

**(C) RATIONALE**

1. The Demerged Company is 100% holding company of the Resulting Company.
2. The Demerged Company proposes to demerge and transfer the Demerged Undertaking (*as defined hereinafter*) from the Demerged Company to the Resulting Company and in consideration thereof, the Resulting Company will issue their equity shares to the shareholders of the Demerged Company.
3. As part of an overall strategy for the optimum running, growth and development of the businesses of the Demerged Company, it is considered desirable and expedient to reorganise and reconstruct the Demerged Company by segregating its Roto Business (*as defined hereinafter*) from its Remaining Business (i.e furniture and other allied businesses). This will result in the creation of two separate listed entities viz., the Resulting Company focusing exclusively on Roto Business and the Demerged Company shall continue to be in the Remaining Business (i.e furniture and other allied businesses).





4. These listed entities will be subject to public, media, analysts and regulatory review. A clean corporate structure with no cross holdings will ensure transparency, accountability, highest standards of corporate governance and compliance. It also enhances operational flexibility and helps quick response to competitive or environmental challenges.
5. The said demerger will enable the Parties (*as defined hereinafter*) to concentrate its resources and managerial bandwidth entirely to such businesses which would enable focused strategy, better coordination and cohesiveness in their working and assist in standardization of its business processes as may be prevalent to the specific businesses. The proposed restructuring pursuant to the said Scheme is expected, *inter alia*, to result in following benefits for the Parties.
- i. the distinctive profile and established business model of Roto Business (*as defined hereinafter*) makes it suitable to be housed in a separate listed entity, allowing sharper strategic focus in pursuit of its independent value creation trajectory;
  - ii. segregating different businesses would result in better and efficient control and management for the segregated Roto Business having different risk and return profiles, and also providing investors with better flexibility to select investments which best suit their investment strategies and risk profile;
  - iii. unlocking the value of the Demerged Undertaking for the shareholders of the Demerged Company;
  - iv. attracting investors and providing better flexibility in accessing capital;
  - v. effective utilisation of cash flows of different businesses;
  - vi. enabling focused growth strategy for each of the businesses for exploiting opportunities specific to each business;
  - vii. greater visibility on performance of each of the businesses;
  - viii. operational efficiency; and
  - ix. focused management approach for pursuing the growth in the respective business verticals and de-risk the businesses from each other.
6. The Scheme is in the interests of all stakeholders (shareholders, creditors, employees, and all other stakeholders) of the Demerged Company and the Resulting Company.

**(D) PARTS OF THE SCHEME**

The Scheme is divided into the following parts:

1. **PART I** deals with the definitions, share capital of the Parties (*as defined hereinafter*), date of taking effect and implementation of this Scheme;
2. **PART II** deals with the demerger, transfer and vesting of the Demerged Undertaking from the Demerged Company into the Resulting Company on a *going concern* basis and issue of equity shares by the Resulting Company to the shareholders of the Demerged Company, in consideration thereof;





3. **PART III** deals with the reduction and cancellation of the entire pre-scheme share capital of the Resulting Company.
4. **PART IV** deals with the general terms and conditions applicable to this Scheme.

**PART - I**  
**DEFINITIONS, SHARE CAPITAL OF THE PARTIES, DATE OF TAKING EFFECT AND IMPLEMENTATION OF THIS SCHEME**

**1. DEFINITIONS**

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

- a) **"Act"** means the Companies Act, 2013 and any rules, regulations, circulars or guidelines issued thereunder, as amended from time to time and shall include any statutory replacement or re-enactment thereof;
- b) **"Applicable Law"** or **"Law"** means any applicable national, foreign, provincial, local or other law including applicable provisions of all (a) constitutions, decrees, treaties, statutes, enactments, laws (including the common law), bye-laws, codes, notifications, rules, regulations, policies, guidelines, circulars, press notes, clearances, approvals, directions, directives, ordinances or orders of any Appropriate Authority, statutory authority, court, Tribunal; (b) Permits (*as defined hereinafter*); and (c) orders, decisions, writs, injunctions, judgments, awards and decrees of or agreements with any Appropriate Authority (*as defined hereinafter*) having jurisdiction over the Parties, in each case having the force of law and that is binding or applicable to a person, as may be in force from time to time;
- c) **"Appointed Date"** means July 01, 2024;
- d) **"Appropriate Authority"** means:
  - (i) the government of any jurisdiction (including any national, state, municipal or local government or any political or administrative subdivision thereof) and any department, ministry, agency, instrumentality, court, Tribunal, central bank, commission or other authority thereof;
  - (ii) any governmental, quasi-governmental or private body, self-regulatory organisation, or agency lawfully exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, statutory, licensing, competition, Tax, importing, exporting or other governmental or quasi-governmental authority; and
  - (iii) any Stock Exchange.
- e) **"Board"** in relation to the Parties, means the board of directors of such Party, and shall include a committee of directors or any person authorized by such board of directors or such committee of directors duly constituted and authorized for the matters pertaining to this Scheme or any other matter relating hereto;





- f) **"Demerged Company"** means **Prima Plastics Limited**, a company incorporated under the provisions of the Act, having corporate identity number L25206DD1993PLC001470 and having its registered office 98/4 Prima House, Daman Industrial Estate, Kadaiya, Nani Daman, Daman – 396 210;
- g) **"Demerged Undertaking"** means all the assets and liabilities of the Demerged Company pertaining to the Rotational Moulding Business as on the Appointed Date and shall include (without limitation):
- (i) all movable properties of the Demerged Company in relation to the Roto Business (*as defined hereinafter*) including hire purchase and lease arrangements, real or personal, corporeal or incorporeal or otherwise, present, future, contingent, tangible or intangible, and associated capital costs, plant and equipment, furniture and fixtures, office equipment, vehicles, capital work in progress, trade receivables, advances, derivative contracts, inventories, security deposits, prepaid expenses, contract assets, title, interest, cash and bank balances, bills of exchange, or other financial or non-financial assets, funds, and all other services of every kind, nature and description whatsoever and all the rights, title, interests, goodwill, benefits, fiscal incentives, entitlement and advantages, contingent rights or benefits belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Demerged Company pertaining to the Roto Business;
  - (ii) all immovable properties of the Demerged Company in relation to the Roto Business including land together with buildings and structures standing thereon (whether leasehold, leave and license, rights of way, tenancies or otherwise) including offices, warehouses, workshops, sheds, stores, storages, cooling stations, etc. benefits of any rental agreement for any use of premises which immovable properties are currently in use for the purpose of conducting Roto Business and all documents of title, rights and easements in relation thereto and all rights, covenants, continuing rights, title and interests in connection with the said immovable properties. It is clarified that, in so far as the immovable property(ies) of the Demerged Company used for carrying out both, the Remaining Business as well as the Roto Business, only such portion of the leased or owned immovable property(ies) utilised for carrying out the Roto Business will stand transferred and/ or assigned, as the case may be, to the Resulting Company, as may be mutually agreed between the Demerged Company and the Resulting Company;
  - (iii) branches, liaison offices and representative offices abroad, engaged in the Roto Business, if any;
  - (iv) Demerged Undertaking Liabilities;
  - (v) all obligations and duties, both present and future (including obligations under any licenses or Permits or schemes) of every kind, nature and description whatsoever and howsoever arising, pertaining to the Roto Business;
  - (vi) all books, records, files, papers, records of standard operating procedures, computer programs along with their licenses, 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, pertaining to the Roto Business;





- (vii) contracts, agreements, schemes, arrangements, Know Your Customer (KYC) details and any other instruments pertaining to the Roto Business;
- (viii) all refunds, reimbursements, claims, concessions, exemptions, grants, benefits including MSME Promotion scheme 2021 – Industrial development subsidy, sales tax deferrals, goods and service tax credit, deductions and benefits under the relevant Law or any other Taxation statute pertaining to the Roto Business;
- (ix) all Permits, quotas, incentives, powers, authorities, allotments, rights, benefits, advantages, pertaining to the Roto Business;
- (x) all intellectual property and intellectual property rights, brands, logos, designs, labels, tradenames and trademarks of the Demerged Company pertaining to the Roto Business (including any applications for the same) of any nature whatsoever, including all books, records, files, papers, engineering and process information, computer programs, domain names, software licenses (whether proprietary or otherwise), research and studies, technical knowhow, confidential information and other benefits, drawings, manuals, data, catalogues, quotations, sales and advertising materials, investor credit information, pricing information, and other records whether in physical or electronic form pertaining to Roto Business;
- (xi) entire experience, credentials, past record and market share of the Demerged Company pertaining to the Roto Business; and
- (xii) all employees engaged in the Roto Business.

Any question that may arise as to whether a specific asset (tangible or intangible) or liability or employee pertains or does not pertain to the Demerged Undertaking shall be decided mutually by the Boards of the Demerged Company and the Resulting Company;

- h) **"Effective Date"** means the date on which last of the conditions specified in Clause 23 of this Scheme are complied with or otherwise duly waived. References in this Scheme to the date of **"coming into effect of this Scheme"** or **"upon the Scheme becoming effective"** shall mean the Effective Date;
- i) **"Encumbrance"** means (a) any charge, lien (statutory or other), or mortgage, any easement, encroachment, right of way, right of first refusal or other encumbrance or security interest securing any obligation of any Person; (b) pre-emption right, option, right to acquire, right to set off or other third party right or claim of any kind, including any restriction on use, voting, transfer, receipt of income or exercise; or (c) any hypothecation, title retention, restriction, power of sale or other preferential arrangement; or (d) any agreement to create any of the above; and the term **"Encumber"** shall be construed accordingly;
- j) **"Income Tax Act"** means the Income-tax Act, 1961 and any rules, regulations, circulars or guidelines issued thereunder, as amended from time to time and shall include any statutory replacement or re-enactment thereof;
- k) **"INR" or "Rupee(s)"** means Indian Rupee, the lawful currency of the Republic of India;





- l) **"Parties"** shall collectively mean the Demerged Company and the Resulting Company; and **"Party"** means each of them, individually;
- m) **"Permits"** means all consents, licences, permits, certificates, permissions, authorisations, clarifications, approvals, clearances, confirmations, declarations, waivers, exemptions, registrations, filings, no objections, whether governmental, statutory, regulatory or otherwise as required under the Applicable Law;
- n) **"Person"** means an individual, a partnership, a corporation, a limited liability partnership, a company, an association, a trust, a joint venture, an unincorporated organization or an Appropriate Authority in or outside India;
- o) **"Record Date"** means the date to be fixed by the Board of the Demerged Company for the purpose of determining the equity shareholders of the Demerged Company for issue and allotment of the Resulting Company New Equity Shares, under Part II of this Scheme;
- p) **"Remaining Business of the Demerged Company"** means all the business, units, divisions, undertakings, and assets and liabilities of the Demerged Company other than the Demerged Undertaking;
- q) **"Resulting Company"** means **Prima Innovation Limited**, a company incorporated under the provisions of the Act, having corporate identity number U22207DD2024PLC010039 and its registered office at Survey No. 85/1-2, 86/1, Daman Ind Estate, Kadaiya, Daman, Daman, Daman and Diu, India, 396210;
- r) **"Resulting Company New Equity Shares"** means fully paid-up equity shares having face value of INR 5/- each issued by the Resulting Company, as consideration, in terms of Clause 8.1 of this Scheme;
- s) **"RoC"** means the relevant Registrar of Companies having jurisdiction over the Parties;
- t) **"Rotational Moulding Business" or "Roto Business"** means and include the rotational moulding business of the Demerged Company which caters to providing material handling solutions to fast moving consumer good companies , pharma companies and many other industries and includes products such as industrial pallets, road safety products, insulated boxes, water tanks and other material and all such products that are designed to increase efficiency in storage and distribution, lowering operating costs and includes all the properties including in particular the immovable properties as per **Annexure A**, assets, liabilities, employees, contracts, permits, etc. related to the Roto Business.
- u) **"Scheme"** means this scheme of arrangement as modified/amended from time to time, subject to approval or as may be directed by the Tribunal;
- v) **"SEBI"** means the Securities and Exchange Board of India;
- w) **"SEBI Circular"** means the master circular issued by the SEBI bearing reference no. SEBI/HO/CFD/POD2/P/CIR/2023/93 dated June 20, 2023, and any amendments thereof issued pursuant to Regulations 11, 37 and 94 of the SEBI LODR Regulations;





- x) **"SEBI LODR Regulations"** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- y) **"Stock Exchange"** means BSE Limited;
- z) **"Tax Laws"** means all the Applicable Law dealing with Taxes including but not limited to income-tax, goods and service tax, customs duty or any other levy of similar nature and includes any rules, regulations, circulars or guidelines issued thereunder, as amended from time to time and shall include any statutory replacement or re-enactment thereof;
- aa) **"Taxation"** or **"Tax"** or **"Taxes"** means all forms of taxes and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions and levies, whether levied by reference to income, profits, book profits, gains, net wealth, asset values, turnover, added value, goods and services or otherwise and shall further include payments in respect of or on account of tax, whether by way of deduction at source, collection at source, dividend distribution tax, advance tax, minimum alternate tax, goods and services tax, excise duty, value added tax, central sales tax or otherwise or attributable directly or primarily to any of the Parties and all penalties, charges, costs and interest relating thereto; and
- bb) **"Tribunal"** means the Ahmedabad bench of the National Company Law Tribunal having jurisdiction over the Parties and authorised as per the provisions of the Act for approving any scheme of arrangement, compromise or reconstruction of companies under sections 230 to 232 of the Act and shall include, if applicable, such other forum or authority as may be vested with the powers of a tribunal for the purposes of sections 230 to 232 of the Act as may be applicable.

1.2 In this Scheme, unless the context otherwise requires:

- (i) reference to statutory provisions shall be construed as meaning and including reference also to any amendment or re-enactment for the time being in force and to all statutory instruments or orders made pursuant to such statutory provisions;
- (ii) words denoting the singular shall include the plural and words denoting any gender shall include all genders;
- (iii) headings, subheadings, titles, subtitles to clauses, sub-clauses and paragraphs are for information only and shall not form part of the operative provisions of this Scheme and shall be ignored in construing the same reference to any law or legislation or regulation shall include amendment(s), circulars, notifications, clarifications or supplement(s) to, or replacement, re-enactment, restatement or amendment of, that law or legislation or regulation and shall include the rules and regulations thereunder;
- (iv) reference to a document includes an amendment or supplement to, or replacement or novation of, that document; and
- (v) in the event that the Parties enter into any definitive agreement in relation to this Scheme or any subject matter hereof, the provisions of such definitive agreement shall be binding on the Parties.





## 2. SHARE CAPITAL

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

Particulars	INR
<b>Authorised share capital</b>	
1,20,00,000 equity shares of INR 10/- each	12,00,00,000
<b>Total</b>	<b>12,00,00,000</b>
<b>Issued, subscribed and paid-up share capital</b>	
1,10,00,470 equity shares of INR 10/- each fully paid up	11,00,04,700
<b>Total</b>	<b>11,00,04,700</b>

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

Particulars	INR
<b>*Authorised share capital</b>	
1,20,00,000 equity shares of INR 5/- each	6,00,00,000
<b>Total</b>	<b>6,00,00,000</b>
<b>*Issued, subscribed and paid-up share capital</b>	
20,000 equity shares of INR 5/- each fully paid up	1,00,000
<b>Total</b>	<b>1,00,000</b>

\*The members of Resulting Company vide its resolution dated October 15, 2024 have approved the sub-division of face value of equity shares from INR 10 to INR 5 and increased its authorised share capital from INR 10,00,000 (Indian Rupees Ten Lacs) to INR 6,00,00,000 (Indian Rupees Six Crores) comprising of 1,20,00,000 equity shares of INR. 5 each and the Resulting Company is in the process of filing necessary forms for approvals. The entire share capital of the Resulting Company is held by the Demerged Company and its nominees.

## 3. DATE OF TAKING EFFECT AND IMPLEMENTATION OF THIS SCHEME

The Scheme shall become effective from the Appointed Date but shall become operative from the Effective Date.

### PART - II DEMERGER AND VESTING OF THE DEMERGED UNDERTAKING

## 4. DEMERGER AND VESTING OF THE DEMERGED UNDERTAKING

- 4.1 Upon coming into effect of the Scheme, with effect from the Appointed Date and in accordance with the provisions of this Scheme and pursuant to Sections 230 to 232 read with Section 52, Section 66 and other applicable provisions of the Act and Section 2(19AA) of the Income Tax Act, all assets, permits, contracts, liabilities, loan, duties and obligations of the Demerged Undertaking shall, without any further act, instrument or deed, stand transferred to and vested in or be deemed to have been transferred to and vested in the Resulting Company on a *going concern* basis, so as to become as and from the Appointed Date, the assets, permits, contracts, liabilities, loan, duties and obligations of the





Resulting Company by virtue of operation of law, and in the manner provided in this Scheme.

This demerger under Part II of the Scheme complies with the definition of "demerger" as per Section 2(19AA) and other provisions of the Income Tax Act. If any terms of this Scheme are found to be or interpreted to be inconsistent with provisions of the Income Tax Act, then this Scheme shall stand modified to be in compliance with Section 2(19AA) of the Income Tax Act.

4.2 Without prejudice to the generality of the provisions of Clause 4.1 above, the manner of transfer of the Demerged Undertaking under this Scheme, upon coming into effect of the Scheme and with effect from the Appointed Date, is as follows:

4.2.1 In respect of such of the assets and properties forming part of the Demerged Undertaking which are movable and tangible in nature (including but not limited to all intangible assets), including but not limited to the right to use the brand "*PRIMA*", intellectual property, and intellectual property rights, including any applications for the same, of any nature whatsoever including but not limited to brands, trademarks forming part of the Demerged Undertaking, whether registered or unregistered trademarks along with all rights of commercial nature including attached goodwill, title, interest, labels and brand registrations, copyrights and such other industrial and intellectual property rights of whatsoever nature or are otherwise capable of transfer by delivery or possession or by endorsement, the same shall stand transferred by the Demerged Company to the Resulting Company upon coming into effect of this Scheme and shall, *ipso facto* and without any other or further order to this effect, become the assets and properties of the Resulting Company without requiring any deed or instrument of conveyance for transfer of the same. The transfer pursuant to this sub-clause shall be deemed to have occurred by physical or constructive delivery or by endorsement and delivery or recordal, pursuant to this Scheme, as appropriate to the property being transferred, and title to the property shall be deemed to have been transferred accordingly;

4.2.2 Subject to Clause 4.2.3 below, with respect to the moveable assets of the Demerged Undertaking other than those referred to in Clause 4.2.1 above, including all rights, title and interests in the agreements (including agreements for lease or license of the properties), investments in shares, mutual funds, bonds and any other securities, sundry debtors, claims from customers or otherwise, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with any Appropriate Authority, customers and other persons, whether or not the same is held in the name of the Demerged Company, the same shall, without any further act, instrument or deed, be transferred to and/or be deemed to be transferred to the Resulting Company, with effect from the Appointed Date by operation of law as transmission in favour of the Resulting Company. With regard to the licenses of the properties, the Resulting Company will enter into novation agreements, if it is so required;

4.2.3 In respect of such assets and properties forming part of the Demerged Undertaking which are immovable in nature, whether freehold or leasehold as set out in **Annexure A** hereto, (including but not limited to land, buildings, sites, tenancy rights related thereto and immovable property and any other document of title, rights, interest and easements in relation thereto), shall stand transferred to the Resulting Company, with effect from the Appointed Date, by operation of law and without any act or deed or conveyance being required to be done or executed by the Demerged Company and/or the Resulting Company;





- 4.2.4 For the avoidance of doubt and without prejudice to the generality of Clause 4.2.3 above and Clause 4.2.5 below, it is clarified that, with respect to the immovable properties comprised in the Demerged Undertaking in the nature of land and buildings, the Demerged Company and the Resulting Company shall register the true copy of the order of the Tribunal approving this Scheme with the offices of the relevant Sub-registrar of Assurances or similar registering authority having jurisdiction over the location of such immovable property and shall also execute and register, as required, such other documents as may be necessary in this regard. For the avoidance of doubt, it is clarified that any document executed pursuant to this Clause 4.2.4 or Clause 4.2.5 below will be for the limited purpose of meeting regulatory requirements and shall not be deemed to be a document under which the transfer of any part of the Demerged Undertaking takes place and the Demerged Undertaking shall be transferred solely pursuant to and in terms of this Scheme and the order of the Tribunal sanctioning this Scheme;
- 4.2.5 Notwithstanding anything contained in this Scheme, with respect to the immovable properties comprised in the Demerged Undertaking in the nature of land and buildings situated in the Union Territory of Daman and Diu, Industrial Area Sector – III, Pithampur (M.P.), whether owned or leased, for the purpose of, *inter alia*, payment of stamp duty and transfer to the Resulting Company, if the Resulting Company so decides, the Demerged Company and the Resulting Company, may execute and register or cause to be executed and registered, separate deeds of conveyance or deeds of assignment of lease, as the case may be, in favour of the Resulting Company in respect of such immovable properties. Each of the immovable properties, only for the purposes of the payment of stamp duty (if required under the Applicable Law), shall be deemed to be conveyed at a value determined by the relevant authorities in accordance with the applicable circle rates. The transfer of such immovable properties shall form an integral part of this Scheme;
- 4.2.6 Upon effectiveness of the Scheme, all debts, liabilities, loans, obligations and duties of the Demerged Company as on the Appointed Date and relatable to the Demerged Undertaking ("**Demerged Undertaking Liabilities**") shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Resulting Company to the extent that they are outstanding as on the Appointed Date. The term "Demerged Undertaking Liabilities" shall include:
- 4.2.6.1 the debts, liabilities, obligations incurred and duties of any kind, nature or description (including contingent liabilities) which arise out of the activities or operations of the Demerged Undertaking;
  - 4.2.6.2 the specific loans or borrowings (including, notes and other debt securities raised, incurred and utilized solely for the activities or operations of the Demerged Undertaking); and
  - 4.2.6.3 in cases other than those referred to in Clauses 4.2.6.1 or 4.2.6.2 above, so much of the amounts of general or multipurpose borrowings, if any, of the Demerged Company, as stand in the same proportion which the value of the assets transferred pursuant to the demerger of the Demerged Undertaking bear to the total value of the assets of the Demerged Company immediately prior to the Appointed Date.

However, the tax liabilities and tax demands (except pertaining to Income Tax Act) of the Demerged Company for a period prior to the Appointed Date in relation to the Demerged





Undertaking shall not be transferred as part of the Demerged Undertaking to the Resulting Company;

- 4.2.7 All contracts, deeds, bonds, agreements, indemnities, guarantees or other similar rights or entitlements whatsoever, schemes, arrangements and other instruments, rights, entitlements, leases and licenses for the purpose of carrying on the business of the Demerged Undertaking, and in relation thereto, and those relating to tenancies, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Demerged Undertaking, or to the benefit of which the Demerged Company may be eligible and which are subsisting or having effect immediately before this Scheme coming into effect, shall by operation of law pursuant to the order of the Tribunal sanctioning the Scheme be deemed to be contracts, deeds, bonds, agreements, indemnities, guarantees or other similar rights or entitlements whatsoever, schemes, arrangements and other instruments, rights, entitlements, licenses (including the licenses granted by any Appropriate Authority) of the Resulting Company. Such contracts, properties and rights described hereinabove shall stand vested in the Resulting Company and shall be deemed to be the property and become the property by operation of law as an integral part of the Resulting Company. Such contracts, properties and rights described above shall continue to be in full force and continue as effective as hitherto in favour of or against the Resulting Company and shall be the legal and enforceable rights and interests of the Resulting Company, which can be enforced and acted upon as fully and effectually as if it were the Demerged Company. Upon effectiveness of the Scheme and with effect from the Appointed Date, the rights, benefits, privileges, duties, liabilities, obligations and interest whatsoever, arising from or pertaining to contracts, properties and rights pertaining to the Demerged Undertaking, shall be deemed to have been entered into and stand assigned, vested and novated to the Resulting Company by operation of law and the Resulting Company shall be deemed to be the Demerged Company's substituted party or beneficiary or obligor thereto, it being always understood that the Resulting Company shall be the successor in the interest of the Demerged Company in relation to the properties or rights mentioned hereinabove;
- 4.2.8 Post the Effective Date, the Demerged Company may, at the request of the Resulting Company, give notice in such form as it may deem fit and proper, to such Persons, as the case may be, that any debt, receivable, bill, credit, loan, advance, or deposit, contracts or policies relating to the Demerged Undertaking stands transferred to the Resulting Company and that appropriate modification should be made in their respective books/ records to reflect the aforesaid changes;
- 4.2.9 In so far as encumbrances, if any, in respect of the Demerged Undertaking Liabilities, such encumbrance shall, without any further act, instrument or deed being required to be taken or modified, be extended to and shall operate only over the assets comprised in the Demerged Undertaking which have been encumbered in respect of the Demerged Undertaking Liabilities as transferred to the Resulting Company pursuant to this Scheme. Further, in so far as the assets comprised in the Demerged Undertaking are concerned, the encumbrance over such assets relating to any loans, liabilities, borrowings or other debts which are not transferred to the Resulting Company pursuant to this Scheme and which continue with the Demerged Company shall without any further act, instrument or deed be released from such encumbrance and shall no longer be available as security in relation to such liabilities and the Demerged Company shall provide such other security that may be agreed between the Demerged Company and the respective lenders having the encumbrance. The absence of any





formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above;

- 4.2.10 Notwithstanding the generality of the foregoing provisions, all electricity, gas, water and any other utility connections and tariff rates in respect thereof sanctioned by various public sector and private companies, boards, agencies and authorities in different states pertaining to the Demerged Undertaking, together with security deposits and all other advances paid, shall stand transferred in favour of the Resulting Company on the same terms and conditions by operation of law and without any further act, instrument, deed, matter or thing being made, done or executed. The relevant electricity, gas, water and any other utility companies, boards, agencies and authorities shall issue invoices in the name of the Resulting Company with effect from the billing cycle commencing from the month immediately succeeding the month in which the Effective Date occurs. The Resulting Company shall comply with the terms, conditions and covenants associated with the grant of such connection and shall also be entitled to refund of security deposits placed with such companies, boards, agencies and authorities in respect of the Demerged Undertaking;
- 4.2.11 Subject to Clause 4 and any other provisions of this Scheme, in respect of any refund, benefit, claim receivable, incentive, grant or subsidy in relation to or in connection with the Demerged Undertaking, the Demerged Company shall, if so required by the Resulting Company, issue notices in such form as the Resulting Company may deem fit and proper, stating that pursuant to the Tribunal having sanctioned this Scheme, the relevant refund, benefit, claim receivable, incentive, grant or subsidy be paid or made good to or held on account of the Resulting Company, as the Person entitled thereto, to the end and intent that the right of the Demerged Company to recover or realise the same stands transferred to the Resulting Company and that appropriate entries should be passed in their respective books to record the aforesaid changes;
- 4.2.12 On and from the Effective Date, all cheques and other negotiable instruments and payment orders received or presented for encashment which are in the name of the Demerged Company and are in relation to or in connection with the Demerged Undertaking, shall be accepted by the bankers of the Resulting Company and credited to the account of the Resulting Company, if presented by the Resulting Company;
- 4.2.13 Permits, including the benefits attached thereto of the Demerged Company, in relation to the Demerged Undertaking, shall be transferred to the Resulting Company from the Appointed Date, without any further act, instrument or deed and shall be appropriately mutated or endorsed by the Appropriate Authorities concerned therewith in favour of the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company and the Resulting Company shall be bound by the terms, obligations and duties thereunder, and the rights and benefits under the same shall be available to the Resulting Company to carry on the operations of the Demerged Undertaking without any hindrance, whatsoever;
- 4.2.14 Contracts in relation to the Demerged Undertaking, where the Demerged Company is a party, shall stand transferred to the Resulting Company pursuant to the Scheme becoming effective. The absence of any formal amendment which may be required by a third party to effect such transfer shall not affect the operation of the foregoing sentence. The Demerged Company and the Resulting Company shall, wherever necessary, enter into and/or execute deeds, writings, confirmations or novations to all such contracts, if necessary, in order to give formal effect to





the provisions of this Clause.

- 4.2.15 Coming into effect of this Scheme, the borrowing limits of the Resulting Company in terms of section 180 (1)(c) Act shall be deemed to be increased without any further act, instrument or deed to the equivalent of aggregate borrowings forming part of the demerged liabilities transferred by the Demerged Company to the Resulting Company pursuant to the Scheme such limits shall be incremental to the existing borrowing limits of the Resulting Company.
- 4.2.16 On and from the Effective Date and till such time that the name of the bank accounts of the Demerged Company, pertaining to the Demerged Undertaking, have been replaced with that of the Resulting Company, the Resulting Company shall be entitled to maintain and operate such bank accounts of the Demerged Company, in the name of the Demerged Company for such time as may be determined to be necessary by the Resulting Company. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Demerged Company, in relation to or in connection with the Demerged Undertaking, after the Effective Date shall be credited to the account of the Resulting Company.
- 4.3 Without prejudice to the provisions of the foregoing sub-clauses of this Clause 4 and upon the effectiveness of this Scheme, the Demerged Company and the Resulting Company may execute any and all instruments or documents and do all acts, deeds and things as may be required, including executing necessary confirmatory deeds for filing with the trademark registry and Appropriate Authorities, filing of necessary particulars and/ or modification(s) of charge with the concerned RoC or filing of necessary applications, notices, intimations or letters with any Appropriate Authority or Person to give effect to this Scheme. The Demerged Company shall take such actions as may be necessary to get the assets pertaining to the Demerged Undertaking transferred to and registered in, the name of the Resulting Company, as per the Applicable Law.
- 5. EMPLOYEES**
- 5.1 Upon effectiveness of the Scheme and with effect from the Appointed Date, all employees of the Demerged Company engaged in or in relation to the Demerged Undertaking shall become the employees of the Resulting Company on terms and conditions no less favourable than those on which they are engaged by the Demerged Company and without any interruption in service.
- 5.2 The accumulated balances, if any, standing to the credit in favour of the aforesaid employees in the existing provident fund, gratuity fund, superannuation fund and any other fund of which they are members, as the case may be, will be transferred to the respective funds of the Resulting Company set-up in accordance with Applicable Law and caused to be recognized by the Appropriate Authorities or to the funds nominated by the Resulting Company. Pending the transfer as aforesaid, the dues of the said employees would continue to be deposited in the existing provident fund, gratuity fund, superannuation fund and other fund respectively of Demerged Company.
- 5.3 The past services of all the employees related to the Demerged Undertaking of the Demerged Company prior to the transfer date shall be taken into account for the purpose of all benefits to which such employees may be eligible, including for the purpose of payment of any retrenchment or redundancy compensations, leave encashment, gratuity and other terminal benefits. The accumulated balances, if any standing to the credit and in favour of the aforesaid employees of the Demerged Undertaking in the existing provident fund, gratuity fund, superannuation fund or any other





fund of which they are members as the case may be will be transferred to the respective funds of the Resulting Company set-up in accordance with applicable law and caused to be recognised by appropriate authorities or the trust or funds nominated by Resulting Company. Pending the transfer as aforesaid, the dues of the said employees of the Demerged Undertaking would continue to be deposited in the existing provident fund, gratuity fund, superannuation fund and other fund respectively of the Demerged Company.

## **6. LEGAL PROCEEDINGS**

- 6.1 Upon coming into effect of this Scheme, all suits, actions, administrative proceedings, tribunals proceedings, show cause notices, demands, legal and other proceedings of whatsoever nature (except proceedings under the Income Tax Act) by or against the Demerged Company pending and/or arising on or before the Appointed Date or which may be instituted at any time thereafter and in each case relating to the Demerged Undertaking shall not abate or be discontinued or be in any way prejudicially affected by reason of this Scheme or by anything contained in this Scheme and shall be continued and be enforced by or against the Resulting Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company. The Resulting Company shall be substituted in place of the Demerged Company or added as party to such proceedings and shall prosecute or defend all such proceedings at its own cost, in cooperation with the Demerged Company and the liability of the Demerged Company shall stand nullified. The Demerged Company shall in no event be responsible or liable in relation to any such legal or other proceedings in relation to the Demerged Undertaking.
- 6.2 The Resulting Company undertakes to have all legal and other proceedings (except proceedings under the Income Tax Act) initiated by or against the Demerged Company referred to in Clause 6.1 above transferred to its name as soon as is reasonably practicable after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company on priority. The Demerged Company and the Resulting Company shall make relevant applications and take all steps as may be required in this regard.
- 6.3 Notwithstanding anything contained herein above, if at any time after the Effective Date, the Demerged Company is in receipt of any demand, claim, notice and/ or is impleaded as a party in any proceedings before any Appropriate Authority (except proceedings under the Income Tax Act), in each case in relation to the Demerged Undertaking, the Demerged Company shall, in view of the transfer and vesting of the Demerged Undertaking pursuant to this Scheme, take all such steps in the proceedings before the Appropriate Authority to replace the Demerged Company with the Resulting Company. However, if the Demerged Company is unable to get the Resulting Company replaced in its place in such proceedings, the Demerged Company shall defend the same or deal with such demand in accordance with the advice of the Resulting Company and at the cost of the Resulting Company and the latter shall reimburse to the Demerged Company all liabilities and obligations incurred by the Demerged Company in respect thereof.

## **7. TAXES/ DUTIES/ CESS**

- 7.1 If the Demerged Company is entitled to any unutilized Tax credits, advance tax, tax deduction at source, tax collection at source, benefits under the state or central fiscal/ investment incentive grant, subsidy schemes and policies or concessions relating to the Demerged Undertaking under any Tax Law or Applicable Law, the Resulting Company shall be entitled, as an integral part of this Scheme, to claim such benefit or incentives or unutilised credits, as the case may be, without any specific approval or





permission and such benefit or incentives or unutilised credits, as the case may be, shall be available for utilisation to the Resulting Company in accordance with the Applicable Law.

- 7.2 The benefits in result of all Taxes deducted at source ("TDS"), Taxes collected at source ("TCS"), payments in respect of advanced Taxes, self-assessment Taxes, Tax on regular assessments made or otherwise recovered by the appropriate authorities on or after the Appointed Date in the name and PAN off the Demerged Company but relating to the profits income or gains of the Demerged Undertaking shall be deemed to be the Taxes deducted, collected, paid, recovered as the case may be by or from the Resulting Company and the credit in respect thereof shall be available in the hands of the Resulting Company.
- 7.3 The Resulting Company shall be entitled to claim deduction under Section 36(1)(vii) read with section 36 (2) off the Income Tax Act in respect of the debts as on the Appointed Date transferred to it as part of the Demerge Undertaking to the extent they are written off as irrecoverable by the Resulting Company as and when the same are so return off by the Resulting Company subsequent to the Appointed Date.
- 7.4 The Resulting Company shall be entitled to claim deduction under section 40(a), 80JJAA and other sections of the Income Tax Act in respect of the expenditure disallowed in the hands of Demerged Company, if any, under that section prior to the Appointed Date and in respect of which TDS liability is transferred to the Resulting Company as part of the liabilities of the Demerged Undertaking as and when such TDS liability is discharged by the Resulting Company after the Appointed Date.
- 7.5 Upon the Scheme becoming effective, the Demerged Company and the Resulting Company shall have the right to revise their respective financial statements and returns along with prescribed forms, filings and annexures under the Tax Laws and to claim refunds and/or credit for Taxes paid and for matters incidental thereto, if required, to give effect to the provisions of this Scheme. It is further clarified that the Resulting Company shall be entitled to claim deduction under Section 43B of the Income Tax Act in respect of unpaid liabilities transferred to it as part of the Demerged Undertaking to the extent not claimed by the Demerged Company, as and when the same are paid subsequent to the Appointed Date.
- 7.6 If the Demerged Company is entitled to any unutilised credits, benefits under the state or central fiscal/ investment incentive schemes and policies or concessions relating to the Demerged Undertaking under any Tax Law or Applicable Law the Resulting Company shall be entitled as an integral part of this Scheme to claim such benefit or incentive or unutilised credit as the case may be without any specific approval or permission and such benefit or incentives or unutilised credits, as the case may be shall be available for duty list the Resulting Company in accordance with applicable law.
- 7.7 Any Tax incentives, subsidies, exemptions, special status, Tax benefits (including but not limited to export incentives, credits/incentives in respect of income tax, sales tax, GST, turnover tax, excise duty, unutilised GST credits, duty drawbacks and other benefits, credits, exemptions or privileges enjoyed,) in particular MSME Promotion scheme 2021 – Industrial development subsidy in MP-Pithampur Unit of the Demerged Company granted by an Appropriate Authority or availed of by the Demerged Company and/or benefits under incentive schemes and policies relating to the Demerged Undertaking shall, without any further act or deed in so far as they relate to or are available for the operation and activities of Demerged Undertaking on or after the Appointed Date and to the extent permissible under the applicable Tax Laws, vest with and be available to the Resulting Company on the same terms and conditions as if the same had been originally allotted on granted or sanctioned or allowed to the Resulting Company. The Demerged Company and the Resulting Company should take such actions as may be necessary under the Applicable Laws to effect such transfers.





- 7.8 Each of the Resulting Company and the Demerged Company shall be entitled to file/revise/modify its income tax returns, TDS/TCS certificates, TDS/TCS returns, GST returns and other statutory returns notwithstanding that the period of filing/revising such returns may have lapsed and to obtain TDS/TCS certificates including TDS/TCS certificates relating to transactions between or amongst the Demerged Company and The Resulting Company and shall have the right to claim refunds, advance Tax credits, input Tax credit (if transferable), credits of all Taxes paid/withheld/collected, if any, to the extent permissible under applicable Tax laws as may be required consequent to implementation of this scheme.
- 7.9 If the Demerged Company makes any payment or discharge any liabilities under the Tax laws that are responsibility of the Resulting Company, the Resulting Company shall promptly pay or reimburse the Demerged Company for such payment. If the Resulting Company makes any payment to discharge any liabilities under Tax laws that are the responsibility of the Demerged Company, the Demerged Company shall promptly pay or reimburse the Resulting Company for such payment.
- 7.10 If the Demerged Company received any refunds under Tax laws in relation to the Demerged Undertaking, that the Resulting Company is entitled to receive, the Demerged Company shall promptly pay the Resulting Company the amount of refund so received. If the Resulting Company receives any refunds under the Tax Laws that the Demerged Company is entitled to receive, the Resulting Company shall promptly pay the Demerged Company the amount of refund so received.
- 7.11 All the expenses incurred by the Demerged Company and/or the Resulting Company in relation to the Scheme, shall be allowed as deduction to the Demerged Company and the Resulting Company in accordance with the relevant provisions of the Income Tax Act.
- 7.12 The benefits and privileges available to the shareholders of the Demerged Company by virtue of their shareholding in the Demerged Company including on account of being listed company under the provisions of the Income Tax Act shall continue to be available to the shareholders of the Demerged Company post the effectiveness of the scheme including those specifically conferred under the respective provisions of Income Tax Act, allocation of cost of acquisition of shares between the Demerged Company and the Resulting Company including grand-fathering benefit for the purposes of section 112A of Income Tax Act read with section 55(2)(ac) of the Income Tax Act, period of holding and or any other deduction or concession available or conferred by the Income Tax Act or the administrative or judicial pronouncements.
- 7.13 Any actions taken by the Demerged Company to comply, with Tax Laws (including payment of Taxes, maintenance of records, payments, returns, Tax filings etc.) in respect of the Demerged Undertaking on and from the Appointed Date up to the Effective Date shall be considered as adequate compliance by the Demerged Company with such requirements under Tax Laws and such action shall be deemed to constitute adequate compliance by the Resulting Company with the relevant obligations under the such Tax laws.





- 7.14 Upon the Effective Date, all demands, claims, show cause notices, suits, actions, administrative proceedings, tribunal proceedings, Taxes and other related disputes resolution proceedings of whatsoever nature (including proceedings under the applicable GST law, however excluding any proceedings under the provisions of Income Tax Act) by or against the Demerged Company pending on Effective Date relating to the Demerged Undertaking shall not embedded or be discontinued or be in anyway individually affected by reason of this Scheme or by anything contained in this Scheme but shall be continued and enforced by or against the Resulting Company with effect from the Effective Day in the same manner and to the extent as would or might have been continued and enforced by Demerged Company. The Resulting Company shall be substituted in place of the Demerged Company or added as party to search prosecute or defend proceedings at its own cost, in cooperation with Demerged Company and the liability of the Demerged Company shall stand nullified. The Demerged Company shall in no event be responsible in relation to any such legal or other proceedings in relation to the Demerged Undertaking.
- 7.15 Notwithstanding anything contained hereinabove, if at any time after the Effective Date, the Demerged Company is in receipt of any demand, claim, notice and/or is impleaded as a party in any proceedings before any Appropriate Authority, in case in each case in relation to the Demerged Undertaking, the Demerged Company shall, in view of the transfer and testing of the Demerged Undertaking pursuant to this Scheme take all such steps in the proceedings before the Appropriate Authority to replace the Demerged Company with Resulting Company. However, if the Demerged Company is unable to get the Resulting Company replaced in its place in such proceedings that Demerged Company shall defend the same or deal with the demand in accordance with the advice of the Board of the Resulting Company and such costs shall be borne by the Resulting Company and the latter shall reimburse the Demerged Company all liabilities and obligation incurred by the Demerged Company in respect thereof.

## 8. CONSIDERATION

- 8.1 Upon effectiveness of this Scheme and in consideration of and subject to the provisions of this Scheme, and in consideration for the demerger of the Demerged Undertaking from the Demerged Company, the Resulting Company shall, without any further application, act, deed, consent, acts, instrument or deed, issue and allot, on a proportionate basis to the shareholders of the Demerged Company whose name is recorded in the register of members and records of the depository as shareholders of the Demerged Company as on the Record Date, as under:

1 (One) fully paid-up equity share of the Resulting Company having face value of INR 5/- (Rupees Five) each for every 1 (One) fully paid-up equity share of INR 10/- (Rupees Ten) each of the Demerged Company.

The equity shares of the Resulting Company to be issued pursuant to this Clause 8.1 shall be referred to as "**Resulting Company New Equity Shares**".

- 8.2 The Resulting Company New Equity Shares shall be subject to the provisions of the memorandum of association and articles of association of the Resulting Company, including with respect to dividend, bonus, rights shares, voting rights and other corporate benefits attached to the Resulting Company New Equity Shares.





- 8.3 The Resulting Company New Equity Shares that are to be issued in terms of this Scheme shall be issued in dematerialised form. Prior to the Record Date, the eligible shareholders of the Demerged Company, who hold shares in physical form (if any) shall provide such confirmation, information and details as may be required, relating to his/ her/ its account with a depository participant, to the Resulting Company to enable it to issue the Resulting Company New Equity Share(s) in dematerialised form.
- 8.4 For the purpose of allotment of the Resulting Company New Equity Shares pursuant to this Scheme, in the event, if any eligible shareholder of the Demerged Company holds shares in physical form, the Resulting Company Shall deal with the relevant shares in such manner as they may deem fit and in the best interest of such eligible shareholder, including by way of issuing the Resulting Company New Equity Share(s) in dematerialised form to a trustee nominated by the Board of the Resulting Company ("**Trustee of the Resulting Company**") who shall hold these equity shares in trust for the benefit of such shareholder. The Resulting Company New Equity Share(s) held by the Trustee of the Resulting Company for the benefit of such eligible shareholders shall be transferred to the respective eligible shareholder once they provide details of his/her/its demat account to the Trustee of the Resulting Company, along with such other documents as may be required by the Trustee of the Resulting Company.
- 8.5 The issue and allotment of the Resulting Company New Equity Shares is an integral part hereof and shall be deemed to have been carried out under the orders passed by the Tribunal without requiring any further act on the part of the Resulting Company or its shareholders and as if the procedure laid down under the Act and such other Applicable Law, were duly complied with. It is clarified that the approval of the shareholders of the Resulting Company to this Scheme, shall be deemed to be their consent/approval for the issue and allotment of the Resulting Company New Equity Shares under applicable provisions of the Act.
- 8.6 The equity shares to be issued pursuant to this Scheme in respect of any equity shares of the Demerged Company which are held in abeyance under the provisions of Section 126 of the Act or otherwise shall pending allotment or settlement of dispute by order of Court or otherwise, be held in abeyance by the Resulting Company.
- 8.7 Without prejudice to Clause 8.6 above, as and when the Demerged Company allots its equity shares to its shareholders whose right to subscribe to their entitlement under the rights issue of the Demerged Company was kept in abeyance, the Resulting Company shall, upon receipt of the confirmation from the Demerged Company together with relevant details of the shareholders, issue and allot Resulting Company New Equity Shares in terms of Clause 8.1 of the Scheme to such shareholders of the Demerged Company in the proportion of such shares of the Demerged Company kept in abeyance as on the Record Date.
- 8.8 The Resulting Company New Equity Shares to be issued by the Resulting Company in respect of the equity shares of the Demerged Company held in the unclaimed suspense account and suspense escrow account shall be credited to a new unclaimed suspense account and suspense escrow account respectively, created for shareholders of the Resulting Company.
- 8.9 The Resulting Company New Equity Shares to be issued by the Resulting Company in respect of the shares of the Demerged Company held in the Investor Education and Protection Fund shall be credited to the Investor Education and Protection Fund.





- 8.10 In the event, the Demerged Company and/ or the Resulting Company restructure their share capital by way of share split/ consolidation/ issue of bonus shares during the pendency of the Scheme, the share entitlement ratio, as per Clause 8.1 above shall be adjusted accordingly, to consider the effect of any such corporate actions.
- 8.11 Upon the Scheme becoming effective but prior to the issuance of the Resulting Company New Equity Shares, the Resulting Company shall increase its authorised share capital in an appropriate manner so as to enable it to issue the Resulting Company New Equity Shares in the manner provided herein.
- 8.12 The Resulting Company shall apply for listing of its equity shares (Resulting Company New Equity Shares) on the Stock Exchange in terms of and in compliance of the SEBI Circular and other relevant provisions as may be applicable. The Resulting Company New Equity Shares allotted by the Resulting Company in terms of Clause 8.1 above, pursuant to this Scheme, shall remain frozen in the depository system till listing/ trading permission is given by the designated Stock Exchange. Further, there shall be no change in the shareholding pattern of the Resulting Company between the Record Date and the listing of its equity shares which may affect the status of approval of the Stock Exchange.
- 8.13 The Resulting Company shall enter into such arrangements and give such confirmations and/ or undertakings as may be necessary in accordance with Applicable Law for complying with the formalities of the Stock Exchange.

**9. ACCOUNTING TREATMENT IN THE BOOKS OF THE DEMERGED COMPANY AND RESULTING COMPANY**

**9.1. Accounting treatment in the books of the Demerged Company**

Notwithstanding anything else contained in the Scheme upon the Scheme becoming effective:

- 9.1.1 The Demerged Company shall account for the demerger as per Scheme in its books of accounts in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013, as notified under the Companies (Indian Accounting Standard) Rules, 2015 and generally accepted accounting principles, as may be amended from time to time.

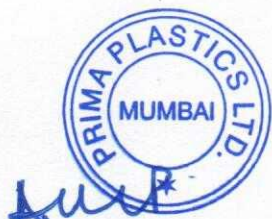
Pursuant to the Scheme coming into effect and with effect from the Appointed Date, the Demerged Company shall transfer from its financial statements all the assets and liabilities including all reserves (general reserve, securities premium, other comprehensive income and retained earnings) pertaining to the Demerged Undertaking as on the Appointed Date at the values appearing in its books of account (i.e. book values) to the Resulting Company.

- 9.1.2 The Demerged Company shall use reduction in securities premium arising due to capital reduction as prescribed under Clause 11 of the Scheme to adjust such debit impact.

**9.2. Accounting treatment in the books of the Resulting Company**

Notwithstanding anything else contained in the Scheme, upon the Scheme becoming effective:

- 9.2.1. The Resulting Company shall account for the demerger by the Demerged Company to the Resulting Company as per Scheme in its books of accounts in accordance with Ind AS notified under Section 133 of the Companies Act, 2013, as notified under the Companies (Indian





Accounting Standard) Rules, 2015 and generally accepted accounting principles, as may be amended from time to time. In applying demerger accounting, the Resulting Company shall, among other matters, ensure accounting policies of demerged undertaking are aligned to the accounting policies followed by the Resulting Company.

- 9.2.2. The Resulting Company shall record the assets and liabilities of the Demerged Undertaking, transferred to and vested in it pursuant to the Scheme, at their respective book values as appearing in the books of account of the Demerged Company immediately before the Appointed Date;
- 9.2.3. The identity of the reserves of the Demerged Undertaking shall be preserved and the Resulting Company shall record the reserves of the Demerged Company in the same form and at the same values as they appear in the financial statements of the Demerged Company;
- 9.2.4. The Resulting Company shall credit its equity share capital in lieu of purchase consideration payable to the shareholders of the Demerged Company at aggregate face / nominal value of Resulting Company New Equity Shares issued pursuant to clause 8.1 above.
- 9.2.5. Due to Capital Reduction as prescribed under Clause 10 of this Scheme, the shares held by the Demerged Company in the Resulting Company shall stand cancelled. The Resulting Company shall credit the corresponding amount to the respective reserves.
- 9.2.6. The difference in the value of assets and liabilities recorded by the Resulting Company as recorded by the Resulting Company after considering the impact of clause 9.2.3, 9.2.4 and 9.2.5 share be credited to capital reserve, if any.
- 9.2.7. When the financial statement of Resulting Company are prepared under Indian Accounting Standards (Ind AS), as per Ind AS 103, the financial information in the financial statements in respect to prior periods shall be restated as if the business combination have occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of combination.

**PART - III**  
**REDUCTION AND CANCELLATION OF THE ENTIRE PRE - SCHEME PAID UP SHARE CAPITAL OF THE RESULTING COMPANY AND UTILISATION OF THE SECURITIES PREMIUM ACCOUNT OF THE DEMERGED COMPANY**

10. **REDUCTION AND CANCELLATION OF ENTIRE PRE SCHEME PAID UP SHARE CAPITAL OF THE RESULTING COMPANY**
  - 10.1 Upon allotment of the Resulting Company New Equity Shares, the entire pre-Scheme paid-up share capital of the Resulting Company ("Resulting Company Cancelled Shares") shall stand cancelled and reduced, without any consideration, which shall be regarded as reduction of share capital of the Resulting Company, pursuant to Sections 230 to 232 read with Section 66 of the Act as an integral part of the Scheme itself. Further, as per the provisions of Section 230-232, the Parties shall not be required to follow the process under Section 66 of the Act or any other provisions of Applicable Laws separately.
  - 10.2 Resulting Company shall debit its share capital account in its books of account with the aggregate face value of the Resulting Company Cancelled Shares and credit capital reserve for the same amount.





- 10.3 It is clarified that the approval of the shareholders of the Resulting Company to this Scheme, shall be deemed to be their consent/approval for the reduction of the share capital of the Resulting Company under applicable provisions of the Act.
- 10.4 Notwithstanding the reduction in the share capital of the Resulting Company, the Resulting Company shall not be required to add "And Reduced" as suffix to its name.
- 10.5 The reduction and cancellation of the Resulting Company Cancelled Shares does not involve any diminution of liability of in respect of any unpaid share capital or payment to any shareholder of any paid-up share capital or payment in any other form.
- 11. REDUCTION OF SECURITIES PREMIUM ACCOUNT OF THE DEMERGED COMPANY**
- 11.1 Upon the Scheme being effective, the securities premium account adjusted in accordance with Clause 9.1.2 above by the Demerged Company shall stand reduced, which shall be regarded as reduction of share capital of the Resulting Company, pursuant to Sections 230 to 232 read with Section 52, 66 of the Act as an integral part of the Scheme itself.
- 11.2 It is clarified that the approval of the members of the Demerged Company to this Scheme, shall be deemed to be their consent/approval for the reduction of securities premium account of the Demerged Company under applicable provisions of the Act.
- 11.3 The utilisation of securities premium account of the Demerged Company as mentioned in this Scheme shall be effected as an integral part of this Scheme under Sections 230 to 232 of the Act, without having to follow the process under Section 52 or Section 66 of the Act separately. Notwithstanding the above reduction in the capital of the Resulting Company, the Resulting Company shall not be required to add "And Reduced" as suffix to its name. It is further clarified that the procedure under Section 66 of the Act shall not be applicable in view of the explanation to Section 230 of the Act.
- 11.4 The reduction of securities premium account of the Demerged Company does not involve any diminution of liability of in respect of any unpaid share capital or payment to any shareholder of any paid-up share capital or payment in any other form.

#### **PART IV GENERAL TERMS & CONDITIONS**

**12. REMAINING BUSINESS OF THE DEMERGED COMPANY**

- 12.1 The Remaining Business of the Demerged Company shall continue to belong to and be owned and managed by the Demerged Company. The Demerged Company shall continue to be liable to perform and discharge all its liabilities and obligations in relation to the Remaining Business of the Demerged Company and the Resulting Company shall not have any liability or obligation in relation to the Remaining Business of the Demerged Company.
- 12.2 Without prejudice to the provisions of this Scheme, upon effectiveness of the Scheme, if any part of the Demerged Undertaking is not transferred to the Resulting Company, the Demerged Company, shall take such actions as may be reasonably required to ensure that such part of the Demerged Undertaking is transferred to the Resulting Company promptly and for no further consideration.





- 12.3 Further, no part of the Remaining Business shall be transferred to the Resulting Company pursuant to the demerger. If any part of the Remaining Business is inadvertently held by the Resulting Company after the Effective Date, the Resulting Company shall take such actions as may be reasonably required to ensure that such part of the Remaining Business is transferred back to the Demerged Company, promptly and for no consideration.

**13. AMENDMENT TO ARTICLES OF THE ASSOCIATION OF THE RESULTING COMPANY**

- 13.1 The articles of association of Resulting Company if required shall stand amended and restated to comply with the provisions required for listed company, if any.
- 13.2 The amendments pursuant to this clause shall become operative upon the effectiveness of the scheme by virtue of the fact that the shareholders of Resulting Company while approving the Scheme have approved and accorded the relevant consent as required under the Act for amendment of Articles of Association of Resulting Company and the Resulting Company shall not be required to pass separate resolution under section 14 or any other applicable provisions of the Act.

**14. SAVING OF CONCLUDED TRANSACTIONS**

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

**15. VALIDITY OF EXISTING RESOLUTIONS, ETC.**

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

**16. WRONG POCKET ASSETS**

No part of the Demerged Undertaking shall be retained by the Demerged Company after the Effective Date pursuant to this Scheme. If any part of any of the Demerged Undertaking is inadvertently not transferred to the Resulting Company on the Effective Date pursuant to this Scheme, the Demerged Company, shall take such actions as may be reasonably required to ensure their such part of the relevant Demerge Undertaking, as the case may be its transferred to the Resulting Company promptly and for no further consideration and without any Tax implications. The Demerged Company shall bear all costs and expenses as may be required by to be incurred by each of the Demerged company or the Resulting Company for giving effect to the Clause.





- 16.1 No part of the Remaining Business of the Demerged Company shall be transferred to the Resulting Company pursuant to this Scheme. If any part of the Remaining Business of the Demerged Company is inadvertently held by the Resulting Company after the Effective Date, the Resulting Company shall take such actions as may be reasonably required to ensure that such part of the Remaining Business of the Demerged Company is transferred back to the Demerged Company promptly and for no consideration and without any Tax implications. The Resulting Company shall bear all costs and expenses as may be required to be incurred by each of the Demerged Company or the Resulting Company for giving effect to this Scheme.
- 16.2 If the Demerged Company realise that any amount after the Effective Date that form part of the Demerged Undertaking, it shall immediately make payment of such amounts to the Resulting Company. It is clarified that all the receivables relating to the Demerged Undertaking, for the period prior to the Effective Date but received after the Effective Date, relate to the Demerged Undertaking and shall be paid to the Resulting Company for no additional consideration and without any Tax implications. If the Resulting Company realises any amount after the Effective Date that pertains to the Remaining Business of the Demerged Company, the Resulting Company shall immediately pay such amounts to the Demerged Company. Similarly, if the Demerged Company discharges any Demerged Liability after the Effective Date, the Resulting Company shall make payment of such amounts to the Demerged Company.

## 17. FACILITATION PROVISIONS

- 17.1 Immediately upon the Scheme being effective, the Demerged Company and the Resulting Company shall enter into necessary arrangements including brand licensing agreements, sub-contracting agreements, sub-licensing agreements and shared services agreements, as may be necessary, inter alia in relation to use by the Resulting Company of brands pertaining to the Demerged Undertaking, infrastructure facilities, information technology services, employee/ staff, tax, audit, finance, secretarial, human resource service, security personnel, legal, administrative and other services, etc. of the Demerged Company, and so as to give full effect to the provisions of this Scheme, each, on such terms and conditions that may be agreed between the Parties.
- 17.2 Immediately upon the Scheme being effective, all brands, trademarks, logos, trade and corporate name and such intellectual property rights common to the Demerged Undertaking and the Remaining Business, shall be made available by the Demerged Company for the use of the Resulting Company, for such period as may be mutually decided by the Boards of the Demerged Company and the Resulting Company, without any charges/ fees/ levies/ costs.
- 17.3 The transactions of sale and purchase of products between the Demerged Company and the Resulting Company from the Appointed Date and until the Effective Date, shall be recorded on an arm's length basis in their respective books of accounts.
- 17.4 It is clarified that approval of the Scheme by the shareholders of the Parties under Sections 230 to 232 of the Act shall be deemed to have their approval under Section 188 and other applicable provisions of the Act and Regulation 23 and other applicable regulations of SEBI LODR Regulations and that no separate approval of the Board or audit committee or shareholders shall be required to be sought by the Parties.
- 17.5 It is clarified that all guarantees provided by the Demerged Company in respect of the Demerged Undertaking shall be valid and subsisting till adequate arrangements / guarantees have been provided in respect of the same by the Resulting Company.





**18. DIVIDENDS**

- 18.1 Any declaration or payment of dividend or other distribution of capital or income by the Demerged Company and/ or the Resulting Company shall be consistent with their respective past practices in this context.
- 18.2 It is clarified that the aforesaid provisions in respect of declaration of dividends (whether interim or final) are enabling provisions only and shall not be deemed to confer any right on any shareholder of the Demerged Company and the Resulting Company to demand or claim or be entitled to any dividends which, subject to the provisions of the said Act, shall be entirely at the discretion of the respective Boards of Parties, and subject to approval, if required, of their respective shareholders.

**19. BUSINESS UNTIL THE EFFECTIVE DATE**

- 19.1 With effect from the date of approval of the Scheme by the respective Boards of the Parties and up to and including the Effective Date:
- 19.1.1 The Demerged Company shall, with respect to the Demerged Undertaking, carry on its businesses with reasonable diligence and business prudence and in the same manner as the Demerged Company and the Resulting Company had been doing hitherto; and
- 19.1.2 The Demerged Company shall, with respect to the Demerged Undertaking shall be entitled, pending the sanction of the Scheme, to apply to the Appropriate Authorities concerned as necessary under the Applicable Law for such consents, approvals and sanctions which the Resulting Company may require to carry on the relevant business of the Demerged Company and to give effect to the Scheme.
- 19.2 With effect from the Appointed Date and up to and including the Effective Date:
- 19.2.1 The Demerged Company with respect to the Demerged Undertaking shall be deemed to have been carrying on and shall carry on its business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of the assets for and on account of, and in trust for the Resulting Company;
- 19.2.2 All profits or income arising or accruing to the Demerged Company with respect to the Demerged Undertaking and all Taxes paid thereon (including but not limited to advance tax, tax deducted or collected at source, minimum alternate tax, dividend distribution tax, securities transaction tax, taxes withheld/ paid in a foreign country, etc.) or losses arising or incurred by the Demerged Company with respect to the Demerged Undertaking shall, for all purposes, be treated as and deemed to be the profits or income, Taxes or losses, as the case may be, of the Resulting Company; and
- 19.2.3 All loans raised and all liabilities and obligations incurred by the Demerged Company with respect to the Demerged Undertaking, shall, subject to the terms of this Scheme, be deemed to have been raised, used or incurred for and on behalf of the Resulting Company and to the extent they are outstanding on the Effective Date, shall also, without any further act or deed be and be deemed to become the debts, liabilities, duties and obligations of the Resulting Company.





- 19.3 For the purpose of giving effect to the order passed under Sections 230 to 232 read with Section 52, Section 66 and other applicable provisions of the Act in respect of this Scheme by the Tribunal, the Resulting Company shall, at any time pursuant to the orders approving this Scheme, be entitled to get the recordal of the change in the legal right(s) upon the demerger of the Demerged Undertaking, in accordance with the provisions of Sections 230 to 232 read with Section 52 and Section 66 of the Act. The Resulting Company shall always be deemed to have been authorized to execute any pleadings, applications, forms, etc, as may be required to remove any difficulties and facilitate and carry out any formalities or compliances as are necessary for the implementation of this Scheme. For the purpose of giving effect to the vesting order passed under Section 232 of the Act in respect of this Scheme, the Resulting Company shall be entitled to exercise all rights and privileges, and be liable to pay all taxes and charges and fulfil all its obligations, in relation to or applicable to all immovable properties, including mutation and/or substitution of the ownership or the title to, or interest in the immovable properties which shall be made and duly recorded by the Appropriate Authority(ies) in favour of the Resulting Company pursuant to the sanction of the Scheme by the Tribunal and upon the effectiveness of this Scheme in accordance with the terms thereof, without any further act or deed to be done or executed by the Resulting Company. It is clarified that the Resulting Company shall be entitled to engage in such correspondence and make such representations, as may be necessary, for the purposes of the aforesaid mutation and/or substitution.

## **20. PROPERTY IN TRUST**

Notwithstanding anything contained in this Scheme, on or after the Effective Date, as the case may be, until any property, asset, license, approval, permission, contract, agreement and rights and benefits arising therefrom pertaining to the Demerged Undertaking is transferred, vested, recorded, effected and/ or perfected, in the records of any Appropriate Authority, regulatory bodies or otherwise, in favour of the Resulting Company, the Resulting Company is deemed to be authorized to enjoy the property, asset or the rights and benefits arising from the license, approval, permission, contract or agreement as if it were the owner of the property or asset or as if it were the original party to the license, approval, permission, contract or agreement. It is clarified that till entry is made in the records of the Appropriate Authorities and till such time as may be mutually agreed by the Parties, the Demerged Company will continue to hold the property and/or the asset, license, permission, approval, contract or agreement and rights and benefits arising therefrom, in trust for and on behalf of the Resulting Company.

## **21. APPLICATIONS/ PETITIONS TO THE TRIBUNAL**

The Parties shall make and file all applications and petitions under Sections 230 to 232 read with Section 52, Section 66 and other applicable provisions of the Act before the Tribunal, for sanction of this Scheme under the provisions of the Act.

## **22. MODIFICATION OR AMENDMENTS TO THIS SCHEME**

- 22.1 The Boards of the Parties may make any modifications or amendments to this Scheme at any time and for any reason whatsoever, or which may otherwise be considered necessary, desirable or appropriate.
- 22.2 The Boards of the Parties may consent to any conditions or limitations that the Tribunal or any other Appropriate Authority may impose.
- 22.3 For the purposes of giving effect to this Scheme or to any modification hereof, the Board of the Parties, acting jointly or individually, as may be relevant, give such directions including directions for





settling any question or difficulty that may arise and such directions shall be binding on all the Parties as if the same were specifically incorporated in this Scheme.

### **23. CONDITIONS PRECEDENT**

23.1 Unless otherwise decided (or waived) by Parties, the Scheme is conditional upon and subject to the following conditions precedent:

23.1.1 approval of the Scheme by the requisite majority of each class of shareholders and/ or creditors of the Parties, if any, as applicable or as may be required under the Act and as may be directed by the Tribunal; Further, the Demerged Company complying with the provisions of E-voting as per SEBI Circular, as applicable by obtaining approval of shareholders through E-voting. It is clarified that the provisions of Paragraph A.10(b) of Part I of the SEBI Circular in relation to obtaining approval of majority of public shareholders of the Demerged Company is not applicable to this Scheme.

23.1.2 the sanctions and orders of the Tribunal, under Sections 230 to 232 read with Section 52 and Section 66 of the Act being obtained by the Parties;

23.1.3 certified/ authenticated copies of the orders of the Tribunal, sanctioning the Scheme, being filed with the RoC; and

23.1.4 the requisite consent, approval or permission of Appropriate Authority or any other person which by the Applicable Law or contract, agreement may be necessary for the implementation of this Scheme.

23.2 It is hereby clarified that submission of this Scheme to the Tribunal and to the Appropriate Authorities for their respective approvals is without prejudice to all rights, interests, title, or defences that Parties may have under or pursuant to all Applicable Law(s).

23.3 On the approval of this Scheme by the shareholders of the Parties and/ or creditors of the Parties, if any, pursuant to Clause 23.1.1, such shareholders and creditors shall also be deemed to have resolved and accorded all relevant consents under the Act or SEBI LODR regulations or otherwise to the same extent applicable in relation to the Scheme.

### **24. WITHDRAWAL OF THIS SCHEME AND SEVERABILITY**

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

24.2 In the event of withdrawal of the Scheme under Clause 24.1 above, no rights and liabilities whatsoever shall accrue to or be incurred *inter se* the Parties or their respective shareholders or creditors or employees or any other Person.

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

24.4 In the event of revocation/ withdrawal of the Scheme under Clause 24.1 or Clause 24.2 above, no





rights and liabilities whatsoever shall accrue to or be incurred *inter se* the Parties or their respective shareholders or creditors or employees or any other Person, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or in accordance with the Applicable Law and in such case, each Party shall bear its own costs, unless otherwise mutually agreed.

- 24.5 Further, it is the intention of the Parties that each part shall be severable from the remainder of this Scheme and the Scheme shall not be affected if any part of this Scheme is found to be unworkable for any reason whatsoever unless the deletion of such part shall cause this Scheme to become materially adverse to any Party, in which case the Parties shall attempt to bring about a modification in this Scheme or cause such part to be null and void, including but not limited to such part.

**25. COSTS AND EXPENSES**

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



**For PRIMA PLASTICS LTD.**

*Aurpaeech*  
**Director**



**For PRIMA INNOVATION LIMITED**

*P.B. Tarekh*  
**Director**



## Annexure A

### Immovable Properties under Roto business:

#### 1. Daman Property

- **Address:** Survey No. 85/1, 85/2 & 86/1- Kadaiya, Daman, Tal. & Dist.: Daman (U.T. of Daman & Diu) - 396210.
- **Type of property:** Industrial
- **No. of Stories / Situated on:** Basement + Gr. Floor + 1 Upper floors only on Freehold Land

#### 2. MP Property

- **Address:** Plot No. 65, Industrial Area Sector – III, Pithampur, District Dhar, Madhya Pradesh – 454 775
- **Type of property:** Industrial
- **No. of Stories / Situated on:** Ground Floor Only on leasehold land



For PRIMA PLASTICS LTD.

*Aurpae Ch*  
Director



For PRIMA INNOVATION LIMITED

*P.B. Tarekh*  
Director