DRAFT SCHEME OF AMALGAMATION

OF

T.C. SPINNERS PRIVATE LIMITED

WITH

SATIA INDUSTRIES LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

Satia Industries Ltd.
Rupana
(Muktsar)
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PREAMBLE AND RATIONALE

(A) T.C. Spinners Pvt. Ltd. ("TCSPL" or "Transferor Company") was incorporated on 22nd September, 2006 vide Certificate of Incorporation issued by the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh. The registered office of the Company is at Chandigarh-Ambala Highway, Lalru, Punjab.

T. C. Spinners Pvt. Ltd. has purchased the assets of M/s Euro Cotspin Ltd. Lalru from M/s A.V. Cottex Ltd., which has entered into an agreement with lending Banks/FIs for settlement of the dues of M/s Euro Cotspin Ltd., at a price of Rs. 29.00 crores as per offer letter dated 13.06.2006 of PNB Chandigarh, acting as leader of the Consortium, comprising IDBI, Punjab & Sind Bank, SBOP and Canara Bank where M/s T. C. Spinners Pvt. Ltd. was accepted as nominee of M/s A.V. Cottex Pvt. Limited.

The installed capacity of Transferor Company is : (1) Spindles 28032 (2) OE Spindles: 480 rotors, and (3) Sewing Thread Production capacity : 1650 kg/ day. For the year ending 31st March, 2016 turnover was Rs. 156.81 crores and profit after tax of Rs. 1.24 crores.

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(B) Satia Industries Ltd. ("SIL" or "Transferee Company") is a Company incorporated under the Companies Act 1956, having its registered office at Malout- Muktsar Road, Village Rupana -152032, District Muktsar, Punjab. The Transferee Company was incorporated under the name of M/s Satia Paper Mills Ltd. on 26.11.1980 and certificate for commencement of business was issued on 03.01.1981 by the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh. The name of the Company was subsequently changed to Satia Industries Ltd. and a fresh certificate of incorporation (consequent upon change of name) was issued by the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh on 11.08.2008. The Transferee Company has set up an integrated Paper Mill with its own pulping facilities based on Agro- residue and the commercial production was started in August, 1984. The SIL has started with the production capacity of 4950 tpa and today the installed capacity is 75000 tpa. The Company is manufacturing writing and printing paper and has also installed Turbine for generating power and is meeting 90% of requirement of power from own resources. The Company has also installed Unbleached Pulping and Chemical Recovery Plant. The works of the Company are located at Village Rupana, District Muktsar, Punjab. It is a Public Limited Company and shares are listed on the Bombay Stock Exchange Limited. For the year ending 31st March, 2016

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turnover was Rs. 450.09 crores and profit after tax of Rs.13.12 crores.

(C) The Scheme of Amalgamation has been formulated and presented under Sections 230 to 232 and other relevant provisions of the Companies Act, 2013 and the rules made thereunder.

(D) The Transferor Company and the Transferee Company belong to the same Group. With a view to rationalize and consolidate the business activities, the Board of Directors of the Transferor Company and the Transferee Company have decided to amalgamate the Transferor Company with the Transferee Company in order to ensure better management of the Company as a single entity. The Board of Directors of the Transferor Company and the Transferee Company are of the opinion that the proposed amalgamation of the Transferor Company with the Transferee Company will be for the benefit of both the Transferor Company and the Transferee Company in the following manner :

i) There is no likelihood that the interest of any shareholder or creditor of either the Transferor Company or the Transferee Company would be prejudiced as a result of the Scheme. The Amalgamation will not impose any additional burden on the members of the Transferor Company or the Transferee Company.

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ii) By this amalgamation, it is expected that the administrative and operational costs will be considerably reduced and the Transferee Company will be able to operate and run the business/operations more effectively and economically resulting in better turnover and profits.

iii) It is expected that the proposed Scheme of Amalgamation will benefit the Transferee Company in the usual economies of a centralized and a big company including elimination of duplication of work, reduction in overheads, better and more productive utilization of human and other resources and enhancement of overall business efficiency for the Transferee Company post amalgamation. It will help the Transferee Company to use the combined managerial and operating strength, to build a wider capital and financial base and to promote and secure overall growth of the business, thereby it will make available to the Transferee Company, the benefit of technical and marketing expertise of both the companies.

iv) The said Scheme of Amalgamation will contribute in fulfilling and furthering the objects of these companies. It will strengthen, consolidate and stabilize the business of these companies and will facilitate further expansion and growth of their business.

v) The Transferee Company will have the benefit of the combined assets, cash flows and man-power of both the companies. These

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combined resources will enhance its capability to expand and improve its efficiency of operations.

PART I -- GENERAL

1. **DEFINITIONS**

In this Scheme, unless inconsistent with the subject or context, the following shall have the meanings as provided herein :

1.1 "**Act" or "the Act"** means the Companies Act, 2013 including any statutory modifications, re-enactments or rules thereof from time to time.

1.2 **" Appointed Date**" means the date from which this Scheme shall become operative viz. 1st April, 2016 or such other date as may be fixed or approved by the Competent Authority.

1.3 "**Board of Directors**" **or "Board"** means the Board of Directors of the Transferor Company or the Transferee Company, as the case may be, and shall include a duly constituted Committee thereof.

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1.4 **"BSE Limited"** means Bombay Stock Exchange Limited, the designated stock exchange of the Transferee Company.

1.5 "**Competent Authority"** means the National Company Law Tribunal ("NCLT") as constituted and authorized as per the provisions of the Companies Act, 2013 for approving the scheme of amalgamation, arrangement, compromise or reconstruction of companies under the relevant provisions of the Act.

1.6 **"Effective Date"** means the date or last of the dates on which the certified copy of Order of Competent Authority, sanctioning the Scheme is filed with the Registrar of Companies, Punjab and Chandigarh by the Transferor Company and the Transferee Company.

1.7 " **IT Act"** means the Income Tax Act, 1961 and shall include any statutory modifications, re-enactment or amendments thereof for the time being in force.

1.8 **"Record Date**" means in respect of amalgamation, the date to be fixed by the Board of Directors of the Transferee Company for the purpose of issue and allotment of equity shares of the Transferee Company to the equity shareholders of the Transferor Company.

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1.9 **"Scheme of Amalgamation"** or "**Scheme" or "The Scheme**" **or "This Scheme "** **m**eans this Scheme of Amalgamation in its present form or with any modification(s) approved or imposed by the Board of Directors of the Transferor Company and the Transferee Company or by the shareholders or creditors and/or directed by the Competent Authority or any other appropriate authority.

1.10 **" Transferor Company "** means T.C. Spinners Private Ltd., a company incorporated under the Companies Act, 1956 and having its registered office at Chandigarh Ambala Highway, Lalru, Punjab.

1.11 " **Transferee Company"** means Satia Industries Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Malout –Muktsar Road, Village Rupana -152032, Distt. Muktsar , Punjab.

1.12 "**Undertaking"** shall mean the entire business and the whole of the undertaking of the Transferor Company, as a going concern, all its assets, rights, licenses, approvals and powers and all its debts, outstandings, liabilities, duties, obligations and employees etc. as on the Appointed Date.

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1.13 All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning as ascribed to them under the Act and other applicable laws, rules, regulations and byelaws as the case may be, including any statutory modification or re-enactment thereof from time to time.

2. SHARE CAPITAL

2.1 Transferor Company

The share capital of the Transferor Company as on March 31,2016 is as set out below :

Particulars	Amount in Rupees
Authorized Capital	
2,50,00,000 Equity Shares of Rs 10/- each	25,00,00,000
Total	25,00,00,000
Issued, Subscribed and Paid-Up	
2,26,02,450 Equity Shares of Rs. 10/- each	22,60,24,500
Total	22,60,24,500

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

2.2 Transferee Company

The share capital of the Transferee Company as on March 31,2016 is as set out below :

Particulars	Amount in Rupees
Authorized Capital	
2,20,00,000 Equity Shares of Rs 10/- each	22,00,00,000
Total	22,00,00,000
Issued, Subscribed and Paid –Up	
1,00,00,000 Equity Shares of Rs 10/- each	10,00,00,000
Total	10,00,00,000

Shares of SIL are listed on Bombay Stock Exchange Limited.

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

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PART II – TRANSFER AND VESTING

3. TRANSFER OF UNDERTAKING

3.1 The Undertaking shall be transferred to and vested in or be deemed to be transferred to and vested in the Transferee Company in the following manner :

(a) With effect from the Appointed Date, the whole of the Undertaking of the Transferor Company comprising their entire business, all assets and liabilities of whatsoever nature and wheresoever situated, including the immovable properties shall under the provisions of Sections 230 to 232 and all other applicable provisions, if any, of the Act, without any further act or deed (save as provided in sub-clauses (b), (c) and (d) below), be transferred to and vested in and/or be deemed to have been transferred and vested in the Transferee Company as a going concern so as to become, as from the Appointed Date, the Undertaking of the Transferee Company and to vest in the Transferee Company all the rights, title, interest or obligations of the Transferor Company therein.

Provided that for the purpose of giving effect to the vesting order passed under Sections 230 to 232 of the Act in respect of this Scheme, the Transferee Company

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shall at any time pursuant to the orders on this Scheme be entitled to get the recordal of the change in the title and the appurtenant legal right(s) upon the vesting of such assets of the Transferor Company in accordance with the provisions of Sections 230 to 232 of the Act, at the office of the respective Registrar of Assurances or any other concerned authority, where any such property is situated.

(b) All movable assets including cash in hand, if any, of the Transferor Company, capable of passing by manual delivery or by endorsement and delivery, shall be so delivered or endorsed and delivered, as the case may be, to the Transferee Company. Such delivery shall be made on a date mutually agreed upon between the Board of Directors of the Transferor Company and the Transferee Company.

(c) In respect of movables other than those specified in sub-clause (b) above, including sundry debtors, receivables, bills, credits, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposits, if any, with Government, quasi-Government, local and other authorities and bodies, customers and other persons, the following modus operandi for intimating third parties shall, to the extent, possible be followed:

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(i) The Transferee Company shall give notice in such form as it may deem fit and proper, to each person, debtor, loanee or depositee as the case may be, that pursuant to the Competent Authority having sanctioned the Scheme, the said debts, loans, advances, bank balances or deposits be paid or made good or held on account of the Transferee Company as the person entitled thereto to the end and intent that the right of the Transferor Company to recover or realize the same stands extinguished and that appropriate entry should be passed in its books to record the aforesaid change;

(ii) The Transferor Company shall also give notice in such form as it may deem fit and proper to each person, debtor, loanee or depositee that pursuant to the Competent Authority having sanctioned the Scheme the said debt, loan, advance or deposit be paid or made good or held on account of the Transferee Company and that the right of the Transferor Company to recover or realize the same stands extinguished.

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(iii) In relation to the assets, if any, belonging to the Transferor Company the Transferee Company will execute necessary documents, as and when required.

(d) With effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature, description, whether or not provided for in the books of accounts and whether disclosed or undisclosed in the balance sheet of the Transferor Company shall also, under the provisions of Section 230 read with Section 232 of the Act, without any further act or deed be transferred to or be deemed to be transferred to the Transferee Company so as to become as from the Appointed Date the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of this sub-clause. However, the Transferee Company may, at any time, after the coming into effect of this Scheme in accordance hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of the secured creditors of the Transferor Company or in favour of any other party to the contract or arrangement to which the Transferor Company are a party or any writing, as may

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be necessary, in order to give formal effect to the above provisions. The Transferee Company shall under the provisions of the Scheme be deemed to be authorized to execute any such writings on behalf of the Transferor Company as well as to implement and carry out all such formalities and compliances referred to above.

(e) The transfer and vesting of the Undertaking of the Transferor Company as aforesaid shall be subject to the existing securities, charges and mortgages, if any subsisting, over or in respect of the property and assets or any part thereof of the Transferor Company.

Provided however that any reference in any security documents or arrangements (to which the Transferor Company is a party) pertaining to the assets of the Transferor Company offered, or agreed to be offered, as security for any financial assistance or obligations, shall be construed as reference only to the assets pertaining to the Undertaking of the Transferor Company as are vested in the Transferee Company by virtue of the aforesaid clauses, to the end and intent that, such security, charge and mortgage shall not extend or be deemed to extend, to any of the other assets of the Transferor Company or any of the assets of the Transferee Company.

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Provided further that the securities, charges and mortgages (if any subsisting) over and in respect of the assets or any part thereof of the Transferor Company shall continue with respect to such assets or part thereof and this Scheme shall not operate to enlarge such securities, charges or mortgages to the end and intent that such securities, charges and mortgages shall not extend or be deemed to extend, to any other assets of the Transferor Company vested in the Transferee Company.

Provided always that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by the Transferor Company which shall vest in the Transferee Company by virtue of the Amalgamation of the Transferor Company with the Transferee Company and the Transferee Company shall not be obliged to create any further or additional security therefore, after the Amalgamation has become operative.

(f) With effect from the Appointed Date and upon the Scheme becoming effective, all permits, quotas, rights, entitlements, licenses (including software licenses), accreditations to trade and industrial bodies, privileges, powers, facilities, incentives, subsidies, rehabilitation schemes, special status and other benefits or privileges (granted by any Government body, local authority or by any other

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person) of every kind and description of whatsoever nature in relation to the Transferor Company, or to the benefit of which the Transferor Company may be eligible, or having effect immediately before the Effective Date, shall be, and remain in, full force and effect in favour of the Transferee Company, and may be enforced fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a beneficiary thereto.

(g) Loans or other obligations, if any, due between or amongst the Transferor Company and the Transferee Company shall stand discharged and there shall be no liability in that behalf. In so far as any shares, securities, debentures issued by the Transferor Company and held by the Transferee Company and vice versa (as may be applicable), the same shall, unless sold or transferred by the said Transferor Company or the Transferee Company, as the case may be, at any time prior to the Effective Date, stand cancelled as on the Effective Date, and shall have no effect and the Transferor Company or the Transferee Company, as the case may be, shall have no further obligation outstanding in that behalf.

(h) Where any of the liabilities and obligations/assets attributed to the Transferor Company on the Appointed Date has been discharged/sold by the Transferor Company after the Appointed Date and prior to the Effective Date, such

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discharge/sale shall be deemed to have been for and on behalf of the Transferee Company.

(i) From the Effective Date and till such time that the names of the bank accounts of the Transferor Company are replaced with that of the Transferee Company, the Transferee Company shall be entitled to operate the bank accounts of the Transferor Company, in its name, in so far as may be necessary.

(j) Entire business of Transferor Company including all its properties and assets (whether moveable or immoveable, tangible or intangible) of whatsoever nature, permits, quotas, approvals, lease, tenancy rights, permissions, incentives, Minimum Alternate Tax ("MAT") Credits, if any, including but not limited to other licenses issued by any Government Authorities or statutory body, and all other rights, title, interest, contracts, consent, approvals or powers of every kind or nature and descriptions whatsoever shall under the provisions of Sections 230 to 232 of the Act and pursuant to the orders of the Competent Authority sanctioning this Scheme and without further act, instrument or deed, but subject to the charges affecting the same as on the Effective Date be transferred and /or deemed to be transferred to and vested in Transferee Company so as to become the properties and assets of Transferee Company.

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3.2 The transfer and vesting as aforesaid shall be subject to the existing charges/ hypothecation/mortgages, if any, as may be subsisting and agreed to be created over or in respect of the said assets or any part thereof, provided however, any reference in any security documents or arrangements to which Transferor Company is a part wherein the assets of Transferor Company have been or are offered or agreed to be offered as security for any financial assistance or obligations shall be construed as reference only to the assets pertaining to Transferor Company and vested in Transferee Company by virtue of this Scheme to the end and intent that the charges shall not extend or deemed to extend to any assets of the Transferee Company. Provided that the Scheme shall not operate to enlarge the security for the said liabilities of the Transferor Company which shall vest in Transferee Company by virtue of the Scheme and Transferee Company shall not be obliged to create any further, or additional security thereof after the amalgamation has become effective or otherwise. The transfer/vesting of the assets of Transferor Company as aforesaid shall be subject to the existing charges / hypothecation / mortgages over or in respect of the assets or any part thereof of the Transferor Company.

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3.3 All the moveable assets of the Transferor Company or assets otherwise capable of transfer by manual delivery or by endorsement and delivery, including cash in hand, shall be physically handed over by manual delivery or endorsement and delivery, to the Transferee Company to the end and intent that the property therein passes to the Transferee Company on such manual delivery or endorsement and delivery, without requiring any deed or instrument of conveyance for the same and shall become the property of the Transferee Company accordingly.

3.4 In respect of movable assets, other than those specified in Clause 3.3 above the same shall, without further act, instrument or deed, be transferred and/or deemed to be transferred to and vested in the Transferee Company pursuant to the provisions of Sections 230 to 232 of the Act and the Transferor Company shall give notice in such form as it deems fit to such persons, that pursuant to the Order of the Competent Authority, the said assets would be paid or made good to or held on account of, the Transferee Company, and the rights of the Transferor Company will vest with the Transferee Company upon this Scheme becoming effective.

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3.5 The liabilities of the Transferor Company shall also, without any further act, instrument or deed be transferred to and vested in and assumed by and/or deemed to be transferred to and vested in and assumed by the Transferee Company pursuant to the provisions of Sections 230 to 232 of the Act, so as to become the liabilities of the Transferee Company and further that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such liabilities have arisen, in order to give effect to the provisions of this Clause.

3.6 The Transferee Company may at any time after the coming into effect of the Scheme in accordance with the provisions of the Scheme, if so required, under any law or otherwise, execute Deeds of Confirmation, in favour of the secured creditors of the Transferor Company or in favour of any other party to any contract or arrangement to which the Transferor Company is party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall under the provisions of the Scheme be deemed to be authorized to execute any such writings on behalf of the Transferor Company and to implement or carry out all such formalities or compliance referred to above on the part of the Transferor Company to be carried out or performed.

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3.7 With effect from the Appointed Date, all development rights, statutory licenses, permissions, approvals or consents to carry on the operations and business of Transferor Company shall stand vested in or transferred to the Transferee Company without any further act or deed and shall be appropriately mutated by the Statutory Authorities concerned in favor of the Transferee Company. The benefit of all statutory and regulatory permissions, environmental approvals and consents, registrations or other licenses and consents shall vest in and become available to the Transferee Company pursuant to this Scheme. In so far as the various incentives, subsidies, rehabilitation Schemes, special status and other benefits or privileges enjoyed, granted by any Government body, authority or by any other person, or availed of by the Transferor Company, are concerned, the same shall vest with and be available to the Transferee Company on the same terms and conditions.

3.8 With effect from the Effective Date, the Transferee Company shall commence and carry on and shall be authorized to carry on the business which was carried on by the Transferor Company in addition to the business of the Transferee Company.

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3.9 The Transferor Company and the Transferee Company are going concerns. The Scheme is not likely to impose any additional burden / hardship on the members of Transferor Company or the Transferee Company nor will it affect the interests of any of the classes of members / creditors of the Transferor Company and the Transferee Company.

4. **CONTRACTS, DEEDS, ETC.**

4.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, insurance, letter of intent, undertaking, arrangements, policies, agreements and other instruments, if any, of whatsoever nature pertaining to the Transferor Company, to which the Transferor Company is a party and subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of the Transferee Company, as the case may be, and may be enforced by or against the Transferee Company as fully and effectually, as as if, instead of the Transferor Company, the Transferee Company had been a party thereto.

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4.2 The Transferee Company shall enter into and/or issue and/or execute deeds, writings or conformations or enter into any tripartite arrangements, conformations or notations, to which the Transferor Company will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required or become necessary. The Transferee Company shall be deemed to be authorized to execute such deeds, writings or conformations on behalf of the Transferor Company and to implement or carry out all formalities required on the part of the Transferor Company to give effect to the provisions of this Scheme.

5 LEGAL PROCEEDINGS

5.1 If any suit, appeal or other proceeding of whatever nature by or against the Transferor Company is pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued,

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prosecuted and enforced by or against the Transferee Company, as the case may be, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company as if this Scheme had not been made.

5.2 In case of any litigation, suits, recovery proceedings which are to be initiated or may be initiated against the Transferor Company, the Transferee Company shall be made party thereto, and any payment and expenses made thereto shall be the liability of the Transferee Company. On and from the Effective Date, the Transferee Company may initiate and/or continue any proceedings which were earlier in the name of the Transferor Company.

6. TRANSFEROR COMPANY STAFF, WORKMEN AND EMPLOYEES

6.1 On the Scheme becoming effective all the employees of the Transferor Company shall become the employees of the Transferee Company, without any break or interruption in their service, on same terms and conditions on which they are engaged as on the Effective Date. The Transferee Company further agrees that for the purpose of payment of any retirement benefit/compensation, such

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immediate uninterrupted past services with the Transferor Company, shall also be taken into account. Transferee Company undertakes to continue to abide by the terms of agreement/ settlement entered into by the Transferor Company, with employees of the Transferor Company.

6.2 The accounts/funds of the employees whose services are transferred under Clause 6.1 above, relating to superannuation, provident fund and gratuity fund shall be identified, determined and transferred to the respective Trusts/Funds of the Transferee Company and such employees shall be deemed to have become members of such Trusts/Funds of the Transferee Company.

7. SAVING OF CONCLUDED TRANSACTIONS

The transfer of properties and liabilities under Clause 3 above and the continuance of proceedings by or against the Transferor Company under Clause 5 above shall not affect any transaction or proceeding already concluded by the Transferor Company on and after the Appointed Date till the Effective Date, to the end and intent that the Transferor Company in respect thereto has done and executed on behalf of the Transferee Company.

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8. CONDUCT OF BUSINESS OF TRANSFEROR COMPANY TILL EFFECTIVE DATE

During the period between the date of filing of the Scheme with the Competent Authority and the Effective Date :

8.1 The Transferor Company shall be deemed to have been carrying on and shall carry on its business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its properties and assets pertaining to the business and undertaking of the Transferor company for and on account of and in trust for the Transferee Company. The Transferor Company hereby undertakes to hold its said assets with utmost prudence until the Effective Date.

8.2 The Transferor Company shall carry on its business and activities with reasonable diligence, business prudence and shall not, except in the ordinary course of business or without prior written consent of the Transferee Company alienate, charge, mortgage, encumber or otherwise deal with or dispose of the business or part thereof of the Transferor Company.

8.3 All the profits or income accruing or arising to the Transferor Company or expenditure or losses arising or incurred or suffered by the Transferor Company

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pertaining to the business of the Transferor company shall for all purposes be treated and be deemed to be and accrue as the income or profits or losses or expenditure as the case may be of the Transferee Company.

8.4 The Transferor Company shall not vary the terms and conditions of employment of any of the employees except in the ordinary course of business or without the prior consent of the Transferee Company or pursuant to any pre-existing obligation undertaken by the Transferor Company as the case may be, prior to the Appointed Date.

8.5 The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to the Central/State Government, and all other agencies, departments and authorities concerned as are necessary under any law or rules, for such consents, approvals and sanctions, which the Transferee Company, may require pursuant to this Scheme.

8.6 The Transferor Company shall not, without the prior consent of the Board of Directors of the Transferee Company, undertake any new business or a substantial expansion of their existing business.

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8.7 The Transferor Company shall not make change in their capital structure (paid-up capital), other than changes pursuant to any prior commitments, obligations or arrangements or acts and deeds already made except by mutual consent of the Board of Directors of the Transferee Company.

9. AMENDMENT TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE TRANSFEREE COMPANY

Increase in Authorised Share Capital

9.1 Upon the Scheme becoming fully effective, the authorized share capital of the Transferor Company shall stand combined with the authorized share capital of the Transferee Company without any further act, instrument or deed.

Registration/filing fees and stamp duty, if any, paid by the Transferor Company on their authorized share capital, shall be deemed to have been so paid by the Transferee Company on the combined authorized share capital and accordingly, the Transferee Company shall not be required to pay any additional registration fee/filing fee/stamp duty for its increased authorized share capital.

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9.2 Clause V of the Memorandum of Association of the Transferee Company shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to the applicable provisions of the Act by deleting the existing Clause and replacing it by the following :

V. The authorized share capital of the Company is Rs. 47,00,00,000 (Rupees Fortyseven Crores only) consisting of 4,70,00,000 Equity Shares of Rs. 10/- each with powers to increase and reduce the capital, to attach thereto respectively such preference shares either subject to or free from income tax as may be determined in accordance with the regulations of the Company, to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company.

9.3 Upon the accepted principle of single window clearance, it is hereby provided that the amendment in clauses 9.2 shall become operative on the Scheme being effective by virtue of the fact that the shareholders of the Transferee Company, while approving the Scheme as a whole, have approved and accorded the

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relevant consents as required under the Act and shall not be required to pass separate resolutions as required under the Act.

The approval of this Scheme under Sections 230 to 232of the Act shall be deemed to have the approval under the applicable provisions of the Act and any other consents and approvals required in this regard.

10. ISSUE OF SHARES BY THE TRANSFEREE COMPANY TO THE EQUITY SHAREHOLDERS OF THE TRANSFEROR COMPANY

10.1 Upon this Scheme becoming effective, the Transferee Company shall without any further act or deed, issue and allot to every member of the Transferor Company, Equity Shares in the Transferee Company, on a date to be fixed by the Board of Directors of the Transferee Company ,in the following manner:

" one hundred " Equity Shares of Rs.10/-each in the Transferee Company credited as fully paid up ('New Equity Shares of the Transferee

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Company in lieu of Transferor Company shares') for every "two hundred and eightysix " Equity Shares of Rs.10/- each fully paid up and held by such member in the Transferor Company.

10.2 The equity shares to be issued to the shareholders of the Transferor Company under Clause 10.1 shall be subject to the Memorandum and Articles of Association of Satia Industries Limited and shall rank pari-passu with the existing equity shares of Satia Industries Ltd in all respects including dividend.

10.3 Upon equity shares being issued and allotted by Satia Industries Ltd. to the shareholders of Transferor Company, in accordance with Clause 10.1, the share certificates in relation to the shares held by the said shareholders in Transferor Company shall be deemed to have been cancelled and extinguished and be of no effect on and from such issue and allotment.

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10.4 Satia Industries Ltd. shall, if and to the extent required, apply for and obtain any approvals from the concerned regulatory authorities for the issue and allotment of equity shares to the members of Transferor Company under the Scheme.

10.5 The issue and allotment of equity shares to the shareholders of Transferor Company, as provided in this Scheme, shall be deemed to be made in compliance with the procedure laid down under Section 62 and any other provisions of the Act.

10.6 In respect of fractional entitlements, if any, by Transferee Company, to the the equity shareholders of Transferor Company at the time of issue and allotment of Transferee Company's Equity Shares under Clause 10.1, the Board of Directors of Transferee Company shall consolidate all fractional entitlements, and allot Transferee Company's Equity Shares in lieu thereof to a Director or such other authorized representative(s) as the Board of Directors of Transferee Company shall appoint in this behalf, who shall hold the

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Transferee Company's Equity Shares issued in Transferee Company, in trust on behalf of the equity shareholders entitled to fractional entitlements with the express understanding that such Director(s) or other authorized representative(s) shall sell the same in the market at such time or times and at such price or prices and to such person or persons, as he/they may deem fit, and pay to Transferee Company, the net sale proceeds thereof, whereupon Transferee Company shall distribute such net proceeds (after deduction of applicable taxes), to the equity shareholders in proportion to their respective fractional entitlements. The Board of Directors of Transferee Company, if it deems necessary, in the interest of allottees, approve such other method in this behalf as it may, in its absolute discretion, deem fit.

10.7 Satia Industries Ltd., shall, if required, increase its Authorized Share Capital in order to issue Equity Shares under this Scheme.

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10.8 The Transferee Company shall apply for listing of its equity shares on BSE Limited in terms of SEBI Circulars within 30 (thirty) days from the receipt of the order of the Competent Authority and in compliance of the SEBI Circulars. The equity shares allotted by the Transferee Company pursuant to the Scheme shall remain frozen in the depositories system till listing or trading permission is given by the BSE Limited.

10.9 Unless otherwise determined by the Board of Directors of the Transferor Company and Transferee Company or by the BSE Limited, whichever is earlier, allotment of shares under this Scheme shall be completed within 30 (thirty) days from the date of receipt of the order of the Competent Authority.

11 ACCOUNTING TREATMENT

11.1 Upon the Scheme becoming effective, the Transferor Company and the Transferee Company being under common control, the Amalgamation of the Transferor Company with the Transferee Company shall be accounted by the Transferee Company as per the "Pooling of Interest Method" provided under Appendix C of Ind AS 103, 'Business Combinations' notified under Section 133 of the Act.

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11.2 Upon the Scheme coming into effect, all the assets and liabilities of the Transferor Company shall be transferred to and vested in the Transferee Company and shall be recorded at their respective book values. No adjustment shall be made to the carrying amounts of assets and liabilities as reflected in the books of Transferor Company on the Appointed Date, to reflect fair values or recognize any new assets or liabilities including any new deferred tax assets or liabilities. All reserves of the Transferor Company are deemed to be carried forward and shall be recorded in the books of Transferee Company in the same form in which they appeared in the books of the Transferor Company as on the Appointed Date. The difference between the carrying amount in the books of the Transferee Company of its investment in the shares of the Transferor Company, which shall stand cancelled in terms of this Scheme, and the aggregate face value of such shares shall, subject to the other provisions contained herein, be adjusted against and reflected in the capital reserves of the Transferee Company.

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11.3 Upon the scheme coming into effect, the difference between the amount recorded as share capital issued by Transferee Company (Securities issued will be recorded at their nominal value) and the amount of share capital of the Transferor Company shall be transferred to capital reserve of the Transferee Company.

11.4 To the extent of and with respect to inter-corporate loans or balances between the Transferor Company and the Transferee Company, the rights and obligations shall come to an end.

11.5 In case of any differences in accounting policy between the Transferor Company and the Transferee Company, the accounting policies, as may be directed by the Board of Directors of the Transferee Company will prevail and the difference till the Appointed Date will be quantified and adjusted in the Reserves to ensure

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

11.6 Upon the scheme coming into effect, the accounts of the Transferee Company, as on the Appointed Date, shall be reconstructed with the terms of this Scheme.

12 CONSEQUENTIAL MATTERS RELATING TO TAXES

12.1 Upon the Scheme coming into effect, from the Appointed Date, all taxes/cess/duties, direct and/or indirect, payable by or on behalf of the Transferor Company, all or any refunds and claims pending with the Revenue Authorities and including the right to claim credit for CENVAT, VAT, minimum alternate tax and carry forward of accumulated losses etc., and all payments made, refunds received, claims made shall, for all purposes, be treated as the tax/cess/duties, liabilities or refunds, claims, credits and accumulated losses and

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discharge of liability of the Transferee Company in accordance with the respective legislation.

12.2 Accordingly, upon the Scheme becoming effective, the Transferee Company is expressly permitted to revise, if it becomes necessary, its Income tax returns, VAT returns, Excise & Cenvat returns, service tax returns, other tax returns, and file necessary forms to claim refunds/credits, pursuant to the provisions of this Scheme. The Transferee Company is also expressly permitted to claim refunds/ credits in respect of any transaction between Transferor Company and the Transferee Company upto the Effective Date.

12.3 This Scheme has been drawn up to comply with the definition and conditions relating to "AMALGAMATION" as specified under Section 2(1b) and Section 47 of the Income Tax Act. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Sections of the Income Tax Act, at a later date, including resulting from any amendments of law or for any other reason whatsoever, the

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Scheme shall stand modified/amended to the extent determined necessary to comply with and come within the definition and conditions relating to "AMALGAMATION" as defined in the Income Tax Act. In such an event the clauses which are inconsistent shall be modified or if the need arises be deemed to be deleted and such modification/deemed deletion shall however not affect the other parts of the Scheme.

PART III - GENERAL TERMS AND CONDITIONS

13. APPLICATION TO THE COMPETENT AUTHORITY

13.1 The Transferor Company and the Transferee Company shall with all reasonable dispatch make all necessary applications under Sections 230 to 232 of the Act and other applicable provisions of the Act to the Competent Authority for seeking approval of the Scheme.

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14. DISSOLUTION OF TRANSFEROR COMPANY

14.1 Subject to an order being made by the Competent Authority under Section 232 of the Act, the Transferor Company shall be dissolved without the process of winding up on the Scheme becoming effective in accordance with the provisions of the Act and the rules made thereunder.

14.2 The Transferee Company to carry on the business of the Transferor Company upon Scheme becoming effective. The Transferee Company will automatically start carrying on the businesses of the Transferor Company as contained in the objects clause of the Memorandum of Association of the Transferor Company and no further consent or approval is required in this regard.

15. MODIFICATIONS, AMENDMENTS TO THE SCHEME

Subject to approval of the Competent Authority, the Transferor Company and the Transferee Company by their respective Boards

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of Directors (the Board - which term shall include Committee thereof) may assent to/make and/or consent to any modifications/ amendments to this Scheme or to any conditions or limitations that the Competent Authority and/or any other Authority under law may deem fit to direct or impose, or which may otherwise be considered necessary, desirable or appropriate as a result of

subsequent events or otherwise by them (i.e. the Board). The Transferor Company and the Transferee Company by their respective Board are authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whatsoever for carrying the Scheme into effect, whether by reason of any directive or Orders of any authorities or otherwise arising out of or under or by virtue of the Scheme and/or any matter concerned or

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connected therewith.

16. DATE OF TAKING EFFECT

The Scheme set out herein in its present form or with any modification(s) or amendment(s) approved, imposed or directed by the Competent Authority shall be effective from the Appointed Date but shall be operative from the Effective Date.

17. SCHEME CONDITIONAL ON APPROVALS/SANCTIONS

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

17.1 The Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective members and/or creditors of the Transferor Company and the Transferee Company as may be directed by the Competent Authority.

17.2 The Scheme being approved by the BSE Limited under Regulations 37 of

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Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulations, 2015.

17.3 Approval of the Scheme by the members of the Transferor Company and the Transferee Company in accordance with the provisions of Securities and Exchange Board of India Circular No. CIR/CFD/CMD.16/2015 dated November 30, 2015 (as amended from time to time) to the extent considered applicable.

17.4 The sanction of the Competent Authority under Sections 230 to 232 of the Act in favour of the Transferor Company and the Transferee Company under the said provisions and to the necessary Order under Section 232 of the said Act being obtained.

17.5 Certified or authenticated copy of the Order of the Competent Authority

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sanctioning the Scheme being filed with the Registrar of Companies at Chandigarh by the Transferor Company and the Transferee Company as may be applicable.

18. EFFECT OF NON-RECEIPT OF APPROVALS/SANCTIONS

In the event of the said sanctions and approvals referred to in the preceding Clause not being obtained, the Scheme not being sanctioned by the Competent Authority or such other competent authority and/or the Order not being passed as aforesaid before 31st December 2017 or within such further period or periods as may be agreed upon between the Transferor Company and the Transferee Company by their Board of Directors (and which the Board of Directors of the Companies are hereby empowered and authorized to agree to and extend) the 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.

19. EXPENSES CONNECTED WITH THE SCHEME

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

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