

SCHEME OF ARRANGEMENT
BETWEEN
GRASIM PREMIUM FABRIC PRIVATE LIMITED
(PREVIOUSLY KNOWN AS SOKTAS INDIA PRIVATE LIMITED)
(AS THE TRANSFEROR COMPANY)
AND
GRASIM INDUSTRIES LIMITED
(AS THE TRANSFeree COMPANY)
AND
THEIR RESPECTIVE SHAREHOLDERS AND ALL CONCERNED

UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE
COMPANIES ACT, 2013 AND RULES FRAMED THEREUNDER

A. Preamble

This Scheme of Arrangement (Scheme) is presented under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and the rules and regulations made thereunder, for the amalgamation of Grasim Premium Fabric Private Limited (**Transferor Company**) with and into Grasim Industries Limited (**Transferee Company**), the consequent dissolution of the Transferor Company without winding up and matters incidental thereto.

B. Parts of the Scheme

This Scheme of Arrangement is divided into the following parts:

- Part I** - Which deals with preliminary matters, definitions of the terms used in the Scheme and sets out the objects and share capital of the Transferor Company and the Transferee Company and rationale for the Scheme
- Part II** - Which deals with the amalgamation of the Transferor Company with the Transferee Company; and
- Part III** - Which deals with the general terms and conditions applicable to this Scheme.

PART I – PRELIMINARY, DEFINITIONS AND INTERPRETATIONS

1. PRELIMINARY

- 1.1 The Transferor Company, was incorporated as Soktas India Private Limited, a private company limited by shares, on 15 February 2007 under the Companies Act, 1956 with Corporate Identification Number U24233PN2007PTC133637 and has its registered office at Plot No. T-8, Kagal Hatkanangle, Five Star MIDC, Kasba Sangaon, Taluka Kagal Kolhapur – 416 217, Maharashtra. The name of the Transferor Company was changed to Grasim Premium Fabric Private Limited on 3 May 2019 pursuant to a change of name issued by the Registrar of Companies, Pune, Maharashtra, Ministry of Corporate Affairs, Government of India,

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For Grasim Premium Fabric Pvt. Ltd.

Company Secretary



1.2 The Transferee Company, was incorporated on 25 August 1947 under the Gwalior Companies Act (1 of Samvat 1963) and is now governed by the Companies Act, 2013 with Corporate Identification Number L17124MP1947PLC000410 and has its registered office at Birlagram, Nagda, Ujjain - 456331, Madhya Pradesh.

1.3 The main objects of the Transferor Company as set out in its memorandum of association are as under:

"A. THE MAIN OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE:

To carry on the business of manufactures, producers, processors, bleachers, dyers, ginner, spinners, importers, exporters, buyers, sellers, exchangers, converters, twistors and dealers in all kinds of fabrics, textile yarn, rayon yarn, filament yarn, continuous filament rayon or artificial silk yarn, acrylic fibre, polyvinyl alcohol fibre/yarn, polypropylene fibre/yarn, polyester fibre/yarn, nylon fibre/yarn, synthetic fibre/yarn, nylon, polyester, acrylics, polypropylene, silk, linen, cotton, wool jute, hemp, tapes, ropes, coms, twines, fibres and/or threads and all kinds of cloth/fabric, textile manufactured from any one or more of the above fibres/yarn.

To carry on the business of manufacturers, producers, processors, importers, exporters, buyers, sellers and dealers in and as brokers, agents, stockiest, distributors and suppliers of all kinds of readymade garments and or clothes made from cotton, nylon, silk, polyester, acrylics, jute, wool, rayon, and any other kinds of fibers by whatever name."

1.4 The main objects of the Transferee Company as set out in its memorandum of association are as under:

"3. The objects for which the Company is established are:

(a) To carry on all or any of the following business namely: manufacturers of artificial silk fibres yarns and fabrics, other varieties of synthetic fibres, yarns fabrics such as, nylon, etc.; cotton spinners and doublers, flax, hemp and jute spinners, linen and cloth manufacturers, flax, hemp, jute and wool merchants, wool combers, worsted spinners, woolen spinners, yarn merchants, worsted stuff manufacturers, bleachers and dyers and markets of vitrol bleaching, dyeing materials and raw materials and chemicals required in the production of synthetic fibres and yarn.

(b) To purchase, comb, prepare, spin, dye and deal in artificial silk and other synthetic fibres and yarns, cotton flax, hemp, jute, wool, silk, and any fibrous substances.

(c) To weave, knit and otherwise manufacture, buy and sell and deal in artificial silk and other synthetic fibres and yarns, linen, cloth and other goods and fabrics, whether textile, felted, netted or looped.

...

(g) To manufacture and deal in all kinds of cotton, linen, silk, worsted and woollen goods and goods made of jute, hemp, flax, cellulosic fibres, metallic fibres, glass fibres, protein fibres, rubber fibres, rayons, polyesters, all kinds of synthetic polymers and other fibres or fibrous substances, natural or otherwise; to purchase cotton or all other fibrous materials either in the raw or manufactured state, to grin, comb, prepare, spin, double, twist, wind, bleach, dye, finish and do other processes, connected with or incidental to the general manufacture of the same; to manufacture and deal in all kinds of yarn and



thread including covered elastic thread and covered rubber thread from any or all of the said fibres or fibrous substances, required for any of the purposes or weaving, sewing, knitting, embroidery, tapestry, hosiery, texturizing and all other special purposes in which any or all such yarns and threads could be used, to weave or otherwise manufacture, buy and sell and deal in all kinds of fabric whether textile, filter, knitted, looped, bonded or otherwise made out of the said yarns or fibres; to manufacture and deal as a wholesaler, retailer, distributor, exporter, broker, trader, agent, franchisee etc. in all kinds of garments, dresses, hosiery etc. made from out of the said yarns, fibres and fabrics for every kind of use; to make vitriol, bleaching and dyeing materials; to operate as dyers, printers, bleachers, finishers and dressers; to purchase material for and to purchase or manufacture blocks, spools, bobbins, cones, boxes, tickets, labels, wrappers, show cards, machines, tools and other appliances required in and connected with the said business; and to trade in, deal in, sell and dispose of the articles purchased and manufactured by the Company and to carry on any other operations and activities of whatsoever kind and nature in relation or incidental to hereinabove..."

- 1.5 The Transferor Company is engaged in the business of manufacture and distribution of grey and dyed fabrics including yarn dying and dyed / bleached yarn.
- 1.6 The Transferee Company is engaged in, *inter alia*, the business of manufacture of viscose staple fiber, viscose filament yarn and textiles.
- 1.7 The Transferor Company is the wholly owned subsidiary of the Transferee Company. The Transferee Company's equity shares are listed on the BSE Limited (**BSE**) and the National Stock Exchange of India Limited (**NSE**) (collectively, **Stock Exchanges**) and its global depository receipts are listed on the Luxemburg Stock Exchange.
- 1.8 The Scheme does not affect the rights of the creditors of the Transferor Company and the Transferee Company as there will not be any reduction in amounts payable to the creditors of the Transferor Company and the Transferee Company post sanctioning of the Scheme. The Scheme also does not affect the rights of the creditors of the Transferor Company and the Transferee Company as they are financially sound, solvent and profit making as may be evidenced by their financial statements.
- 1.9 There are no proceedings / investigations pending against the Transferor Company and the Transferee Company under Sections 210 to 217, 219, 220, 223, 224, 225, 226 and 227 of the Companies Act, 2013.

2. DEFINITIONS

- 2.1 In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meanings:
 - 2.1.1 **Act** means the Companies Act, 2013 and the rules and regulations made thereunder;
 - 2.1.2 **Appointed Date** means 1 April 2019 or such other date as the Board of Directors of the Transferor Company or the Transferee Company or as the Tribunal may direct;
 - 2.1.3 **Applicable Law(s)** means central, state, provincial, local or municipal statute law, common law, ordinance, rule, regulation, order, writ, injunction, directive, judgment, decree, or policy or guideline having the force of law for the time being in the Republic of India;
 - 2.1.4 **Appropriate Authority** means any applicable central, state or local government, legislative body, regulatory, administrative or statutory authority, agency or commission or department or public or judicial body or authority, including, but not limited, to Securities and Exchange



Board of India, Stock Exchanges, Foreign Investment Promotion Board, Registrar of Companies, Competition Commission of India, National Company Law Tribunal, Insurance Regulatory and Development Authority of India, Reserve Bank of India and the High Courts;

- 2.1.5 **Board of Directors or Board** means the board of directors of the Transferee Company or the Transferor Company, as the case may be, and unless repugnant to the subject, context or meaning thereof, shall be deemed to include every committee (including any committee of directors) or any person authorized by the board of directors or by any such committee;
- 2.1.6 **BSE** means the BSE Limited;
- 2.1.7 **Effective Date or coming into effect of this Scheme or upon the Scheme becoming effective or effectiveness of the Scheme** means the date on which the certified copy of the order of the Tribunal under Sections 230 to 232 of the Act sanctioning the Scheme is filed with the Registrar of Companies, Pune;
- 2.1.8 **Encumbrance or Encumbered** means: (i) any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, title, retention, security interest or other encumbrance or interest of any kind securing, or conferring any priority of payment in respect of any obligation of any Person, including any right granted by any transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under Applicable Law; (ii) a contract to give or refrain from giving any of the foregoing; (iii) any voting agreement, interest, option, right of first offer, refusal or transfer restriction in favour of any person; and (iv) any adverse claim as to title, possession or use;
- 2.1.9 **NSE** means the National Stock Exchange of India Limited;
- 2.1.10 **Scheme** means this Scheme of Arrangement in its present form (along with any annexures, schedules, etc., annexed / attached hereto) or with any modification(s) and amendments made under Clause 20 of this Scheme from time to time and with appropriate approvals and sanctions as imposed or directed by the Tribunal or such other competent authority, as may be required under the Act, as applicable, and under all other Applicable Laws ;
- 2.1.11 **Stock Exchanges** means the BSE and the NSE;
- 2.1.12 **Transition Period** means the period starting from the date immediately after the Appointed Date and ending on the Effective Date;
- 2.1.13 **Transferee Company** means Grasim Industries Limited, (E-mail id: grasim.secretarial@adityabirla.com) (CIN: L17124MP1947PLC000410) (PAN: AAACG4464B) a public listed company incorporated on 25 August 1947 under the Gwalior Companies Act (1 of 1963) and now deemed to be incorporated under the Act and having its registered office at Birlagram, Nagda, Ujjain - 456331, Madhya Pradesh;
- 2.1.14 **Transferor Company** means Grasim Premium Fabric Private Limited (Email id: grasimp premium.info@adityabirla.com), (CIN: U24233PN2007PTC133637), (PAN: AAKCS5899J), a private company incorporated on 15 February 2007 under the Companies Act, 1956 and having its registered office at Plot No. T-8, Kagal Hatkanangle, Five Star MIDC, Kasba Sangaon, Taluka Kagal Kolhapur – 416 217, Maharashtra; and
- 2.1.15 **Tribunal** means the National Company Law Tribunal, Mumbai Bench having jurisdiction in relation to the Transferor Company and appropriate bench of the National Company Law Tribunal having jurisdiction in relation to the Transferee Company.
- 2.2 All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act and



other Applicable Laws, bye-laws, as the case may be, or any statutory modification or re-enactment thereof for the time being in force.

- 2.3 In this Scheme, unless the context otherwise requires:
- 2.3.1 references to "persons" shall include individuals, bodies corporate (wherever incorporated), unincorporated associations and partnerships;
- 2.3.2 the headings are inserted for ease of reference only and shall not affect the construction or interpretation of the relevant provision of this Scheme;
- 2.3.3 any phrase introduced by the terms "including", "include" or any similar expression shall be construed without limitation;
- 2.3.4 references to one gender includes all genders;
- 2.3.5 words in the singular shall include the plural and *vice versa*; and.
- 2.3.6 any reference to any statute or statutory provision shall include:
- a. all subordinate legislations made from time to time under that provision (whether or not amended, modified, re-enacted or consolidated from time to time) and any retrospective amendment; and
- b. such provision as from to time amended, modified, re-enacted or consolidated (whether before or after the date of this Scheme) to the extent such amendment, modification, re-enactment or consolidation applies or is capable of applying to the transaction entered into under this Scheme and (to the extent liability there under may exist or can arise) shall include any past statutory provision (as amended, modified, re-enacted or consolidated from time to time) which the provision referred to has directly or indirectly replaced.

3. SHARE CAPITAL

- 3.1 The share capital of the Transferor Company as on 30 June 2019 is:

Particulars	Amount (in INR)
<u>Authorised share capital</u>	
1,180,00,000 equity shares of INR 10 each	1,18,00,00,000
TOTAL	1,18,00,00,000
<u>Issued, subscribed and paid-up share capital</u>	
11,30,90,553 equity shares of INR 10 each	1,13,09,05,530
TOTAL	1,13,09,05,530

As on the date of approval of the Scheme by the Board of Directors of the Transferor Company, there is no change in the authorized, issued, subscribed and paid-up share capital of the Transferor Company.

The shares of the Transferor Company are not listed on the Stock Exchanges.

- 3.2 The share capital of the Transferee Company as on 30 June 2019 is:



Particulars	Amount (in INR)
Authorised share capital	
1,47,25,00,000 equity shares of INR 2 each	2,94,50,00,000
11,00,000 redeemable preference shares of INR 100 each	11,00,00,000
TOTAL	3,05,50,00,000
Issued, subscribed and paid-up share capital	
65,76,09,040 equity shares of INR 2 each*	1,31,52,18,080
28,295 equity shares of INR 2 each to be issued as fully paid-up pursuant to acquisition of cement business of Aditya Birla Nuvo Limited under the Scheme of Arrangement without payment being received in cash	56,590
TOTAL	1,31,52,74,670

*The issued and paid-up share capital includes 4,04,16,635 equity shares represented by 4,04,16,635 global depository receipts as on 30 June 2019.

The Transferee Company has outstanding employee stock options under its existing stock option schemes, the exercise of which may result in an increase in the issued and paid-up share capital of the Transferee Company.

The equity shares of the Transferee Company are listed on the Stock Exchanges.

4. RATIONALE FOR THE SCHEME

4.1 The entire share capital of the Transferor Company was acquired by the Transferee Company from Söktaş Tekstil Sanayi Ve Ticaret Anonim Sirketi on 29 March 2019. As mentioned in Clause 1.5 and Clause 1.6 above, the Transferor Company and the Transferee Company are engaged in business activities that are similar to and complement that of each other. In furtherance of the same, it is believed that, the amalgamation pursuant to this Scheme would, *inter alia*, have the following benefits:

- 4.1.1 it would enable the Transferee Company to leverage its combined assets and to create a more competitive business, both in scale and operations;
- 4.1.2 consolidation of the businesses of the Transferor Company and the Transferee Company into one entity will result in focused growth, operational efficiencies, business synergies and better supervision of the textiles business of the Transferee Company;
- 4.1.3 greater financial strength and efficiency in cash management of the Transferee Company, and unfettered access to cash flow generated by the combined business which can be deployed more efficiently to fund organic and inorganic growth opportunities; and
- 4.1.4 rationalization, standardization and simplification of business processes, and the elimination of duplication, and rationalization of administrative expenses.

5. EFFECTIVENESS OF THE SCHEME AND OPERATIVE DATE



The Scheme shall be effective in its present form or with any modification(s) approved or imposed or directed by the Tribunal from the Appointed Date but shall be operative from the Effective Date.

PART II - AMALGAMATION OF THE TRANSFEROR COMPANY

6. TRANSFER AND VESTING OF THE TRANSFEROR COMPANY INTO THE TRANSFeree COMPANY

- 6.1 Upon the Scheme coming into effect and with effect from the Appointed Date, the Transferor Company together with all respective properties, asset, investments, liabilities, rights, benefits, interests, title or power of every kind, nature, description and obligations therein shall, pursuant to the provisions of Sections 230 to 232 of the Act and in accordance with Section 2(1B) of the Income-Tax Act, 1961, without any further act, deed, matter or thing, be and stand merged and transferred to and vested in and shall be deemed to be transferred to and vested in the Transferee Company on a going concern basis in the manner described hereunder, and shall become the property of and integral part of the Transferee Company.
- 6.2 Without prejudice to the generality of Clause 6.1 above, upon the coming into effect of this Scheme and with effect from the Appointed Date, all the assets of, or used for the Transferor Company, as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and delivery including without limitation plant and machinery, whether leased or otherwise, other fixed assets, vehicles, furniture, fixtures and appliances, computers and office equipment pertaining to the Transferor Company, shall stand vested in the Transferee Company, and shall become the property and an integral part of the Transferee Company. The vesting pursuant to this sub-clause shall be deemed to have occurred by manual delivery or endorsement and delivery, as appropriate to the asset or property being vested, and the title to such asset or property shall be deemed to have transferred and vested accordingly.
- 6.3 In respect of movables, other than those dealt with in Clause 6.2 above, including all current assets, investments in shares and any other securities, sundry debts, receivables, bills, credits, loans and advances related to Transferor Company, if any, whether recoverable in cash or in kind or for value to be received, deposits including accrued interest, bank balances, cash balances, development rights, advances paid to any parties for any business purpose, earnest money, security deposits, retention monies and any deposits with any government, quasi government, local or other authority or body or with customers or any company or other person, upon the coming into effect of this Scheme and with effect from Appointed Date, the same shall, without any further act, instrument or deed, stand transferred to and vested in the Transferee Company without any notice or other intimation to the debtors and the same shall also be deemed to have transferred by way of delivery of possession of the respective documents in this regard.
- 6.4 All immovable properties in connection with the Transferor Company, including land together with the buildings and structures thereon and rights and interests in immovable properties of the Transferor Company, whether freehold or leasehold (including any right to use) or licensed or otherwise and all documents of title, rights and easements in relation thereto shall stand transferred to and be vested in / or be deemed to have been and stand transferred to and vested in the Transferee Company, without any further act or deed done or being required to be done by the Transferor Company and / or the Transferee Company, and without any approval or acknowledgement of any third party. The Transferee Company shall be entitled to exercise all rights and privileges attached to the aforesaid immovable properties and shall be liable to pay the ground rent, charges, and taxes and fulfill all obligations in relation to or applicable to such immovable properties. The mutation or



substitution of the title to the immovable properties shall, upon this Scheme becoming effective, be made and duly recorded in the name of the Transferee Company by the Appropriate Authority pursuant to the sanction of this Scheme by the Tribunal in accordance with the terms hereof. The Transferor Company shall take all steps as may be necessary to ensure that lawful and peaceful possession, right, title, interest of such immovable property of the Transferor Company is given to the Transferee Company in accordance with the terms hereof

- 6.5 Without prejudice to the generality of the Clauses above, upon the coming into effect of this Scheme and with effect from the Appointed Date, any and all intellectual property rights, know-how, patents, trademarks and confidential information which are owned by or licensed to the Transferor Company, in each case whether registered or unregistered and including all applications and rights to apply for and be granted, renewals or extensions of, and rights to claim priority from, such rights and all similar or equivalent rights or forms of protection which subsist or will subsist now or in the future in any part of the world including any and all registrations, goodwill, licenses, trademarks, service marks, copyrights, domain names, applications for copyrights, trade names and trademarks, appertaining to the Transferor Company, if any, shall stand transferred to and vested in the Transferee Company. The Transferee Company and the Transferor Company shall, on the Effective Date, intimate the Appropriate Authority in relation to the transfer of these intellectual property rights from the Transferor Company to the Transferee Company pursuant to this Scheme.
- 6.6 Loans and borrowings of the Transferor Company pertaining to the general or multipurpose loans and liabilities, without any further act or deed, shall become loans and borrowings of the Transferee Company, and all rights, powers, duties and obligations in relation thereto shall be and stand vested in and shall be exercised by or against the Transferee Company as if it had entered into such loans and incurred such borrowings. Thus, the primary obligation to redeem or repay such liabilities upon the Scheme becoming effective shall be that of the Transferee Company.
- 6.7 Any inter-se contracts between the Transferor Company and the Transferee Company shall stand cancelled and cease to operate upon the effectiveness of this Scheme.
- 6.8 If and to the extent there are loans, deposits or balances or other remaining outstanding inter-se between the Transferor Company and the Transferee Company, the obligations in respect thereof shall, on and from the Effective Date, come to an end and suitable effect shall be given in the books of the Transferee Company.
- 6.9 With effect from the Effective Date, there would be no accrual of income or expense on account of any transactions, including *inter alia* any transactions in the nature of sale or transfer of any goods, materials or services between the Transferor Company and the Transferee Company.
- 6.10 In so far as the existing Encumbrance, if any, in respect of the loans, borrowings, debts, liabilities, is concerned, such Encumbrance shall, without any further act, instrument or deed be modified and shall be extended to and shall operate only over the assets comprised in Transferor Company which have been in respect of the liabilities as transferred to the Transferee Company pursuant to this Scheme. Provided that if any of the assets of the Transferor Company which are being transferred to the Transferee Company pursuant to this Scheme have not been Encumbered in respect of the transferred liabilities, such assets shall remain unencumbered and the existing Encumbrance referred to above shall not be extended to and shall not operate over such assets. The absence of any formal amendment which may be required by a lender or third party shall not affect the operation of the above.



- 6.11 The transfer and vesting as aforesaid shall be subject to subsisting charges, if any, in respect of any assets of the Transferor Company.
- The Scheme shall not operate to enlarge the security for any loan, deposit or facility availed by the Transferor Company, and the Transferee Company shall not be obliged to create any further or additional security thereof after the Effective Date or otherwise.
- 6.12 In so far as the existing security in respect of the loans or borrowings of the Transferor Company and other liabilities of the Transferor Company are concerned, such security shall, without any further act, instrument or deed be continued with the Transferee Company. The Transferor Company and the Transferee Company shall file necessary particulars and/or modification(s) of charge, with the Registrar of Companies to give formal effect to the above provisions, if required.
- 6.13 Upon the coming into effect of this Scheme and with effect from the Appointed Date, all liabilities, duties and obligations and undertakings of the Transferor Company of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilized for the Transferor Company shall, stand transferred to and vested in or deemed to be transferred to and vested in the Transferee Company under the provisions of Sections 230 to 232 of the Act and other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing. The Transferee Company shall, and does hereby undertake to meet, discharge and satisfy the same in terms of their respective terms and conditions, if any.
- 6.14 Where any of the liabilities and obligations attributed to the Transferor Company have been discharged by the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on behalf of the Transferee Company.
- 6.15 Upon the coming into effect of this Scheme and with effect from the Appointed Date, all records, files, papers, engineering and process information, product and service information (including documentation, designs, formulae, drawings, data, specifications, manuals and instructions), computer programs, software, manuals, data catalogues, quotations, sales and advertising materials, business plans, budgets, forecasts and estimates, list of present and former customers and suppliers, customers credit information, customers pricing information, tax records, records to be maintained under any law, rule or regulation, and other records, whether in physical, machine readable or other form, in connection with or relating to the Transferor Company, shall stand transferred to or vested in the Transferee Company.
- 6.16 Upon the coming into effect of this Scheme, the Transferee Company shall, if so required under any law or otherwise, execute deeds of confirmation, assignment or novation or other writings or arrangement with any party to any contracts, deeds, bonds, agreements, commitments, understandings, binding arrangements, licenses, purchase orders and all other forms of engagements, arrangements and agreements in relation to the Transferor Company and any offers, tenders, permits, rights, subsidies, concessions, entitlements, clearances, licenses (including the licenses granted to any governmental, statutory or regulatory bodies) or the like and other instruments of whatsoever nature to which the Transferor Company is a party in order to give formal effect to the above provisions. The Transferee Company shall, be deemed to be authorized to execute any such writings on behalf of the Transferor Company to carry out or perform all such formalities or compliances referred to above on part of the Transferor Company.
- 6.17 Upon the coming into effect of this Scheme and with effect from the Appointed Date, all existing and future incentives, unavailed credits and exemptions, benefits, advantages,



privileges, remissions, grants, subsidies, carried forward tax losses (including depreciation) and other statutory benefits, including in respect of income tax (including and not limited to advance income tax, taxes deducted at source, MAT credits), excise (including modvat / cenvat), customs, VAT, sales tax, service tax, GST, etc., to which the Transferor Company is entitled to shall be available to and vest in the Transferee Company. The Transferor Company and the Transferee Company shall be entitled, wherever necessary, to revise their returns filed under various laws, as may be applicable, including returns filed under the income tax, wealth tax, commercial tax / trade tax / sales tax / VAT, entry tax, GST, central excise laws, and also, without limitation, the TDS / TCS certificates.

- 6.18 Upon coming into effect of the Scheme, and with effect from the Appointed Date, the Transferee Company is also expressly permitted to revise its income tax returns and other returns filed under the tax laws and to claim refunds, advance tax including MAT and withholding tax credits, etc., pursuant to the provisions of this Scheme.
- 6.19 It is clarified that the taxes paid by the Transferor Company relating to the period on or after the Appointed Date including by way of deduction at source, which pertain to the Transferor Company, will be deemed to be the taxes paid by the Transferee Company and the Transferee Company shall be entitled to claim credit for such taxes deducted / paid against its tax liabilities notwithstanding that the certificates / challans or other documents for payment of such taxes are in the name of the Transferor Company.
- 6.20 Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Transferee Company shall be entitled to secure the record of the change in the legal ownership upon the vesting of the assets of the Transferor Company, in accordance with the provisions of Sections 230 to 232 of the Act. The Transferor Company and the Transferee Company shall be jointly and severally authorised to execute any writings and / or carry out any formalities or compliance in this regard.
- 6.21 All licenses, permits, brands, trade marks including rights to use brands / trademarks, any other rights / entitlements, quotas, consents, exemptions, registrations, no-objection certificates, approvals (including, but not limited to, environmental approvals, statutory and regulatory approvals), permissions, registrations and benefits, subsidies, concessions, grants, rights, electricity, gas, water and other service connections, telephone lines, communication facilities, installations, utilities, claims, leases, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Transferor Company and all rights and benefits that have accrued or which may accrue to the Transferor Company whether before or after the Appointed Date, shall, under the provisions of Sections 230 to 232 of the Act and all other applicable provisions, if any, without any further act, instrument or deed, cost or charge be and stand transferred to and vest in or be deemed to be transferred to and vested in and be available to the Transferee Company so as to become as and from the Appointed Date the licenses, permits, quotas, consents, exemptions, registrations, no-objection certificates, approvals (including, but not limited to, environmental approvals, statutory and regulatory approvals), permissions, registrations, incentives, accumulated tax losses, tax deferrals and benefits, subsidies, concessions, grants, rights, electricity, gas, water and other service connections, telephone lines, communication facilities, installations, utilities, claims, leases, tenancy rights, liberties, special status and other benefits or privileges of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions.

7. CANCELLATION OF SHARES

- 7.1 The entire issued, subscribed and paid up share capital of the Transferor Company is held by the Transferee Company along with its nominees. Upon the coming into effect of this



Scheme, and with effect from Appointed Date, no equity shares of the Transferee Company shall be allotted in lieu or exchange of its holding in the Transferor Company.

7.2 Upon the Scheme coming into effect, and with effect from the Appointed Date, the entire issued, subscribed and paid-up equity capital of the Transferor Company shall, *ipso facto*, without any further application, act, deed or instrument stand extinguished and cancelled.

7.3 Upon the Scheme coming into effect, and with effect from the Appointed Date, the share certificates, if any and / or the shares in electronic form representing the equity shares held by the Transferee Company in the Transferor Company shall stand cancelled without any further act or deed for cancellation thereof by the Transferee Company, and shall cease to be in existence accordingly.

8. AGGREGATION OF AUTHORISED CAPITAL

8.1 The provisions of this Clause shall operate notwithstanding anything to the contrary in any other instrument, deed or writing.

8.2 Upon the Scheme becoming effective, and with effect from the Appointed Date, the authorised share capital of the Transferee Company shall automatically stand increased without any further act, instrument or deed on the part of the Transferee Company including payment of stamp duty and fees payable to Registrar of Companies, Gwalior by the authorised share capital of the Transferor Company as on the Effective Date and the memorandum of association and articles of association of the Transferee Company (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, and the consent of the shareholders of the Transferee Company to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under the provisions of the Act would be required to be separately passed. For this purpose, the filing fees and stamp duty, if any, already paid by the Transferor Company on its authorised share capital shall be utilized and applied to the increased share capital of the Transferee Company, and shall be deemed to have been so paid by the Transferee Company on such combined authorised share capital and accordingly, the Transferee Company shall not be required to pay any fees / stamp duty on the authorised share capital so increased.

8.3 Pursuant to the Scheme becoming effective and consequent upon the amalgamation of the Transferor Company into the Transferee Company, the authorised share capital of the Transferee Company will be as under:

Particulars	Amount (in INR)
<u>Authorised share capital</u>	
*206,25,00,000 equity shares of INR 2 each	412,50,00,000
11,00,000 redeemable preference shares of INR 100 each	11,00,00,000
TOTAL	423,50,00,000

*Post adjustment of face value of equity shares of INR 10 of the Transferor Company to face value of equity shares of INR 2 of the Transferee Company.



- 8.4 It is clarified that no special resolution under Sections 13 or 14 of the Act shall be required to be passed by the Transferee Company separately in a general meeting for increase in the authorized share capital of the Transferee Company pursuant to the Scheme and Clause 5 of the memorandum of association of the Transferee Company shall stand substituted by virtue of the Scheme to read as follows:

"The Authorised Share Capital of the Company is Rs. 423,50,00,000 (Rupees four hundred and twenty three crore fifty lakh) divided into 206,25,00,000 (two hundred and six crore and twenty five lakh) equity shares of Rs. 2 (Rupees two) each, and 11,00,000 (eleven lakh) redeemable preference shares of Rs. 100 (Rupees one hundred) each with power to classify or reclassify, increase and reduce the capital of the Company or to divide the shares in the capital for the time being into several classes and to attach thereto respectively any preferential, deferred, qualified or special rights, privileges or condition as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Articles of Association of the Company and the legislative provisions for the time being in force."

9. ACCOUNTING TREATMENT

Notwithstanding anything to the contrary contained herein, upon this Scheme becoming effective, the Transferee Company shall give effect to the accounting treatment in relation to the amalgamation in its books of account in accordance with Ind AS 103 – 'Business Combinations' read with Appendix C to Ind AS 103 – 'Business Combinations'.

- 9.1 The assets, liabilities and reserves pertaining to the Transferor Company would be recognized at the carrying values as appearing in the consolidated financial statements of the Transferee Company.
- 9.2 No adjustments shall be made to reflect fair values, or recognize any new assets or liabilities. The only adjustments made, will be made so as to harmonize the accounting policies.
- 9.3 The balance of the retained earnings appearing in the financial statements of the Transferor Company shall be aggregated with the corresponding balance appearing in the financial statements of the Transferee Company. Alternatively, it may be transferred to the general reserve, if any.
- 9.4 The identity of the reserves shall be preserved and shall appear in the financial statements of the Transferee Company in the same form in which they appeared in the financial statements of the Transferor Company.
- 9.5 Pursuant to the amalgamation of the Transferor Company with the Transferee Company, inter-company balances between Transferee Company and the Transferor Company, if any, appearing in the books of the Transferee Company shall stand cancelled. Further, the value of investments held by Transferee Company in the Transferor Company shall stand cancelled.

10. EMPLOYEES

- 10.1 On the Scheme becoming effective, all staff and employees of the Transferor Company in service on the Effective Date shall be deemed to have become staff and employees of the Transferee Company without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Transferee Company shall not be less favourable than those applicable to them with reference to their



employment in the Transferor Company. It is clarified that the services of the staff and employees of the Transferor Company will be treated as having been continuous for the purpose of the said fund or funds.

10.2 With effect from the date of filing of the Scheme with the Tribunal and up to and including the Effective Date, the Transferee Company agrees that any accumulated balances and benefits standing to the credit of the employees of the Transferor Company in the existing provident fund, gratuity fund and / or superannuation fund of which they are members will be transferred to such provident fund, gratuity fund and superannuation fund nominated by the Transferee Company or to the government provident fund.

10.3 With effect from the date of filing of the Scheme with the Tribunal and up to and including the Effective Date, the Transferor Company shall not vary the terms and conditions of employment of any of the employees of the Transferor Company except in the ordinary course of business or without the prior consent of the Board of Directors of the Transferee Company or pursuant to any pre-existing obligation undertaken by the Transferor Company.

11. CONDUCT OF BUSINESS DURING THE TRANSITION PERIOD

11.1 The Transferor Company and the Transferee Company have agreed that during the Transition Period, the business of the Transferor Company and the Transferee Company shall be carried out with diligence and business prudence in the ordinary course consistent with past practice in good faith and in accordance with Applicable Law.

11.2 During the Transition Period:

11.2.1 The Transferor Company shall carry on, and be deemed to have carried on the business, operations or activities of the Transferor Company and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all the assets, properties, rights, title, interest, liabilities, authorities, contracts, investments and decisions relating to Transferor Company for and on account of, on behalf of and / or in trust for, the Transferee Company.

11.2.2 All profits or income accruing or arising to the Transferor Company, or losses arising or expenditure incurred by it (including taxes, if any, accruing or paid in relation to any profits or income), in relation to the Transferor Company, shall for all purposes be treated as, and be deemed to be treated as, the profits or income or losses or expenditure, as the case may be, of the Transferee Company. The Transferor Company shall not incur any expenditure except in the ordinary course of business.

11.2.3 Any of the rights, powers, authorities, privileges attached, exercised by the Transferor Company shall be deemed to have been exercised by it for and on behalf of, and in trust for and as an agent of the Transferee Company.

11.2.4 The Transferor Company shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts or incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitment either for itself or on behalf of its subsidiaries or group companies or any third party, or sell, transfer, alienate, charge, mortgage or encumber or deal, except: (i) when the same is expressly provided in this Scheme; or (ii) when the same is in the ordinary course of business as carried on the date of filing of this Scheme with the Tribunal; or (iii) when a written consent of the Transferee Company has been obtained in this regard.

11.2.5 All assets howsoever acquired by the Transferor Company for carrying on the business, operations or activities and the liabilities shall be deemed to have been acquired and are



also contracted for and on behalf of the Transferee Company; however no onerous or extraordinary asset shall have been acquired by, or onerous liability be incurred by the Transferor Company after the Appointed Date without prior written consent of the Transferee Company.

- 11.2.6 The Transferor Company shall not utilize the profits or income, if any, for the purpose of declaring or paying any dividend or for any other purpose in respect of the period falling on and after the Appointed Date, without the prior written consent of the Board of Directors of the Transferee Company.
- 11.3 The Transferor Company shall, pending sanction of the Scheme, apply to the Central Government, State Government, and all other agencies, department and statutory authorities concerned, wherever necessary, for such consents, approvals, sanctions, registration, exemptions as may be required / granted under any law for the time being in force which the Transferor Company and the Transferee Company require in relation to the amalgamation of the Transferor Company into the Transferee Company or which the Transferee Company requires to own the Transferor Company and carrying on the Transferor Company on a going concern basis.
- 11.4 The transfer of assets, properties and liabilities of Transferor Company and the continuance of proceedings relating thereto by or against the Transferor Company shall not affect any transaction or proceedings already concluded by the Transferor Company on or after the Appointed Date to the end and intend that the Transferee Company accepts and adopts all acts, deeds things done and duly executed by the Transferor Company, in regard thereto as done executed by the Transferee Company on behalf of itself.
- 11.5 For the sake of clarity, it is confirmed that all assets or investments, properties, right, title or interest acquired by the Transferor Company after the Appointed Date but prior to the Effective Date in relation to the Transferor Company shall also, without any further act, instrument or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company upon the coming into effect of this Scheme pursuant to the provisions of Sections 230 to 232 of the Act.

12. LEGAL PROCEEDINGS

- 12.1 If any suit, appeal and other proceedings 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 this merger or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company as if the Scheme had not been made. In the event that the legal proceedings referred to herein require the Transferor Company and the Transferee Company to be jointly treated as parties thereto, Transferee Company shall be added as party to such proceedings and shall prosecute and defend such proceedings in cooperation with the Transferor Company. In the event of any difference or difficulty in determining as to whether any specific legal or other proceeding relates to Transferor Company or not, a certificate issued by the Board of Directors of the Transferor Company as to whether such proceeding relates to Transferor Company or not, shall be conclusive evidence of the matter.
- 12.2 The Transferee Company undertakes to have all legal or other proceedings initiated by or against the Transferor Company referred to in Clause 12.1 above transferred into its name and to have the same continued, prosecuted and enforced by or against the Transferee Company to the exclusion of Transferor Company.



- 12.3 On and from the Effective Date, the Transferee Company shall, and may, if required, initiate, continue any legal proceedings in relation to the Transferor Company.

13. CONTRACTS, DEEDS OTHER INSTRUMENTS

- 13.1 Subject to the other provisions of the Scheme, all contracts, deeds, bonds, agreements (including agreements for sale of immovable property), commitments, understandings, binding arrangements, licenses, purchase orders and all other forms of engagements, arrangements and agreements and any offers, tenders or the like and other instruments of whatsoever nature to which the Transferor Company is a party, or the benefit to which the Transferor Company may be eligible, subsisting or operative immediately on or before the Effective Date, of this Scheme entered into by the Transferor Company prior to the Appointed Date and which are in effect (in whole or in part) as at the Appointed Date in accordance with the terms and conditions thereof, and those which are not listed therein but entered into by the Transferor Company between the Appointed Date and the Effective Date shall be in full force and effect against or in favour of the Transferee Company and may be enforced as fully and effectively as if instead of the Transferor Company, the Transferee Company had been a party or beneficiary thereto.

- 13.2 Further, without prejudice to the transfer and vesting of the Transferor Company to and in the Transferee Company, the Transferee Company shall be deemed to be authorised to execute any such deeds, writings, assignment and / or novation or enter into any tripartite arrangements, confirmations, 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 or at any time after this Scheme becomes effective, if so required or becomes necessary. The contracts entered into by the Transferor Company till the Effective Date shall be vested in the Transferee Company and unless required under such contract, the Transferee Company would not be required to carry out assignment of such contracts with any party whatsoever.

- 13.3 Pursuant to the amalgamation, the Transferee Company shall be deemed to be authorised to bid for any tender of any private entity or any Government or public sector undertaking and to implement to the same extent as it would or might have been carried on by the Transferor Company. For calculating any pre-qualification criteria such as financial, technical, etc. for the Transferor Company, the track record and qualifications of the Transferor Company shall be considered and shall deemed to automatically vest in the Transferee Company pursuant to the Scheme for purpose of such tenders.

- 13.4 As a consequence of the amalgamation of the Transferor Company into the Transferee Company in accordance with or pursuant to this Scheme, the recording of change in name in the records of the statutory or regulatory authorities from the Transferor Company to the Transferee Company, whether relating to any license, permit, approval or any other matter, or whether for the purposes of any transfer, registration, mutation or any other reason, shall be carried out by the concerned statutory or regulatory or any other authority.

14. SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of business and the continuance of proceedings by or against the Transferor Company, to the extent it relates to the Transferor Company above shall not affect any transaction or proceedings already concluded by the Transferor Company on or before the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto as done and executed on behalf of itself.

15. DISSOLUTION OF THE TRANSFEROR COMPANY



On the Scheme becoming effective, the Transferor Company shall stand dissolved without being wound-up. Further, on and from the Effective Date, the name of the Transferor Company shall be struck off from the records of the Registrar of Companies, Pune.

16. VALIDITY OF EXISTING RESOLUTIONS, ETC.

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

PART III - GENERAL CLAUSES, TERMS AND CONDITIONS

17. APPLICATION TO THE TRIBUNAL OR SUCH OTHER COMPETENT AUTHORITY

The Transferor Company and the Transferee Company shall make all necessary applications / petitions under Sections 230 to 232 of the Act and other applicable provisions of the Act to the Tribunal for sanction of this Scheme under the provisions of the law.

18. APPROVAL OF MEMBERS OF THE TRANSFEROR COMPANY AND TRANSFEE COMPANY

Each of the Transferor Company and the Transferee Company undertake that the approval of the members of each of the Transferor Company and the Transferee Company, respectively, shall be sought for the Scheme, in a meeting of such members with voting occurring through postal ballot and e-voting in accordance with the provisions of the Act. The explanatory statement to the notice sent to the members for convening such meeting shall provide all requisite details as may be material for the members to consider whilst voting on the Scheme.

19. APPROVAL OF CREDITORS OF THE TRANSFEROR COMPANY AND TRANSFEE COMPANY

Each of the Transferor Company and the Transferee Company undertake that the approval of the creditors of each of the Transferor Company and the Transferee Company, respectively, shall be sought for the Scheme, in a meeting of such creditors. The explanatory statement to the notice sent to the creditors for convening such meeting shall provide all requisite details as may be material for the creditors to consider whilst voting on the Scheme.

20. MODIFICATIONS / AMENDMENTS TO THE SCHEME

20.1 Subject to the approval of the Tribunal, the Transferor Company and the Transferee Company by their respective Board of Directors or any duly authorized committee may make or consent to, on behalf of all persons concerned, any modifications or amendments to the Scheme, or to any conditions or limitations that the Tribunal or any other authority may deem fit to direct or impose, or which may otherwise be considered necessary, desirable or appropriate by the respective Board of directors of committees, including withdrawal of this Scheme and solve all difficulties that may arise for carrying out the Scheme and do all acts, deeds and things necessary for putting the Scheme into effect. No modification or amendment to the Scheme will be carried out or effected by the Board without the approval of the Tribunal.



20.2 The Transferor Company and the Transferee Company shall be at liberty to withdraw from this Scheme, in case of any condition or alteration imposed by the Tribunal or any other authority or any bank or financial institution is unacceptable to them or otherwise if so mutually agreed.

20.3 For the purpose of giving effect to this Scheme or to any modification thereof, the Board of Directors of the Transferor Company and the Transferee Company or any other duly authorized committee thereof are authorized severally to give such directions including directions for setting any question of doubt or difficulty that may arise under this Scheme or in regard to and of the meaning or interpretation of this Scheme or implementation thereof or in any matter whatsoever connected therewith and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in the Scheme.

21. CONDITIONALITY OF THE SCHEME

21.1 The Scheme is conditional upon and subject to the following:

21.1.1 the Scheme being approved by the respective requisite majorities of the members and/or creditors of the Transferor Company and the Transferee Company as required under the Act and as may be directed by the Tribunal and / or any other competent authority and it being sanctioned by the Tribunal and / or any other competent authority, as may be applicable;

21.1.2 the requisite sanctions, approvals, no-objections or consents of any governmental or regulatory authority, as may be required by law; and

21.1.3 the certified copy of the order of the Tribunal sanctioning the Scheme, being filed with the Registrar of Companies, Pune and the Registrar of Companies, Gwalior, by the Transferor Company and the Transferee Company, respectively.

22. EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS

In the event of any of the said sanctions and approvals referred to in the preceding Clause 21 not being obtained, or in the event of this Scheme failing to take effect, before 30 June 2021, this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and / or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law.

23. BINDING EFFECT

Upon the Scheme becoming effective, the same shall be binding on the Transferee Company and all concerned parties without any further act, deed, matter or thing.

24. EXECUTING DEEDS OR ARRANGEMENTS TO GIVE EFFECT TO THE SCHEME

The Transferee Company will, at any time after the Transition Period and in accordance with the provisions hereof, if so required under any law or otherwise, execute deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to the Transferor Company to which any of the Transferor Company is a party in order to give formal effect to the provisions of the Scheme. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances, referred to above, on behalf of the Transferor Company.

25. COSTS



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

26. STOCK EXCHANGE DISCLOSURES

The Transferee Company shall make the necessary disclosures of the Scheme to the Stock Exchanges in terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Securities and Exchange Board of India circular number CFD/DIL3/CIR/2017/21 dated 10 March 2017, as amended from time to time.

27. SEVERABILITY

If any part of this Scheme is invalid, ruled illegal by any court of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the parties that such part shall be severable from the remainder of this Scheme and this Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case the Transferor Company and the Transferee Company (acting through their respective Boards of Directors) shall attempt to bring about appropriate modification to this Scheme, as will best preserve for the parties, the benefits and obligations of this Scheme, including but not limited to such part.

CERTIFIED TRUE COPY
For Grasim Premium Fabric Pvt. Ltd.

Company Secretary

