

SCHEME OF AMALGAMATION
OF
ARROW TEXTILES LIMITED ('FIRST TRANSFEROR COMPANY' OR 'ATL')
AND
MMG INDIA PRIVATE LIMITED ('SECOND TRANSFEROR COMPANY' OR 'MMG')
WITH
DELTA MAGNETS LIMITED ('TRANSFEEE COMPANY' OR 'DML')
AND
THEIR RESPECTIVE SHAREHOLDERS
(Under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions
of the Companies Act, 2013)

A) Preamble

1. This Scheme of Amalgamation ('Scheme') is presented under Sections 230 – 232 and other applicable provisions of the Companies Act, 2013, rules and regulations thereunder for amalgamation of Arrow Textiles Limited ('First Transferor Company' or 'ATL') and MMG India Private Ltd ('Second Transferor Company' or 'MMG') with Delta Magnets Limited ('Transferee Company' or 'DML');
2. This Scheme also provides for various other matters consequential or otherwise integrally connected herewith.

B) Rationale for the Scheme

It is desired to consolidate the business of First Transferor Company and Second Transferor Company (hereinafter referred to as 'Transferor Companies') and Transferee Company

under a single entity i.e. Transferee Company. Accordingly, it is proposed to consolidate the operations by way of amalgamation.

The proposed restructuring would:

- Provide an opportunity to leverage combined assets and enable optimum utilization of existing resources by pooling of resources to facilitate future expansion of business of Transferee Company;
- Reduce managerial overlaps involved in operating multiple entities and increase operational and management efficiency, integrate business functions and eliminate duplication and rationalization of administrative expenses;
- Synchronization of efforts to achieve uniform corporate policy, greater integration and greater financial strength and flexibility for amalgamated entity; and
- Improving organizational capability and leadership arising from pooling of human capital that has diverse skills, talent and vast experience to compete successfully in an increasingly competitive industry.

C) Parts of the Scheme

The Scheme is divided into following parts:

- a) **Part A** deals with the Definitions and Share Capital;
- b) **Part B** deals with the amalgamation of Transferor Companies with Transferee Company;
- c) **Part C** deals with the General Terms and Conditions.



PART A: DEFINITIONS AND SHARE CAPITAL

1. In this scheme unless repugnant to the meaning or context thereof, the following expressions shall have the following meanings:
 - 1.1. **“Act” or “the Act”** means the Companies Act, 2013 and Rules framed thereunder as in force from time to time;
 - 1.2. **“Applicable Law”** means any applicable statute, notification, bye laws, rules, regulations, guidelines, rule of common law, policy, code, directives, ordinance, orders or instructions having the force of law enacted or issued by any Appropriate Authority, including any statutory modification or re-enactment thereof for the time being in force;
 - 1.3. **“Appointed Date”** means 1st October, 2018 or such other date as may be fixed by the National Company Law Tribunal or the Board of Directors (as defined hereinafter);
 - 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, Regional Director, Registrar of Companies, National Company Law Tribunal and Reserve Bank of India;
 - 1.5. **“ATL” or “First Transferor Company”** means Arrow Textiles Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Plot No.101 - 103 ,19th Street , MIDC, Satpur , Nashik - 422 007, Maharashtra ,India;



- 1.6. **“Board of Directors” or “Board”** in relation to the Transferor Companies and the Transferee Company, as the case may be, means the Board of Directors of such company, 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 or by any such committee;
- 1.7. **“DML” or “Transferee Company”** means Delta Magnets Limited, a company incorporated under the Companies Act, 1956 and having its registered office at B-87, MIDC, Ambad, Nashik - 422 010, Maharashtra, India;
- 1.8. **“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 copies of the orders of National Company Law Tribunal sanctioning this Scheme, is filed by ATL, MMG and DML with the jurisdictional Registrar of Companies;
- 1.9. **‘MMG’ or ‘Second Transferor Company’** means MMG India Private Limited, a company incorporated under the Companies Act, 1956 and having its registered office at B-87, MIDC, Ambad, Nashik - 422 010, Maharashtra, India
- 1.10. **“National Company Law Tribunal” or “Tribunal” or “NCLT”** means the National Company Law Tribunal as constituted and authorized as per the provisions of the Companies Act, 2013 for approving any scheme of arrangement, compromise or reconstruction of companies under Section 230 – 232 of the Companies Act, 2013 of the Companies Act, 2013;



- 1.11. **"Record Date "** shall be the date to be fixed by the Board of ATL in consultation with DML for the purpose of determining the equity shareholders of ATL for issue of equity shares pursuant to this Scheme;
- 1.12. **"Scheme"** or **"the Scheme"** or **"this Scheme"** means the Scheme of Amalgamation 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;
- 1.13. **"SEBI"** means the Securities and Exchange Board of India, constituted under the Securities and Exchange Board of India Act, 1992;
- 1.14. **'SEBI Circular'** means the circular issued by the SEBI, being Circular CFD/DIL3/CIR/2017/21 dated March 10, 2017 and any amendments thereof or modifications issued pursuant to regulations 11, 37 and 94 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015
- 1.15. **"Share Exchange Ratio"** means the ratio in which the equity shares of DML are to be issued and allotted to the shareholders of ATL on amalgamation as per Part B of this Scheme;
- 1.16. **"Stock Exchanges"** means the BSE Limited ('BSE') and/ or wherever applicable, the National Stock Exchange of India Limited ('NSE').



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

In the Scheme, unless the context otherwise requires:

- (i) reference to clauses, recitals and schedules, unless otherwise provided, are to clauses, recitals and schedules of and to this Scheme;
- (ii) references to the singular shall include the plural and vice versa and references to any gender includes the other gender;
- (iii) references to a statute or statutory provision include that statute or provision as from time to time modified or re-enacted or consolidated and (so far as liability thereunder may exist or can arise) shall include also any past statutory provision (as from time to time modified or re-enacted or consolidated) which such provision has directly or indirectly replaced, provided that nothing in this Clause shall operate to increase the liability of any Party beyond that which would have existed had this Clause been omitted.

2. DATE OF TAKING EFFECT AND OPERATIVE DATE

- 2.1. The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the NCLT or made as per Clause 20 of the Scheme, shall be effective from the Appointed Date and shall be operative from the Effective Date

3. SHARE CAPITAL



3.1. The authorized, issued, subscribed and paid-up share capital of the First Transferor Company as on March 31, 2018 is as under:

Particulars	Amount in INR
<u>Authorised Capital</u>	
2,10,00,000 Equity Shares of Rs. 10/- each	21,00,00,000
Total	21,00,00,000
<u>Issued, Subscribed and Paid-up</u>	
1,90,43,939 Equity Shares of Rs. 10/- each, fully paid up	19,04,39,390
Total	19,04,39,390

Subsequent to March 31, 2018 there is no change in the issued, subscribed and paid-up capital of the First Transferor Company.

3.2. The authorized, issued, subscribed and paid-up share capital of the Second Transferor Company as on March 31, 2018 is as under:

Particulars	Amount in INR
<u>Authorised Capital</u>	
1,50,00,000 Equity Shares of Rs. 10/- each	15,00,00,000
Total	15,00,00,000
<u>Issued, Subscribed and Paid-up</u>	
1,38,65,870 Equity Shares of Rs. 10/- each, fully paid up	13,86,58,700
Total	13,86,58,700



Subsequent to March 31, 2018 there is no change in the issued, subscribed and paid-up capital of the Second Transferor Company. The entire issued, subscribed and paid up share capital of the Second Transferor Company is held by the Transferee Company along with its nominees.

- 3.3. The authorized, issued, subscribed and paid-up share capital of the Transferee Company as on March 31, 2018 is as under:

Particulars	Amount in INR
<u>Authorised Capital</u>	
1,00,00,000 Equity Shares of Rs. 10/- each	10,00,00,000
Total	10,00,00,000
<u>Issued, Subscribed and Paid-up</u>	
64,71,014 Equity Shares of Rs. 10/- each, fully paid up	6,47,10,140
Total	6,47,10,140

Subsequent to March 31, 2018 there is no change in the issued, subscribed and paid-up capital of the Transferee Company.

PART B:

**AMALGAMATION OF THE TRANSFEROR COMPANIES WITH THE TRANSFEEE
COMPANY**

4. VESTING OF ASSETS AND LIABILITIES OF THE TRANSFEROR COMPANIES



4.1. Upon coming into effect of this Scheme and subject to the provisions of this Scheme, with effect from the Appointed Date, the entire business and whole of the undertakings of the Transferor Companies shall be vested in and/or be deemed to have been vested in and amalgamated with the Transferee Company, as a going concern, without any further deed or act, together with all its assets, liabilities, properties, rights, benefits and interest therein, subject to existing charges thereon in favour of banks and financial institutions or otherwise, as the case may be and subject to the provisions of the Scheme in accordance with Sections 230 to 232 of the Act and all other applicable provisions of law, if any.

4.2 Without prejudice to the generality of the foregoing:

(a) the assets of the Transferor Companies as on the Appointed Date shall include, without limitation:

- i) all properties and assets (whether real or personal, in possession or reversion, corporeal or incorporeal, movable or immovable, tangible or intangible) of whatsoever nature, and wherever situated, including but not limited to immovable properties, plant and machinery, furniture and fixtures, office equipment, other equipment, computers, air conditioners and refrigerators, cash on hand, stock in trade, advances, investments, claims whether recognized or not (including those under any shareholder or share purchase agreements);
- ii) all licenses, permissions, approvals and consents including environmental approvals and approvals of various regulatory bodies;
- iii) all intellectual property rights including copy rights, trade marks, logos, brands whether registered or not and other intellectual property rights;
- iv) all rights relating to property including lease/tenancy rights, sublicensing, subleasing rights or rights to grant sub tenancy, easement rights, permissions,



approved use; title, interest, contracts, consents, approvals or powers of every kind, nature and descriptions whatsoever and wherever situated;

- v) all rights and benefits under any contracts with customers, suppliers, sellers, shareholders (including rights under any shareholder or share purchase agreements), and other counterparties; and
- vi) tax incentives, minimum alternate tax credit, cenvat credit, sales tax credit and all other rights, (including rights under any shareholder or share purchase agreements).

(b) the liabilities shall include all debts, liabilities, contingent liabilities, duties and obligations of the Transferor Companies as on the Appointed Date, whether or not provided in the books of the Transferor Companies, which shall be deemed to be the debt, liabilities, duties and obligations of the Transferee Company as the case may be, 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 (including any shareholder or share purchase agreement) 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.

Provided that the Scheme shall not operate to enlarge the security for the said liabilities of the Transferor Companies which shall vest in the Transferee Company by virtue of the Scheme and the 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 the Transferor Companies as aforesaid shall be subject to the terms and conditions of the existing charges / hypothecation / mortgages over or in respect of the assets or any part thereof of the Transferor Companies.



- 4.3 (a) All the assets, licenses, permits, quotas, including approvals of various regulatory bodies, permissions, incentives, benefits, loans, subsidies, concessions, grants, rights, claims, leases, tenancy rights, copy rights, trade marks, logos, brands, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by and all rights and benefits that have accrued to the Transferor Companies upto the Appointed Date or after the Appointed Date and prior to the Effective Date in connection with or in relation to the operations of the Transferor Companies shall, pursuant to the provisions of Section 232(4) of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and / or be deemed to have been transferred to and vested in and be available to the Transferee Company so as to become as and from the Appointed Date the assets, licenses, permits, quotas, approvals including permissions, exemptions, exclusions, incentives, loans, subsidies, concessions, grants, rights, 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 to the extent permissible under law.
- (b) On the Scheme becoming effective, all moveable assets including cash in hand, if any, of the Transferor Companies, capable of passing by manual delivery or constructive delivery or by endorsement and delivery, shall be so delivered or endorsed and delivered, as the case may be, to the Transferee Company.
- (c) In respect of all movables other than those specified in sub clause (b) above, including sundry debtors, outstanding loans and advances, if any recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with government, semi government, local and other authorities and bodies, customers and other persons, the same shall, without any further act, instrument or deed, be



transferred to and stand vested in and/ or be deemed to be transferred to and stand vested in the Transferee Company under the provisions of Sections 230 to 232 of the Act.

- (d) The entitlement to various benefits under incentive schemes and policies in relation to the Transferor Companies shall stand transferred to and be vested in and/or be deemed to have been transferred to and vested in the Transferee Company together with all benefits, entitlements and incentives of any nature whatsoever. Such entitlements shall include (but shall not be limited to) income tax, minimum alternate tax, sales tax, value added tax, excise duty, service tax, customs, goods and service tax and other incentives in relation to the Transferor Companies to be claimed by the Transferee Company with effect from the Appointed Date as if the Transferee Company was originally entitled to all such benefits under such incentive scheme and/or policies, subject to continued compliance by the Transferee Company of all the terms and conditions subject to which the benefits under such incentive schemes were made available to the Transferor Companies.
- (e) The provisions of this Scheme as they relate to the amalgamation of the Transferor Companies with the Transferee Company, have been drawn up to comply with the conditions relating to "amalgamation" as defined under Section 2(1B) of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said section of the Income-tax Act, 1961, at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the Income-tax Act, 1961, shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the Income-tax Act, 1961. Such modification will, however, not affect the other parts of the Scheme.



5. CONSIDERATION

5.1. Upon the Scheme becoming effective and upon the amalgamation of the First Transferor Company with the Transferee Company in terms of this Scheme, the Transferee Company shall, without any further application or deed, issue and allot shares to the shareholders of the First Transferor Company whose name appears in the register of members of the First Transferor Company as on the Record Date as may be stipulated by the Board of Directors of the First Transferor Company or to such of their heirs, executors, administrators or the successors in title, as the case may be as may be recognized by the Board of Directors, in the following proportion viz

“23 (Twenty Three) Equity Shares of Rs. 10 each, fully paid up of Transferee Company shall be issued and allotted for every 100 (Hundred) Equity Shares of Rs. 10 each, fully paid up held in the First Transferor Company.”

5.2. The entire issued, subscribed and paid up share capital of the Second Transferor Company is held by the Transferee Company along with its nominees. Upon the Scheme becoming effective, the entire equity share capital of the Second Transferor Company shall stand automatically cancelled and there will not be any issue and allotment of equity shares in the Transferee Company.

5.3. In case any equity shareholder's holding in the First Transferor Company is such that the shareholder becomes entitled to a fraction of equity share of the Transferee Company, the Transferee Company shall not issue fractional share to such shareholder but shall consolidate such fractions and issue and allot the consolidated shares directly to a person nominated by the Board of the Transferee Company on behalf of such



shareholders, who shall sell such shares in the market at such price or prices and on such time or times as the Board may in its sole discretion decide and on such sale, he shall pay to the Transferee Company, the net sale proceeds (after deduction of applicable taxes and other expenses incurred), whereupon the Transferee Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of the First Transferor Company in proportion to their respective fractional entitlements.

- 5.4. In the event that the First Transferor Company / the Transferee Company restructure their equity share capital by way of share split/consolidation/issue of bonus shares during the pendency of the Scheme, the Share Exchange Ratio shall be adjusted accordingly to take into account the effect of any such corporate actions.
- 5.5. The Transferee Company shall take necessary steps to increase or alter or re-classify, if necessary, its authorized share capital suitably to enable it to issue and allot the shares required to be issued and allotted by it under this Scheme.
- 5.6. The shares to be issued and allotted as above shall be subject to and in accordance with the Memorandum and Articles of Association of the Transferee Company.
- 5.7. The equity shares issued and allotted by the Transferee Company in terms of this Scheme shall rank pari-passu in all respects with the existing equity shares of the Transferee Company.
- 5.8. The approval of this Scheme by the shareholders of the Transferee Company shall be deemed to be due compliance of the provisions of Section 42, 62 of the Companies Act,



2013 and all the other relevant and applicable provisions of the Act for the issue and allotment of shares by the Transferee Company to the shareholders of the First Transferor Company, as provided in this Scheme.

- 5.9. The consideration in the form of equity shares shall be issued and allotted by the Transferee Company in dematerialized form to all the shareholders of the First Transferor Company holding such shares in dematerialized form and in physical form to all those shareholders of the Transferor Companies holding such shares in physical form. Further, the Transferee Company shall ensure that the shares so allotted pursuant to this Clause are listed on the Stock Exchanges where existing shares of the Transferee Company are listed.
- 5.10. The equity shares issued and/ or allotted pursuant to Clause 5.1, in respect of such of the equity shares of the First Transferor Company which are held in abeyance under the provisions of Section 126 of the Act shall, pending settlement of dispute by order of court or otherwise, be held in abeyance by the Transferee Company.
- 5.11. The Board of Directors of the Transferee Company shall, if and to the extent required, apply for and obtain any approvals from concerned Government /regulatory authorities and undertake necessary compliance for the issue and allotment of equity shares to the members of the First Transferor Company pursuant to Clause 5.1 of the Scheme.
- 5.12. The Transferee Company shall apply for listing of the equity shares issued pursuant to Clause 5.1 on the Stock Exchanges in terms of the SEBI Circular. The equity shares shall be listed and/or admitted to trading on the Stock Exchanges in India where the equity shares of the Transferee Company are listed and admitted to trading, as per the Applicable Law. The Transferee Company shall enter into such arrangements and give



such confirmations and/or undertakings as may be necessary in accordance with Applicable Law for complying with the formalities of the Stock Exchanges. The equity shares allotted pursuant to this Scheme shall remain frozen in the depositories system till relevant directions in relation to listing/trading are provided by the relevant Stock Exchange.

6. ACCOUNTING TREATMENT

6.1 Upon coming into effect of this Scheme and with effect from the Appointed Date, the Transferee Company shall account for amalgamation of the Transferor Companies in its books in accordance with principles as laid down in Appendix C to the Indian Accounting Standard 103 (Business Combination) in the following manner:

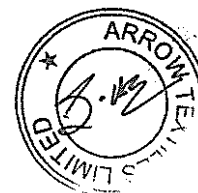
6.1.1 All the assets and liabilities of the Transferor Companies vested in the Transferee Company pursuant to the Scheme shall be recorded in the books of the Transferee Company at their respective carrying values as appearing in the books of Transferor Companies as on the Appointed Date.

6.1.2 The balance of the reserves appearing in the financial statements of the Transferor Companies as on the Appointed Date is aggregated with the corresponding balance appearing in the financial statements of the Transferee Company.

6.1.3 The Transferee Company shall credit to its share capital in its books of account, the aggregate face value of the equity shares issued by it to the shareholders of the First Transferor Company.

6.1.4 Inter-company holdings and balances, if any, between the Transferee Company and the Transferor Companies shall stand cancelled.

6.1.5 The difference, if any, arising between the carrying value of assets and liabilities and reserves pertaining to the First Transferor Company and Second Transferor



Company and the face value of shares issued by the Transferee Company after providing for adjustments as stated above shall be adjusted in capital reserve.

- 6.2 In case of any differences in accounting policy between the Transferor Companies and the Transferee Company, the accounting policies of the Transferee Company will prevail and the difference till the Appointed Date will be quantified and adjusted in the capital reserves / goodwill to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.
- 6.3 Upon coming into effect of this Scheme, any expenses incurred by the Transferee Company in relation to the Scheme (for e.g. stamp duty, share issue expenses, statutory fees, legal fees etc.) shall be debited to the Capital Reserve Account.

7. CONDUCT OF BUSINESS TILL EFFECTIVE DATE

7.1. With effect from the Appointed Date and upto and including the Effective Date:

- (a) The Transferor Companies shall carry on and shall be deemed to have carried on its business and activities and shall stand possessed of its entire business and undertakings, in trust for the Transferee Company and shall account for the same to the Transferee Company.
- (b) All the income or profits accruing or arising to the Transferor Companies and all costs, charges, expenses or losses incurred by the Transferor Companies shall for all purposes be treated the income, profits, costs, charges, expenses and losses as the case may be of the Transferee Company.
- (c) The Transferor Companies shall carry on its business and activities with reasonable diligence and business prudence and shall not alter or diversify its businesses nor venture into any new businesses, nor alienate, charge, mortgage, encumber or



otherwise deal with the assets or any part thereof except in the ordinary course of business without the prior consent of the Transferee Company or pursuant to any pre-existing obligation undertaken prior to the date of acceptance of the Scheme by the respective Boards of Directors of the Transferor Companies and the Transferee Company.

(d) The Transferor Companies 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 Companies as the case may be, prior to the Appointed Date.

7.2. 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. STAFF, WORKMEN & EMPLOYEES

8.1. All the permanent employees of the Transferor Companies, who are in service on the date immediately preceding the Effective Date shall, on and from the Effective Date become and be engaged as the employees of the Transferee Company, without any break or interruption in service as a result of the transfer and on terms and conditions not less favorable than those on which they are engaged by the Transferor Companies immediately preceding the Effective Date. Services of the employees of the Transferor Companies shall be taken into account from the date of their respective appointment with the Transferor Companies for the purposes of all retirement benefits and all other



entitlements for which they may be eligible. The Transferee Company further agrees that for the purpose of payment of any retrenchment compensation, if any, such past services with the Transferor Companies shall also be taken into account.

The services of such employees shall not be treated as having been broken or interrupted for the purpose of Provident Fund or Gratuity or Superannuation or other statutory purposes and for all purposes will be reckoned from the date of their respective appointments with the Transferor Companies.

- 8.2. It is provided that as far as the Provident Fund, Gratuity Fund and Pension and/ or Superannuation Fund or any other special fund created or existing for the benefit of the staff, workmen and other employees of the Transferor Companies are concerned, upon the Scheme becoming effective, the Transferee Company shall stand substituted for the Transferor Companies in respect of the employees so transferred for all purposes whatsoever relating to the administration or operation of such Funds or Trusts or in relation to the obligation to make contribution to the said Funds or Trusts in accordance with the provisions of such Funds or Trusts as provided in the respective Trust Deeds or other documents. It is the aim and the intent of the Scheme that all the rights, duties, powers and obligations of the Transferor Companies in relation to such Funds or Trusts shall become those of the Transferee Company. The Trustees including the Board of Directors of the Transferor Companies and the Transferee Company or through any committee / person duly authorized by the Board of Directors in this regard shall be entitled to adopt such course of action in this regard as may be advised provided however that there shall be no discontinuation or breakage in the services of the employees of the Transferor Companies.



9. **LEGAL PROCEEDINGS**

- 9.1. All legal proceedings of whatsoever nature by or against the Transferor Companies pending and/or arising before the Effective Date and relating to the Transferor Companies, shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against the Transferee Company, as the case may be in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Companies. Any cost pertaining to the said proceedings between the Appointed Date and the Effective Date incurred by the Transferor Companies shall be reimbursed by the Transferee Company.
- 9.2. After the Effective Date, if any proceedings are taken against the Transferor Companies in respect of the matters referred to in the Clause 9.1 above, they shall defend the same at the cost of the Transferee Company and the Transferee Company shall reimburse and indemnify the Transferor Companies against all liabilities and obligations incurred by the Transferor Companies in respect thereof.
- 9.3. The Transferee Company undertakes to have all legal or other proceedings initiated by or against Transferor Companies referred to in Clause 9.1 above transferred into its name and to have the same continued, prosecuted and enforced by or against the Transferee Company after the Appointed Date.



10. **CONTRACTS, DEEDS AND OTHER INSTRUMENTS**

- 10.1. Notwithstanding anything to the contrary contained in the contract, deed, bond, agreement or any other instrument, but subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments, if any, of whatsoever nature and subsisting or having effect on the Effective Date and relating to the Transferor Companies, shall continue in full force and effect against or in favor of the Transferee Company and may be enforced effectively by or against the Transferee Company as fully and effectually as if, instead of the Transferor Companies, the Transferee Company had been a party thereto.
- 10.2. With effect from the Appointed Date, any transferable statutory licenses, no objection certificates, permissions or approvals or consents required to carry on operations of the Transferor Companies shall stand vested in the Transferee Company without further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favor of the Transferee Company upon the vesting and transfer of undertakings of the Transferor Companies pursuant to the Scheme. The benefit of all transferable statutory and regulatory permissions, environmental approvals and consents including the statutory licenses, permissions or approvals or consents required to carry on the operations of the Transferor Companies shall vest in and become available to the Transferee Company pursuant to the Scheme.
- 10.3. The Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favor of any party to any contract or arrangement to which the



Transferor Companies are a 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, be deemed to be authorized to execute any such writings on behalf of the Transferor Companies and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of the Transferor Companies.

- 10.4. All cheques and other negotiable instruments, payment orders received in the name of the Transferor Companies after the Effective Date shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company. Similarly, the banker of Transferee Company shall honor cheques issued by the Transferor Companies for payment after the Effective Date.

11. TAXES

- 11.1. Upon coming into effect of this Scheme and with effect from the Appointed Date, all tax payable by the Transferor Companies under Income-tax Act 1961, Customs Act, 1962, Goods and Services tax or other applicable laws/ regulations dealing with taxes/duties/levies (hereinafter referred to as "tax laws") shall be to the account of the Transferee Company. Similarly all credits for tax deduction at source on income of the Transferor Companies, or obligation for deduction of tax at source on any payment made by or to be made by the Transferor Companies shall be made or deemed to have been made and duly complied with by the Transferee Company if so made by the Transferor Companies. Similarly any advance tax payment required to be made for by the specified due dates in the tax laws shall also be deemed to have been made by the Transferee Company if so made by the Transferor Companies. Further Minimum Alternate Tax paid by the Transferor Companies under Income Tax Act 1961, shall be



deemed to have been paid on behalf of the Transferee Company and Minimum Alternate Tax Credit (if any) of the Transferor Companies as on or accruing after the Appointed Date shall stand transferred to the Transferee Company and such credit would be available for set off against the tax liabilities of the Transferee Company. Any refunds/credit under the tax laws due to the Transferor Companies consequent to assessments made on the Transferor Companies and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company.

- 11.2. Further, any tax holiday/deduction/exemption/carry forward losses enjoyed by the Transferor Companies under Income-tax Act 1961 would be transferred to the Transferee Company.
- 11.3. On or after the Effective Date, the Transferee Company is expressly permitted to revise its financial statements and returns along with prescribed forms, filings and annexures under the Income Tax Act, 1961 (including for the purpose of re-computing tax on book profits and claiming other tax benefits), goods and services tax law and other tax laws, and to claim refunds and/or credits for taxes paid, and to claim tax benefits etc. and for matters incidental thereto, if required to give effect to the provisions of the Scheme from the Appointed Date.
- 11.4. All taxes paid or payable by the Transferor Companies in respect of the operations and/or profits of the business before the Appointed Date shall be on account of the Transferor Companies and in so far it relates to the tax payment whether by way of deduction at source, advance tax or otherwise by the Transferor Companies in respect of profits or activities or operations of the business after the Appointed Date, the same



shall be deemed to be the corresponding item paid by the Transferee Company and shall in all proceedings be dealt with accordingly.

12. SAVING OF CONCLUDED TRANSACTIONS

The transfer of properties and liabilities under Clause 4 above and the continuance of proceedings by or against the Transferor Companies under Clause 9 above shall not affect any transaction or proceedings already concluded by the Transferor Companies on or after 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 Companies in respect thereto as done and executed on behalf of the Transferee Company.

13. VALIDITY OF EXISTING RESOLUTIONS, ETC.

Upon the effectiveness of this Scheme, the resolutions of the Transferor Companies, as are considered necessary by the Board of the Transferee Company, and that are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions 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 said limits as are considered necessary by the Board of the Transferee Company shall be added to the limits, if any, under like resolutions passed by the Transferee Company and shall constitute the aggregate of the said limits in the Transferee Company.



14. PROFITS AND DIVIDENDS

14.1. The Transferor Companies and the Transferee Company shall be entitled to declare and pay dividends, to their respective shareholders in respect of the accounting period ending March 31, 2018 consistent with the past practice or in ordinary course of business, whether interim or final. Any other dividend shall be recommended/declared only by the mutual consent of the concerned Transferor Companies and the Transferee Company.

14.2. It is clarified that the aforesaid provisions in respect of declaration of dividends (whether interim or final) are enabling provisions only and shall not be deemed to confer any right on any shareholder of the Transferor Companies and the Transferee Company to demand or claim or be entitled to any dividends which, subject to the provisions of the said Act, shall be entirely at the discretion of the respective Boards of the Transferor Companies and the Transferee Company as the case may be, and subject to approval, if required, of the shareholders of the Transferor Companies and the Transferee Company as the case may be.

15. CONSOLIDATION OF AUTHORISED CAPITAL

15.1. Upon the Scheme becoming effective, the Authorized Share Capital of the Transferor Companies shall stand consolidated and vested in and be merged with the Authorized Share Capital of the Transferee Company without any liability for payment of any additional fees (including fees and charges to the relevant Registrar of Companies) or stamp duty, as such fees and duties in respect of such Authorized Share Capital of the Transferor Companies have already been paid by the Transferor Companies, the



benefit of which stands vested in the Transferee Company pursuant to the Scheme becoming effective in terms hereof and no separate procedure or further resolution under Section 62 of the Act or instrument or deed or payment of any stamp duty and registration fees shall be required to be followed under the Act.

- 15.2. Consequently, Clause V of the Memorandum of Association of the Transferee Company shall without any act, instrument or deed be and stand altered, modified and substituted pursuant to Section 13 of the Companies Act, 2013 and Section 230-232 and other applicable provisions of the Companies Act, 2013, as set out below:

“The Authorized Share Capital of the Company is Rs.46,00,00,000/- (Rupees Forty Six Crores only) divided into 4,60,00,000 (Four Crore Sixty Lakhs) Equity Shares of Rs.10/- each. The Company shall have power to increase or reduce the authorized share capital, to classify the unclassified shares and to divide the same in shares of several classes permissible under the Act and to attach thereto respectively such preferential, deferred, qualified and other special rights, privileges, restrictions and conditions as may be determined under the provisions of the law in force for the time being and the regulations of the Company and to vary, modify, abrogate or deal with any such rights, privileges, restrictions and conditions in the manner prescribed by the regulations of the Company and under the provisions of the law in force.”

- 15.3. It is clarified that the approval of the shareholders of the Transferee Company to the Scheme shall be deemed to be their consent / approval also to the consequential alteration of the Memorandum and Articles of Association of the Transferee Company and the Transferee Company shall not be required to seek separate consent / approval of its shareholders for such alteration of the Memorandum and Articles of Association of



the Transferee Company as required under Sections 13, 14, 16, 61, 62 and 64 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013.

16. CHANGE OF NAME OF THE TRANSFEE COMPANY

Upon sanction of this Scheme, the name of the Transferee Company shall automatically stand changed without any further act, instrument or deed on the part of the Transferee Company, to "Delta Manufacturing Limited" or such other name as may be approved by the concerned Registrar of Companies and the Memorandum of Association and Articles of Association of the Transferee Company shall, without any further act, instrument or deed, be and stand altered, modified and amended, and the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under Section 13, 14 and 16 of the Companies Act, 2013 or any other applicable provisions of the Act, would be required to be separately passed.

17. DISSOLUTION WITHOUT WINDING UP

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

18. AMENDMENT TO MEMORANDUM OF ASSOCIATION OF THE TRANSFEE COMPANY



On and from the Effective Date, the objects of the Transferee Company shall be deemed to have been altered by adding clause 1B and clause 1C to the existing clause 1 and clause 1A in the objects with of the Memorandum of Association of the Transferee Company, which shall read as under:

“

1B. To buy, sell , market , deal in , trade, develop, import, export all kinds of textile fabrics and textile fabrics and textile products made out of cotton, natural fibres and yarns, man made fibres and yarns, synthetic fibres and yarns, silk, wool including apparel fabrics, apparel wear of all types, hosiery of all types, industrial fabrics, nylon fabrics, label and tape fabrics, non wovens, household linen of all types and to manufacture the same and/or to get manufactured by any method or process including spinning, weaving, knitting, warp knitting , dyeing, processing , printing, finishing, stitching, non wovens, mending, parking and to establish and/or get established mills for manufacturing of the same and to buy, sell market and to deal in, trade, develop, import, export and to manufacture and/or get manufactured all types of fibres including polyester, polyamide, acrylic, cotton, viscose, rayon, silk, wool, all types of filaments, all types of yarns and cords, all types of threads.

1C. To carry on all or any of the businesses of manufacturers manipulators, fabricators, assemblers, designers, processors, buyers, sellers, importers, exporters, factors, brokers, agents and distributors of and dealers in metal objects, products and substances of all kinds, including without limitation ferrite and magnetic products and whether made of ferrous or non ferrous metals, and of and in plastic objects, products and substances of all kinds.”



It shall be deemed that the members of the Transferee Company have also resolved and accorded all relevant consents under Section 13 of the Companies Act, 2013. It is clarified that there will be no need to pass a separate shareholders' resolution as required under Section 13 of the Companies Act, 2013 for the amendments of the Memorandum of Association of the Transferee Company.

PART D

GENERAL TERMS AND CONDITIONS

19. APPLICATION TO NCLT

The Transferor Companies and the Transferee Company shall make Applications / Petitions under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Act to NCLT for sanction of this Scheme under the provisions of law.

20. MODIFICATION OR AMENDMENTS TO THE SCHEME

The Transferor Companies and the Transferee Company with approval of their respective Board of Directors may consent, from time to time, on behalf of all persons concerned, to any modifications / amendments or additions / deletions to the Scheme which may otherwise be considered necessary, desirable or appropriate by the said Board of Directors to resolve all doubts or difficulties that may arise for carrying out this Scheme and to do and execute all acts, deeds, matters, and things necessary for bringing this Scheme into effect or agree to any terms and / or conditions or limitations that NCLT or any other authorities under law may deem fit to approve of, to direct and /



or impose. The aforesaid powers of the Transferor Companies and the Transferee Company to give effect to the modification / amendments to the Scheme may be exercised by their respective Board of Directors or any person authorised in that behalf by the concerned Board of Directors subject to approval of NCLT or any other authorities under the applicable law.

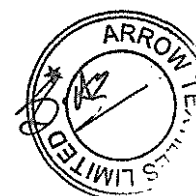
21. CONDITIONALITY OF THE SCHEME

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

21.1.1. The requisite sanctions and approvals of all government, statutory, regulatory, judicial or other authority as may be necessary, and any consents, no-objection confirmations or approvals of the Stock Exchange, in respect of the Scheme being obtained;

21.1.2. Approval of the Scheme by the requisite majority in number and value of such class of persons including the respective members and/or creditors of the Transferor Companies and the Transferee Company as required under the Act and as may be directed by NCLT;

21.1.3. Approval of the shareholders of Transferor Companies and Transferee Company through e-voting and/or any other mode as may be required under any Applicable Law. The Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders of First Transferor Company and Transferee Company, against it as required under the SEBI Circular. The term



'public' shall carry the same meaning as defined under Rule 2 of Securities Contracts (Regulation) Rules, 1957; and

21.1.4. Certified or authenticated copy of the Order of NCLT sanctioning the Scheme being filed with the respective Registrar of Companies by the Transferor Companies and the Transferee Company as may be applicable.

22. EFFECT OF NON-RECEIPT OF APPROVALS AND MATTERS RELATING TO REVOCATION / WITHDRAWAL OF THE SCHEME

22.1. In the event of any of the said sanctions and approvals referred to in the preceding Clause not being obtained and/ or the Scheme not being sanctioned by NCLT or such other competent authority and / or the Order not being passed as aforesaid before December 31, 2019 or within such further period or periods as may be agreed upon between the Transferor Companies and the Transferee Company by their Boards of Directors (and which the Boards of Directors of the Companies are hereby empowered and authorized to agree to and extend the Scheme from time to time without any limitation) 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.

22.2. The Transferor Companies and the Transferee Company through their respective Board shall each be at liberty to withdraw from this Scheme (i) in case any condition or alteration imposed by any appropriate authority / person is unacceptable to any of them



or (ii) they are of the view that coming into effect of this Scheme could have adverse implications on the respective companies.

22.3. In the event of revocation/withdrawal under Clauses 22.1 and 22.2 above, no rights and liabilities whatsoever shall accrue to or be incurred inter se the Transferor Companies and the Transferee Company or their respective shareholders or creditors or employees or any other person save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or in accordance with the Applicable Law and in such case, the Transferor Companies and the Transferee Company and shall bear its own costs, unless otherwise mutually agreed.

23. **COSTS, CHARGES & EXPENSES**

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

CERTIFIED TRUE COPY

For Arrow Textiles Limited


Company Secretary