

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,

BENCH AT INDORE

CA(CAA) No. 4/MP /2022

In the matter of the Companies Act, 2013;

And

In the matter of the Provisions of Sections 230-232 read with other relevant provisions of the Companies Act, 2013;

And

In the matter of Prataap Snacks Limited;

And

In the matter of Scheme of Amalgamation of Avadh Snacks Private Limited ("Transferor Company 1") and Red Rotopack Private Limited ("Transferor Company 2") with Prataap Snacks Limited ("Transferee Company") and their respective shareholders and creditors;

Prataap Snacks Limited,

CIN-L15311MP2009PLC021746

a Company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Khasra no. 378/2, Nemawar Road, Near Makrand House, Palda Indore- MP 452020

**.... APPLICANT COMPANY/
TRANSFEEE COMPANY**



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**.... APPLICANT COMPANY/
TRANSFEREE COMPANY**

NOTICE OF PETITION

FORM NO. CAA.3

[Pursuant to section 230(5) and rule 8]

To
Corporate Relationship Department
The BSE Limited
Floor 25, P J Towers,
Dalal Street,
Mumbai 400001

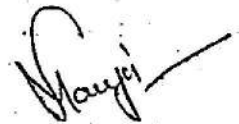


Notice is hereby given in pursuance of sub-section (5) of section 230 of the Companies Act, 2013, that as directed by the Indore Bench of the National Company Law Tribunal by an order dated 1st day of July, 2022 under sub-section (1) of section 230 of the Act, a meeting of the Equity Shareholders and Unsecured Creditors of Prataap Snacks Limited shall be held on 12th August, 2022 to consider the Scheme of Amalgamation of Avadh Snacks Private Limited and Red Rotopack Private Limited with Prataap Snacks Limited and their respective shareholders and creditors ("Scheme") pursuant to the provisions of Sections 230-232 of the Companies Act, 2013 and the other applicable provisions thereof and applicable rules thereunder at through Video Conferencing (VC)/ Other Audio Visual Means (OAVM).

A copy of the scheme of the Amalgamation and the Explanatory Statement alongwith all required disclosures as specified in the Index are enclosed herewith.

You are hereby informed that representations, if any, in connection with the proposed Amalgamation may be made to the Tribunal within thirty days from the date of receipt of this notice. Copy of the representation may simultaneously be sent to the concerned company/s.

In case no representation is received within the stated period of thirty days, it shall be presumed that you have no representation to make on the proposed scheme of compromise or arrangement.



Manju Mundra
PCS for the Applicant company
302 Soni Mansion,
12-B, Ratlam Kothi,
Indore- 452001, MP

Dated this 6th day of July, 2022
Place: Indore

MANJU MUNDRA
Company Secretary
FCS 4431 CP 3454

Enclosures:

1) Copy of Notice with explanatory statement as required under section 230(3), Copy of Scheme of Amalgamation, Copy of NCLT order dated 01-07-2022 and all other annexures

Before National Company Law Tribunal
Indore Bench
C.A. (CAA)/4(MP) 2022

In the matter of the Companies Act, 2013;

And

In the matter of the provisions of Sections 230-232 read with other relevant provisions of the Companies Act, 2013;

And

In the matter of Prataap Snacks Limited;

And

In the matter of Scheme of Amalgamation of Avadh Snacks Private Limited ("Transferor Company 1") and Red Rotopack Private Limited ("Transferor Company 2") with Prataap Snacks Limited ("Transferee Company") and their respective shareholders and creditors;

Prataap Snacks Limited,

CIN - L15311MP2009PLC021746

a Company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Khasra no. 378/2, Nemawar Road; Near Makrand House, Palda Indore- MP 452020

.... APPLICANT COMPANY/
TRANSFEREE COMPANY

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



1. Pursuant to the order dated 1st day of July, 2022 passed by the Hon'ble National Company Law Tribunal, Bench at Indore (the "NCLT"), in CA (CAA) No. 4/MP/2022 ("Order"), a meeting of the equity shareholders of PRATAAP SNACKS LIMITED (hereinafter referred to as the "Applicant Company" or the "Transferee Company" as the context may admit) is being convened through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM") on Friday, the 12th August, 2022 at 11:30 a.m. (1130 hours), for the purpose of considering, and if thought fit, approving, with or without modification(s), the Scheme of Amalgamation of Avadh Snacks Private Limited ("Transferor Company 1") and Red Rotopack Private Limited ("Transferor Company 2") with Prataap Snacks Limited ("Transferee Company") and their respective shareholders and creditors (hereinafter, the "Scheme") under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. The Transferor Company 1 and Transferor Company 2 are together referred to as the "Transfer Companies" and the Transferor Company 1, Transferor Company 2 and the Transferee Company are together referred to as the "Companies". A copy of the Scheme, which has been recommended by the Audit Committee, Committee of Independent Directors and approved by the Board of Directors of the Applicant Company, in their respective meetings held on 29th September, 2021, is enclosed as Annexure 1. Capitalised terms used herein but not defined shall have the meaning assigned to them in the Scheme, unless otherwise stated.
2. In terms of the said Order, the quorum for the said meeting shall be 30 (Thirty) equity shareholders attending the meeting through VC/OAVM and shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
3. Further, in terms of the said Order, NCLT, has appointed Mr. Rajesh Chordia, Senior Chartered Accountant and in his absence Mr. Aditya Kumar Gupta, Practising Chartered Accountant as the Chairman of the meeting of the Applicant Company including for any adjournment or adjournments thereof.
4. This statement is being furnished as required under Sections 230(3), 232(1) and (2) and 102 of the Companies Act, 2013 (the "Act") read with Rule 6 of the Companies (Compromises, Amalgamations and Amalgamations) Rules, 2016 (the "Rules").
5. As stated earlier, NCLT by its Order has, inter alia, directed that a meeting of the Equity Shareholders of the Applicant Company shall be convened through VC/OAVM, on Friday, 12th August, 2022 at 11:30 am (1130 hours) IST ("Meeting") for the purpose of considering, and if thought fit, approving, with or without modification(s), the amalgamation embodied in the Scheme. Equity shareholders would be entitled to vote either through remote e-voting or e-voting at the Meeting.
6. In accordance with the provisions of Sections 230 - 232 of the Act, the Scheme shall be acted upon only if a majority in number representing three-fourth in value of the equity



shareholders of the Applicant Company, voting through remote e-voting or e-voting at the Meeting, agree to the Scheme.

7. In terms of the Order, if the entries in the records/registers of the Applicant Company in relation to the number or value, as the case may be, of the equity shares are disputed, the Chairman of the meeting shall determine the number or value, as the case may be, for the purposes of the said meeting, subject to the orders of NCLT in the petition seeking sanction of the Scheme.
8. List of Companies involved in the Scheme of Amalgamation:
 - a) Prataap Snacks Limited ("Applicant Company" / "Transferee Company")
 - b) Avadh Snacks Private Limited ("Transferor Company 1")
 - c) Red Rotopack Private Limited ("Transferor Company 2")

9. Details of the Companies to the Scheme of Amalgamation:

A. Particulars of the Transferee Company - Prataap Snacks Limited

- a) The Applicant Transferee Company Prataap Snacks Limited ("PSL") is a public Company limited by shares and incorporated under the Companies Act, 1956 having its registered office at Khasra no. 378/2, Nemawar Road, Near Makrand House, Palda, Indore - MP 452020. The Transferee Company was incorporated as private limited company on 23rd March, 2009 as Prataap Snacks Private Limited which was converted into public limited company on 19th September, 2016 vide certificate of Registrar of Companies, Gwalior as Prataap Snacks Limited. The Corporate Identification Number of PSL is L15311MP2009PLC021746 and the Permanent Account Number is AAFCP0210P. The equity shares of the Transferee Company are listed at the BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE").
- b) There has been no change in the registered office address of PSL in the last five (5) years. The e-mail address of PSL is complianceofficer@yellowdiamond.in.
- c) The main objects for which Transferee Company has been established are set out in its Memorandum of Association which are as follows:-
 - (i) *To carry on the business of manufacture, producer, processors, stockiest of and dealers in processed foods, vegetables, fruits, including tinned vegetables and snacks prepared from any type of vegetable, fruits, cereals, wheat, rice and allied products including potato chips, potato wafers, potato fingers puffs, various namkins and to run cold storage for storage of vegetables, fruits, food products.*



Clause 2 of the Objects ancillary to the attainment of the main objects, which contains provisions for amalgamation, is reproduced below:

- “(2) To acquire and take over the whole or any part of the business property and liabilities of any person or persons, firms or corporation carrying on any business which the company is authorized to carry on or possessed of any property or rights suitable for the purposes of the company.”*

There has been no change in the object clause of PSL in the last five (5) years.

- d) The Authorised, Issued, Subscribed and Paid-up share capital of PSL, as on 31st August, 2021 is as under:

Particulars	Rs.
Authorised Share Capital	
3,20,00,000 Equity Shares of INR 5 each	16,00,00,000
TOTAL	16,00,00,000
Issued, Subscribed and Paid-up share capital	
2,34,53,036 Equity Shares of INR 5 each	11,72,65,180
TOTAL	11,72,65,180

- e) The brief description of some of the major businesses being carried out by the PSL along with its subsidiaries are as under:

- i. PSL is engaged in the business of manufacturing and supply of packaged food mainly in Extruded Snacks, Potato Chips, Namkeens and Pellets under the brand name of “Yellow Diamond” and is one of the fastest growing companies in packaged food industry.
- ii. PSL holds 90.48% of the equity share capital of the Transferor Company 1, Avadh Snacks Private Limited (hereinafter referred as “Avadh” or “Transferor Company 1”) which is a Subsidiary of PSL and is a leading snacks food company at Gujarat engaged in manufacturing of namkeens and extruded snacks. This subsidiary company Avadh has a wholly owned subsidiary company named Red Rotopack Private Limited which is engaged in the business of packaging material. Consequently, it also became the subsidiary company of PSL.



B. Particulars of the Transferor Company 1 - Avadh Snacks Private Limited

- a) The Transferor Company 1, Avadh Snacks Private Limited ("Avadh") is a company incorporated on 25th August, 2017 as private limited company limited by shares under the Companies Act, 2013 having its registered office at R.S. No. 123/P3, New R.S. No. 128, Ind. Plot No. 1, Nikava, Jamnagar, Gujarat 361162, India. Transferor Company 1 is Subsidiary of Transferee Company. The Corporate Identification Number of "Avadh" is U15132GJ2017PTC098837 and the Permanent Account Number is AAQCA0252M. There has been no change in the registered office address of Avadh in the last five (5) years. The e-mail address of Avadh is avadhnamkeen@yahoo.com
- b) The objects for which "Avadh" has been established are set out in its Memorandum of Association, which are as follows:
- (i) *To carry on business in India and abroad of manufacturing preserving reigning, packing, bottling, prepare, manipulate, treat, market, import, export, improve, produce, process, prepare, buy, sell, deal, in and carry on the manufacturing and trading in foods and beverages natural or flavoured like snacks, Pellets, Frymus, Namkeen Farsan, Salted foods, wafers, Rise puff, nuts, peanuts, ground nuts and all types of food products Grain Products, vegetables Products and Pulse Products processed foods, protein, health and instants foods of all kind including baby and dietetic foods, cereals, beverages, cordials, tonics, restratives and to carry on business in all natural artificial synthetic or chemical edible foods, jams, jelly, puckle, cider, chutney, marmaldaes, mayonnaise, mustard, deserts, flavours, condiments, pancakes, doughnuts, vinegar's, ketchup, sauces, juices, squshes, soups, powder (eatable), drinks carbonates and non-carbonated, gelatins, essences, ice creams, dairy products, fast food, frozen foods and other eatables, bakery products and confectionary items such as breads, biscuits, sweets, roti, pizza, papal, cakes, pastries, cookies, wafers, condoles, lemon, drops, chocolate, chewing gum, Toffees, lozenge, tinned, caned bottled, products, mil cream, butter, butter scotch, sauce, ghee, cheese, condensed milk, milk powder, skimmed milk food, baby food, infant foods, milk products, and milk preparation, soya milk products and preparation, soyabean based foods, protein foods, deistic product, health foods cereals products, wheat lakes poultry products, farm products, milk shakes, water ice products, yog hurt, mouth freshener carbon dioxide and beverages.*



address of Avadh in the last five (5) years. The e-mail address of Red Roto is avadhnamkeen@yahoo.com

b) The objects for which "Red Roto" has been established are set out in its Memorandum of Association, which are as follows:

1) *To manufacture, process, buy, sell, import, export, or otherwise deal in all kinds of card board packing, plastic packing, Roto Printing, polythene packing gunny bags, containers, bottles, hollow wares, whether made of leather plastic, H.D.P., L.D.P., polypropoline, plastic, P.V.C. and other man made fibrous materials and all types of Packing Solutions and to construct, erect, establish, take on hire, rent or lease factories for manufacturing and processing of packing articles and materials by mechanical, electrical or manual operations and to carry on business as manufacturers of dealers in, or as stockists, importers and exporters of packing materials, cartons, containers, boxes, bags and cases made of paper boards, wood glass, plastic pump, cellulose films, polyethylene, rubber, tube metals, metal foils, gelatine, tin flexible, treated, laminated or other materials and to carry on the business of manufacturers and dealers in all kinds of packaging, packing requisites and cartons made of card board, strawboard, wool, glass or any other material, metal glass or plastic containers also containers of any other material and to carry on the business of manufacturers, traders, dealers, selling agents, buying agents, exporters, importers, and commission agents of containers, bags sacks, packaging materials drums and storing equipment of all kinds whether made of steel iron, wood, plastic, polythene or any other materials and whether required for industrial, commercial, household, shipping or any other purpose.*

Clause 6-7 of the Objects incidental or ancillary to the attainment of main objects, which contains provisions for amalgamation, is reproduced below:

"6. To enter into partnership or any arrangement for sharing or pooling profits, amalgamations, union of interest, co-operation, joint venture, reciprocal concessions or to amalgamate with any person or company carrying on or engaged in or about to carry on or engaged in any business, undertaking or transactions which this company is authorized to carry on or engaged in any business, undertaking or transactions which may seem capable of being carried on or conducted, so as directly or indirectly, to benefit the company.

7. To acquire or amalgamate, absorb or merge with any other company or companies or to form, promote subsidiaries having objects altogether or in part similar to those of this company."

Clause 6-7 of the Objects incidental or ancillary to the attainment of main objects, which contains provisions for amalgamation, is reproduced below:

- "6. To enter into partnership or any arrangement for sharing or pooling profits, amalgamations, union of interest, co-operation, joint venture, reciprocal concessions or to amalgamate with any persons or company carrying on or engaged in or about to carry on or engaged in any business, undertaking or transactions which this company is authorized to carry on or engaged in any business, undertaking or transactions which may seem capable of being carried on or conducted, so as directly or indirectly, to benefit the company.
7. To acquire or amalgamate, absorb or merge with any other company or companies or to form, promoted subsidiaries having objects altogether or in part similar to those of this company."

There has been no change in the object clause of "Avadh" since incorporation.

- c) The Authorised, Issued, Subscribed and Paid-up equity share capital of Transferor Company 1 as on 31st August, 2021 is as under:

Particulars	Rs.
Authorised Share Capital	
1,00,00,000 equity shares of INR 10 each	10,00,00,000
Total	10,00,00,000
Issued, Subscribed, and Paid-up Share Capital	
6,50,000 equity shares of INR 10 each	65,00,000
1,01,563 equity shares of INR 10 each, paid-up INR 6 each	6,09,378
Total	71,09,378

C. Particulars of the Transferor Company 2 – Red Rotopack Private Limited

- a) The Transferor Company 2, Red Rotopack Private Limited ("Red Roto") is a company incorporated on 17th December, 2015 as private limited company limited by shares under the Companies Act, 2013 having its registered office at Survey No. 128, Plot No. 3, Opp. Supertech, Nikava, Kalawad, Gujarat 361162, India. Transferor Company 2 is Wholly Owned Subsidiary of Transferor Company 1. The Corporate Identification Number of "Red Roto" is U25199GJ2015PTC085423 and the Permanent Account Number is AAHCR5663G. There has been no change in the registered office

There has been no change in the object clause of "Red Roto" since incorporation.

- c) The Authorised, Issued, Subscribed and Paid-up equity share capital of the Transferor Company 2 as on 31st August, 2021 is as under:

Particulars	Rs.
Authorised Share Capital	
7,50,000 equity shares of INR 10 each	75,00,000
Total	75,00,000
Issued, Subscribed, and Paid-up Share Capital	
7,50,000 equity shares of INR 10 each	75,00,000
Total	75,00,000

10. The rationale for the proposed Scheme is as under:

- i. PSL is a well-known name as "Yellow Diamond" in the field of Extruded Snacks, Potato Chips, Namkeens and Pellets and is a prominent snacks food manufacturer in India. It has a reasonably strong balance sheet to support its future growth plans and have presence all over India.
- ii. The amalgamation of the Transferor Companies with the Transferee Company in accordance with this Scheme would enable all the companies to realize the benefits of greater synergies between their businesses. Further, it would make available to them - financial resources, technological upgradation, technological resources as well as the managerial, technical, distribution, and marketing resources of each other in the interest of maximizing shareholder and stakeholder value as the Transferor Companies and Transferee Company's business activities are similar and complement each other.
- iii. The amalgamation will result in better integration, financial strength, and flexibility for the amalgamated entity, which would result in maximizing overall shareholder value, and will improve the competitive position of the combined entity and reduction in operational costs and increase operational efficiency.
- iv. The amalgamation will lead to improved organizational capability and leadership, arising from the pooling of human capital that has diverse skills, talent and vast experience to compete successfully in an increasingly competitive industry.



Synergies of Business of the Entities Involved in the Scheme

- i. The amalgamation would result in synergy benefits arising out of a single value chain and greater sustainable operations of a value-adding business line by manufacturing potato chips, wafers, extruded snacks, pellets, various types of namkeens, and sweet snacks with greater operational flexibility.
- ii. Synergy of operations will be achieved, resulting in optimization of the common facilities such as manpower, office space, administration, etc. Other infrastructure could also be better utilized, and duplication of facilities could be avoided resulting in optimum use of facilities and cost savings and thus achieving economies of scale.

Impact of the Scheme on the Shareholders

- i. The amalgamation shall not in any manner be prejudicial to the interests of the concerned shareholders, creditors, employees, and/ or general public at large.
- ii. The proposed scheme will have no detrimental effect on the shareholders of either the Transferor companies or the Transferee Company.

Cost-Benefit Analysis

Though the Scheme of Amalgamation would lead to incurring of some costs towards implementation of the Scheme, however the benefit of the Scheme over the long term horizon far outweigh such cost for the stakeholders of Transferee Company (Prataap Snacks Limited) considering that the amalgamation would result in enhanced efficiency in cash management of the amalgamated entity 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 to maximize shareholders value.

Overview and Operation of this Scheme

This Scheme provides for the amalgamation of the Transferor Companies into the Transferee Company in the manner set out in this Scheme. In addition to the above, this Scheme also provides for the various other matters consequential or otherwise integrally connected therewith.

Scheme to Lead to Amalgamation as Defined in Section 2(1b) of Income Tax Act, 1961

The Scheme shall lead to amalgamation of Transferor Companies into Transferee Company in a manner that:



- (i) All the property of the Transferor Companies before the amalgamation shall become the property of Transferee Company by virtue of this Scheme; and
- (ii) All the liabilities of Transferor Companies immediately before the amalgamation shall become the liabilities of Transferee Company by virtue of this Scheme.

11. Relationship subsisting between the Companies who are parties to the Scheme of Amalgamation

- i. The Transferee Company, Prataap Snacks Limited holds 90.48% of the equity shares of the Transferor Company 1, Avadh Snacks Private Limited, which is a leading snacks food company in Gujarat and engaged in manufacturing of namkeens and extruded snacks, by virtue of this, Transferor Company 1 becomes the subsidiary of Transferee Company.
- ii. The Transferor Company 1, Avadh Snacks Private Limited, has a wholly owned subsidiary, Red Rotopack Private Limited, Transferor Company 2, which is engaged in the business of packaging material. Consequently, it also became the subsidiary of the Transferee Company.
- iii. Except Mr. Arvind Mehta and Mr. Amit Kumat, none of the promoters, directors, key managerial personnel or managers, if any, of the Transferor Companies has any shareholding interest in the Transferee Company, which is above two per cent of the paid-up share capital of the Transferee Company.

12. Corporate Approvals

- i. The draft Scheme alongwith the Valuation Report dated 29th September, 2021 issued by Paras K. Salva, Registered Valuer, IBBI Registration Number: IBBI/RV/06/2018/10102 ("Valuation Report"), in respect of the proposed Scheme, were placed before the Audit Committee of the Transferee Company in its meeting held on 29th September, 2021 together with the pricing certificate on proposed preferential allotment issued by the Statutory Auditor dated 29th September, 2021. The Fairness Opinion dated 29th September, 2021 by Arihant Capital Markets Limited, a Securities and Exchange Board of India ("SEBI") registered Merchant Banker ("Fairness Opinion") on the valuation report was also placed before the Transferee Company's Audit Committee. The Valuation Report, Pricing Certificate and Fairness Opinion are enclosed as Annexure 2, Annexure 3 and Annexure 4 respectively and are also open for inspection at the registered office of the Transferee Company. The Audit Committee of the Transferee Company based on the aforesaid documents amongst others, recommended the Scheme to the Board of Directors of the Transferee Company by its report.



- ii. The aforesaid draft Scheme, along with the aforesaid Valuation Report, pricing certificate and other relevant documents, were placed before the Board of Directors of the Transferee Company in its meeting held on 29th September, 2021. The aforesaid Fairness Opinion issued by Arihant Capital Markets Limited was also submitted to the Transferee Company's Board of Directors. Based on the reports submitted by the Audit Committee and the Committee of Independent Directors recommending the draft Scheme, the Board of Directors of the Transferee Company approved the Scheme in its meeting held on 29th September, 2021. The meeting of the Board of Directors of the Transferee Company, held on 29th September, 2021, was attended by 7 (Seven) directors, namely Mr. Amit Kumat, Managing Director and Chief Executive Officer, Mr. Apoorva Kumat, Executive Director (Operations), Mr. G.V. Ravishankar, Non-Executive Nominee Director, Mrs. Anisha Motwani, Independent Director, Mr. Chetan Kumar Mathur, Independent Director, Mr. V.T. Bharadwaj, Independent Director and Mr. Vineet Kumar Kapila, Independent Director. None of the directors of the Transferee Company who attended the meeting voted against the Scheme. Thus, the Scheme was approved unanimously by the directors who attended and voted at the meeting.
- iii. Separately, the draft Scheme was placed before the Board of the Transferor Company 1 at its meeting held on 29th September, 2021 and Transferor Company 2 at its meeting held on 29th September, 2021. The Board of Directors of the Transferor Company 1 and Transferor Company 2 approved the Scheme. The meeting of the Board of Directors of the Transferor Company 1, held on 29th September, 2021, was attended by 4 (Four) directors namely Mr. Amit Kumat, Director, Mr. Neel Rasikbhai Jagani, Director, Mr. Rajeshbhai Mansukhbhai Savani, Director and Mr. Girish Nair, Independent Director and the meeting of the Board of Directors of the Transferor Company 2, held on 29th September, 2021, was attended by 3 (Three) directors namely Mr. Amit Kumat, Director, Mr. Neel Rasikbhai Jagani, Director and Mr. Rajeshbhai Mansukhbhai Savani, Director. None of the directors of the Transferor Company 1 and Transferor Company 2 who attended the meeting voted against the Scheme. Thus, the Scheme was approved unanimously by the directors who attended and voted at the meeting.

13. Approvals and actions taken in relation to the Scheme

- i. NSE was appointed as the Designated Stock Exchange by the Transferee Company for the purpose of coordinating with the SEBI for obtaining approval of SEBI in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circulars (including any statutory modification or re-enactment thereof for the time being in force).
- ii. As required by the SEBI Circulars, the Transferee Company had filed its complaints report with NSE and BSE, dated 14th February, 2022 and dated 21st February, 2022



respectively. A copy of the complaints report submitted by the Transferee Company, dated 14th February and dated 21st February, 2022 to NSE and BSE, respectively, are enclosed as Annexure 5 and Annexure 6.

iii. The Transferee Company has received the observation letters regarding the draft Scheme from NSE and BSE, both dated 5th April, 2022 conveying the comments on the draft Scheme for filing with NCLT, pursuant to the letter addressed by SEBI to NSE and BSE, which, inter alia, stated the following:

- Company shall ensure disclosure of all details of ongoing adjudication & recovery proceedings, prosecution initiated, and all other enforcement action taken, if any, against the Company, its promoters and directors, before Hon'ble NCLT and shareholders, while seeking approval of the scheme.
- Company shall ensure that additional information, if any, submitted by the Company after filing the Scheme with the Stock Exchanges, from the date of receipt of this letter is displayed on the websites of the listed company and the Stock Exchanges.
- The entities involved in the scheme shall duly comply with various provisions of the Circular.
- The declaration submitted by the transferee entity to the Exchanges on any past defaults of listed debt obligations of the entities forming part of the scheme shall be incorporated in the petition to be filed before NCLT.
- The transferee company shall obtain a No Objection Certificate from the lending scheduled commercial bank/ financial institutions/ debenture trustees and the same shall be incorporated in the petition to be filed before NCLT.
- Company shall ensure that the information pertaining to all the Unlisted Companies involved in the Scheme shall be included in the format specified for abridged prospectus as provided in Part E of Schedule VI of the ICDR Regulations, 2018, in the explanatory statement or notice or proposal accompanying resolution to be passed, which is sent to the shareholders for seeking approval.
- The Company is advised that the details of the proposed Scheme under consideration as provided by the Company to the Stock Exchange shall be prominently disclosed in the notice sent to the Shareholders.
- Company to ensure that no changes to the draft Scheme except those mandated by the regulators/ authorities / tribunals shall be made without specific written



consent of SEBI.

- Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before Hon'ble NCLT and the Company obliged to bring the observations to the notice of NCLT.
- It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments/ observation/representations.

Copies of the observation letters, both dated 5th April, 2022 received from NSE and BSE, respectively, are enclosed as Annexures 7 (colly).

- iv. The Board of Directors of the Transferee Company and the Transferor Companies in its respective meetings held on 20th May, 2022, extended the time period for approval of the Scheme by the respective NCLTs and other relevant authorities, if any, from 12 months to 18 months from the date of approval of the Scheme by the respective Board of the Companies in terms of Clause 23.2 of the Scheme.
- v. The Transferor Company/ Transferee Company would obtain the respective necessary approvals/sanctions/no objection(s) from the regulatory or other Governmental Authorities in respect of the Scheme in accordance with law, if so required.
- vi. CA (CAA) /4(MP) 2022 along with the annexures thereto (which includes the Scheme) was filed by the Transferee Company with the NCLT, online on 12th May, 2022 and physically on 13th May, 2022. Similarly, the Transferor Companies filed CA(CAA) No.42/AHM/2022 along with annexures thereto (which includes the Scheme) with the Hon'ble National Company Law Tribunal, Bench at Ahmedabad, online on 8th June, 2022 and physically on 10th June, 2022, which is scheduled to be next heard on 26th July, 2022.

14. Salient extracts of the Scheme

The salient features / details / extract of the Scheme of Amalgamation are, *inter alia*, as under:

- i. "Appointed Date" means 1st April 2021 or such other date as may be mutually agreed between the Transferor Companies and the Transferee Company, and approved by the Tribunal.



- ii. "Effective Date" means the last of the dates on which certified copies of order of the Tribunal under Sections 230 to 232 of the Companies Act, 2013 sanctioning the Scheme, are filed with the respective office(s) of the ROC by the Transferor Companies and Transferee Company. Reference in this Scheme to the date of "coming into effect of this Scheme" or "effectiveness of this Scheme" shall mean the Effective Date.
- iii. "Stock Exchanges" means BSE Limited ("BSE"), National Stock Exchange of India Limited ("NSE") where the shares of the Transferee Company are listed and any other recognized stock exchange, as the case may be;
- iv. "Transferor Companies" means collectively, Avadh Snacks Private Limited a company incorporated under the Companies Act, 2013 having its registered office at R.S. No. 123/P3, New R.S. No. 128, Ind. Plot No. 1, Nikava, Jamnagar, Gujarat 361162 and Red Rotopack Private Limited a company incorporated under the Companies Act, 2013 having its registered office at Survey No. 128, Plot No. 3, Opp. Supertech, Nikava, Kalawad Gujarat 361162;
- v. "Transferee Company" means Prataap Snacks Limited a public limited company incorporated under the Companies Act, 1956 having its registered office at Khasra No. 378/2, Nemawar Road, Near Makrand House, Palda, Indore, Madhya Pradesh 452020;
- vi. "Tribunal" or "NCLT" means the National Company Law Tribunal having jurisdiction over the Transferee Company and Transferor Companies, as the case may be.

AMALGAMATION OF TRANSFEROR COMPANIES WITH TRANSFEE COMPANY

A. TRANSFER OF ASSETS AND LIABILITIES

With effect from the opening of business hours of Appointed Date, and subject to the provisions of this Scheme and pursuant to Sections 230 to 232 of the Act and in compliance with Section 2(1B) and other relevant provisions of the Income Tax Act, 1961, the Transferor Companies shall stand amalgamated with the Transferee Company as a going concern and all assets, liabilities, contracts, arrangements, employees, Permits, licenses, records, approvals, etc. of the Transferor Companies shall, without any further act, instrument or deed, stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, so as to become as and from the Appointed Date, the assets, liabilities, contracts, arrangements, employees, Permits, licenses, records, approvals, etc. of the Transferee Company by virtue of, and in the manner provided in this



- d. The Transferee Company is expressly permitted to revise and file its income tax returns and other statutory returns, including tax deducted / collected at source returns, service tax returns, excise tax returns, sales tax / CENVAT / VAT / GST returns, as may be applicable and has expressly reserved the right to make such provision in its returns and to claim unabsorbed depreciation, refunds, advance tax credits, credit of tax under Section 115JB of the Income Tax Act, 1961, credit of dividend distribution tax, credit of tax deducted at source, credit of foreign taxes paid/withheld, etc. if any, as may be required for the purposes of/consequent to implementation of the Scheme.
- e. It is hereby clarified that in case of any refunds, benefits, incentives, grants, subsidies, etc., the Transferor Companies, shall, if so required by the Transferee Company, issue notices in such form as the Transferee Company may deem fit and proper stating that pursuant to the Tribunal having sanctioned this Scheme under Sections 230 to 232 of the Act, the relevant refund, benefit, incentive, grant, subsidies, be paid or made good or held on account of the Transferee Company, as the person entitled thereto, to the end and intent that the right of the Transferor Companies, to recover or realize the same, stands transferred to the Transferee Company and that appropriate entries should be passed in their respective books to record the aforesaid changes.
- f. It is hereby clarified that, if any terms or provisions of the Scheme are found or interpreted to be inconsistent with the above provisions 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 conditions contained in Section 2(1B) of the Income Tax Act, 1961. Such modification will however not affect other parts of the Scheme.

D. CONSIDERATION

a. Cancellation of Shares held by Transferee Company

- i. The Transferor Company 1 is a subsidiary of the Transferee Company and the Transferee Company holds 6,79,986 (Six lakh seventy nine thousand nine hundred and eighty six) equity shares (including 1,01,563 (One lakh one thousand five hundred and sixty three) partly paid-up equity shares, INR 6 (Rupees Six only) paid-up against face value of INR10 (Rupees Ten only) each) in the Transferor Company 1, constituting 90.48% (Ninety point four eight per cent) of the issued share capital of the Transferor Company 1. On amalgamation of the Transferor Company 1 with the Transferee Company, no shares (whether equity or preference shares) of the Transferee Company shall be issued or allotted in respect of the equity shares held by the Transferee Company in the Transferor Company 1.



Scheme.

B. LEGAL PROCEEDINGS

If any suit, cause of actions, appeal or other legal, quasi-judicial, arbitral or other administrative proceedings of whatever nature (hereinafter called the "Proceedings") by or against the Transferor Companies is pending on the Effective Date, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the amalgamation or of anything contained in this Scheme, but the 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 Companies as if this Scheme had not been made. On and from the Effective Date, the Transferee Company may initiate any legal proceeding for and on behalf of the Transferor Companies.

C. TAXES/ DUTIES/ CESS ETC.

Upon the Scheme becoming effective, by operation of law pursuant to the order of the Tribunal:

- a. The unutilized credits relating to excise duties, sales tax, service tax, VAT, goods and services tax, minimum alternate tax or any other tax under the law as applicable, which remain unutilized in the electronic ledger of the Transferor Companies shall be transferred to the Transferee Company upon filing of requisite forms. Thereafter, the unutilized credit so specified shall be credited to the electronic credit ledger of the Transferor Companies and the input and capital goods shall be duly adjusted by the Transferee Company in its books of account.
- b. Direct Taxes of whatsoever nature including advance tax, self-assessment tax, regular assessment taxes, tax deducted at source, dividend distribution tax, minimum alternative tax, wealth tax, if any, paid by the Transferor Companies shall be treated as paid by or on behalf of the Transferee Company and it shall be entitled to claim the credit, refund, adjustment for the same as may be applicable. Minimum alternative tax credit available to the Transferor Companies and any brought forward loss of the Transferor Companies under the Income Tax Act, 1961, if any, shall be available to the Transferee Company.
- c. If the Transferor Companies are entitled to any benefits under incentive schemes and policies of Central Government or State Government or under Tax Laws including Goods and Service Tax Act, all such benefits under all such incentive schemes and policies shall be and stand vested in the Transferee Company.



- ii. The Transferor Company 2 is a wholly owned subsidiary of the Transferor Company 1 and the Transferor Company 1 together with its nominee holds all the shares issued by the Transferor Company 2. Given that the Transferor Company 1 is a subsidiary of the Transferee Company (as mentioned in (a) above), on amalgamation of the Transferor Company 2 with the Transferee Company, no shares (whether equity or preference shares) of the Transferee Company shall be issued or allotted in respect of the equity shares held by the Transferee Company (indirectly through the Transferor Company 1) in the Transferor Company 2.
- iii. Upon coming into effect of the Scheme, and in consideration of the amalgamation of each of the Transferor Companies into the Transferee Company in terms of this Scheme, all equity shares issued by the respective Transferor Companies and held by the Transferee Company (in Transferor Company 1) and Transferor Company 1 (in Transferor Company 2) and/or their respective nominees shall stand cancelled and extinguished without any further application, act or deed and in lieu thereof, no allotment of shares in the Transferee Company shall be made to any person whatsoever.

b. Amalgamation Consideration for Shareholders other than Transferee Company

Upon this Scheme becoming effective and in consideration of the amalgamation of the Transferor Companies into the Transferee Company in terms of this Scheme, the Transferee Company shall, without any application or deed, issue and allot 4,06,556 (Four lakhs six thousand five hundred fifty six) equity shares of face value of Rs. 5/- (Rupees Five only), credited as fully paid-up, to the shareholders of the Transferor Company 1 (except the Transferee Company) whose names appear in the register of members as member of the Transferor Company 1, including records of beneficial owners maintained by a depository or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognised by the Board of the Transferee Company, on the Record Date in the following share exchange ratio:

568 (Five hundred sixty eight) equity shares of Transferee Company of Rs. 5 (Rupees five only) each as fully paid-up to be issued and allotted for every 100 (One hundred) equity shares of the face value of Rs. 10 (Rupees ten only) each held by the shareholders (other than the Transferee Company) in the Transferor Company 1.

- c. The share exchange ratio has been arrived at on basis of the valuation report of Mr. Paras K. Savla, Registered Valuer.
- d. The equity shares of the Transferee Company shall be issued in dematerialised form.



- e. Upon this Scheme becoming effective, the equity shares of Transferee Company to be issued and allotted to the equity shareholders of the Transferor Company 1 (except the Transferee Company) pursuant to Clause 10.2 above shall be subject to the provisions of the memorandum of association and articles of association of the Transferee Company and shall rank pari passu from the date of allotment in all respects with the existing equity shares of Transferee Company including entitlement in respect of dividends.
- f. The Transferee Company shall make necessary applications and carry out necessary formalities for listing of the equity shares with the Stock Exchanges as per applicable provisions of the Act and SEBI Regulations. Immediately upon receipt of such approval, the Transferee Company shall further take all necessary steps to ensure that trading of equity shares commences within the period prescribed by the SEBI Circular and SEBI Regulations. The equity shares allotted pursuant to this Scheme shall remain frozen in the depositories system till relevant directions in relation to listing/trading are provided by the Stock Exchanges. There shall be no change in the shareholding pattern or control of the Transferee Company between the Record Date and listing of equity shares which may affect the status of approval of Stock Exchanges.
- g. Fractional entitlements to which the shareholders of the Transferor Company 1 may be entitled on issue and allotment of equity shares in the Transferee Company, shall be rounded off to the nearest integer for the purposes of determining number of equity shares in the Transferee Company to be allotted to the shareholders of the Transferor Company 1.
- h. The issue and allotment of the equity shares to the shareholders of the Transferor Company 1 (other than, for the avoidance of any doubt, the Transferee Company) as provided in this Scheme, is an integral part thereof and shall be deemed to have been carried out without requiring any further act on the part of the Transferee Company or its shareholders and as if the procedure laid down under Sections 42 and 62 of the Act and any other applicable provisions of the Act and Chapter V of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 as may be applicable and such other statutes and regulations as may be applicable were duly complied with.
- i. The equity shares shall be issued free from all liens, charges, equitable interests, encumbrances and other third party rights of any nature whatsoever to respective equity shareholder of Transferor Company whose name is recorded in the register of members of Transferor Company 1 as of the Record Date.

E. ACCOUNTING TREATMENT BY THE TRANSFEE COMPANY IN RESPECT OF ASSETS AND LIABILITIES



- a. Upon the Scheme coming into effect, the Transferee Company shall account for the amalgamation of the Transferor Companies in the books of accounts in accordance with "Pooling of Interest Method" of accounting as laid down in Appendix C of Ind AS-103 (Business Combinations of entities under common control) notified under Section 133 of the Companies Act, 2013, under the Companies (Indian Accounting Standards) Rules, 2015, as may be amended from time to time, in its books of accounts such that:
 - i. The Transferee Company shall record the assets and liabilities, if any, of the Transferor Companies vested in it pursuant to this Scheme, at the carrying values as appearing in the consolidated financial statements of Transferee Company;
 - ii. The identity of the reserves shall be preserved and the Transferee Company shall record the reserves of the Transferor Companies, at the carrying amount as appearing in the consolidated financial statements of Transferee Company;
 - iii. The value of all investments held by the Transferee Company in the Transferor Companies shall stand cancelled pursuant to amalgamation;
 - iv. The difference, if any arising after taking the effect of clause 1.1 to 1.3 shall be transferred to "Capital Reserve Account" in the financial statements of the Transferee Company;
 - v. Pursuant to the amalgamation of the Transferor Companies with the Transferee Company, inter-company balances between Transferee Company and the Transferor Companies, if any, appearing in the books of the Transferee Company shall stand cancelled;
 - vi. The Transferee Company shall settle the put liability towards remaining shareholders of Transferor Company 1 (shown as 'Deferred contingent consideration' in financial statements of Transferee Company) by issuance of fully paid up equity shares pursuant to Clause 10 of the Scheme. Issue of fully paid up equity shares by the Transferee Company shall be recorded at fair value;
 - vii. In case of any differences in accounting policies between the Transferor Companies and the Transferee Company, the accounting policies followed by the Transferee Company shall prevail to ensure that the financial statements reflect the financial position based on consistent accounting policies; and
 - viii. Comparative financial information in the financial statements of the Transferee Company shall be restated for the accounting impact of merger, as stated above, as if the merger had occurred from the beginning of the comparative period.



F. COMBINATION OF AUTHORISED CAPITAL AND CHANGE IN THE OBJECTS CLAUSE

- a. Upon the Scheme becoming effective, the authorised share capital of the Transferor Company 1 amounting to Rs. 10,00,00,000 (Rupees Ten crore only) comprising of 1,00,00,000 (One crore) equity shares of Rs. 10 (Rupees Ten only) each and the authorised share capital of the Transferor Company 2 amounting to Rs. 75,00,000 (Rupees Seventy five lakhs only) comprising of 7,50,000 (Seven lakh fifty thousand) equity shares of Rs.10 (Rupees Ten only) each will get amalgamated with that of the Transferee Company without payment of any additional fees, duties and Taxes as the same have already been paid. The authorised share capital of the Transferee Company will automatically stand increased to that effect by simply filing the requisite forms, if required, with the RoC and no separate procedure or instrument or deed shall be required to be followed under the Act. The stamp duty and fees paid on the authorised capital of the Transferor Companies shall be utilized and applied to the increased authorised share capital of the Transferee Company and there would be no requirement for any further payment of stamp duty and/or fee and/or Taxes by the Transferee Company for increase in the authorised share capital to that extent. 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 amended pursuant to Sections 13, 61 and 64 of the Act and other applicable provisions of the Act, as set out below:

"V. The Authorised Share Capital of the Company is Rs. 26,75,00,000/- (Rupees Twenty six crore seventy five lakh only) divided into 5,35,00,000 (Five crore thirty five lakh) equity shares of Rs. 5 (Rupees Five only) each."

- b. Consequently, Clause III(A) of the Memorandum of Association of the Transferee Company shall without any act, instrument or deed be and stand altered, modified and amended pursuant to Section 13 of the Act and other applicable provisions of the Act by inserting the following new sub clause number 2:

"2. To carry on the business of manufacturing, preserving, packaging, bottling, preparing, processing, marketing and selling foods including baby and dietetic foods, cereals, beverages, jams, jelly, pickles, cider, chutney, marmalades, mayonnaise, deserts, condiments, pancakes, doughnuts, vinegar, ketchup, sauces, juices, squashes, soups, gelatins, essences, ice creams, dairy products, fast food, frozen foods, khakhara, papad, and other eatables, bakery products and confectionery items such as breads, biscuits, sweets, cakes, pastries, cookies, wafers, chocolate, chewing gum, toffees, sugar candies, lozenge, water ice products and mouth freshener."



c. Accordingly, the sub clauses of Clause III(A) of the Memorandum of Association of Transferee Company shall be read as under:

- “1. To carry on the business of manufacturing, producing, processing, stocking of and dealing in processed foods, vegetables, fruits, including tinned vegetables and snacks prepared from any type of vegetable, fruits, cereals, wheat, rice and allied products including potato chips, potato wafers, potato fingers, various namkeens including extruded snacks and to run cold storage for storage of vegetables, fruits and food products.
 2. To carry on the business of manufacturing, preserving, packaging, bottling, preparing, processing, marketing and selling foods including baby and dietetic foods, cereals, beverages, jams, jelly, pickles, cider, chutney, marmalades, mayonnaise, deserts, condiments, pancakes, doughnuts, vinegar, ketchup, sauces, juices, squashes, soups, gelatins, essences, ice creams, dairy products, fast food, frozen foods, khakhara, papad, and other eatables, bakery products and confectionery items such as breads, biscuits, sweets, cakes, pastries, cookies, wafers, chocolate, chewing gum, toffees, sugar candies, lozenge, water ice products and mouth freshener.”
- d. It is clarified that the approval of the members of the Transferee Company to the Scheme shall be deemed to be their consent / approval also to the alteration of the Memorandum of Association of the Transferee Company and the Transferee Company shall not be required to seek separate consent / approval of its shareholders for the alteration of the Memorandum of Association of the Transferee Company as required under Sections 13, 61 and 64 of the Act and other applicable provisions of the Act.

G. POWER TO GIVE EFFECT TO THIS PART

- a. The Transferee Company shall enter into and/ or issue and/ or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which the Transferor Companies will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required. Further, the Transferee Company shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of the Transferor Companies and to implement or carry out all formalities required on the part of the Transferor Companies to give effect to the provisions of this Scheme.
- b. Upon coming into effect of the Scheme, the Transferee Company and/or the Transferor Companies shall, with reasonable dispatch or apply for transition of all licenses and statutory registrations of the Transferor Companies including but not limited to manufacturing licenses, product permissions, certificates, market authorisations, filings,



dossiers (including experience and pre-qualification submissions), industrial licenses, municipal permissions, approvals, consent, permits, quotas, registration with FSSAI, incentives and subsidies.

H. DISSOLUTION OF THE TRANSFEROR COMPANIES AND VALIDITY OF RESOLUTIONS

- a. Upon the effectiveness of this Scheme, the Transferor Companies shall be dissolved without winding up, and the Board and any committees thereof of the Transferor Companies shall without any further act, instrument or deed be and stand discharged. The name of the Transferor Companies shall be struck off from the records of the RoC and the Transferee Company shall make necessary filings, if any, in this regard.
- b. Upon the coming into effect of this Scheme, the resolutions, if any, of the Transferor Companies, 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 said limits in the Transferee Company.

I. OPERATIVE DATE OF THE SCHEME & RATIONALE FOR THE APPOINTED DATE

- a. This Scheme shall be effective from the last of the dates on which certified copies of order of the Tribunal under Sections 230 to 232 of the Companies Act, 2013 sanctioning the Scheme, are filed in the respective office(s) of the RoC by the Transferor Companies and Transferee Company. Such date is called as the Effective Date.
- b. Though this Scheme shall become effective from the Effective Date, the provisions of this Scheme shall be applicable and come into operation from the Appointed Date.
- c. The Appointed Date has been fixed keeping in mind the objective of the Transferee Company of acquiring the ongoing business operations carried on by the Transferor Company 1 for reasons and benefits as more particularly set out in Section C of this Scheme and it is hereby declared and confirmed that it is not against the public interest.

J. SAVING OF CONCLUDED TRANSACTIONS

- a. Subject to the terms of this Scheme, the amalgamation of the Transferor Companies into the Transferee Company in the manner set out in this Scheme shall not affect any



transactions or proceedings already concluded by the Transferor Companies on or before the Appointed Date or concluded after the Appointed Date till the Effective Date, to the end and intent the Transferee Company accepts and adopts all acts, deeds and things made, done and executed by the Transferor Companies as acts, deeds and things made, done and executed by or on behalf of the Transferee Company in accordance with this Scheme.

K. DIVIDENDS

- a. During the period between the date of approval of the Scheme by the Board of the Transferee Company and up to and including the Effective Date, the Transferor Companies shall not declare any dividend without the prior written consent of the Board of Directors of the Transferee Company.
- b. For the avoidance of doubt, it is hereby declared that nothing in the Scheme shall prevent the Transferee Company from declaring and paying dividends, whether interim or final, to its equity shareholders. The shareholders of the Transferor Companies shall not be entitled to dividend, if any, declared by the Transferee Company prior to the Effective Date.

The features / details / extract set out above being only the salient features / details / extract of the Scheme of Amalgamation as are statutorily required to be included in this explanatory statement, the members are requested to read the entire text of the Scheme of Amalgamation (annexed herewith as Annexure 1) to get fully acquainted with the provisions thereof and the rationale and objectives of the proposed Scheme of Amalgamation.

15. Valuation and accounting treatment

- i. Valuation Report including the basis of valuation, Pricing Certificate and Fairness Opinion of the registered valuer is enclosed as Annexure 2, 3 and 4 respectively.
- ii. The accounting treatment as proposed in the Scheme is in conformity with the accounting standards prescribed under Section 133 of the Act. The certificate issued by the Statutory Auditor of the Transferee Company and is open for inspection at the registered office of the Transferee Company.
- iii. The Statutory Auditor of the Transferor Company has also issued a certificate to the effect that the accounting treatment as prescribed in the Scheme is in conformity with the Accounting Standards as prescribed under Section 133 of the Act. The certificate issued by the Statutory Auditor of the Transferee Company is open for inspection at the registered office of the Transferee Company.

16. Effect of the Scheme of Amalgamation on Various Parties

a) The effect of the proposed Scheme on the stakeholders of the Transferee Company would be as follows:

a. Effect of the Scheme on equity shareholders (promoter and non-promoter shareholders)

i. As an integral part of the Scheme, upon the Scheme becoming effective and in consideration of the amalgamation of the Transferor Companies into the Transferee Company in terms of the Scheme, the Transferee Company shall, without any application or deed, issue and allot 4,06,556 (Four lakhs six thousand five hundred fifty-six) equity shares of face value of Rs. 5 (Rupees Five only), credited as fully paid-up, to the shareholders of the Transferor Company 1 (except the Transferee Company) whose names appear in the register of members as member of the Transferor Company 1, including records of beneficial owners maintained by a depository or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognised by the Board of the Transferee Company, on the Record Date (as defined in the Scheme) in the following share exchange ratio:

568 equity shares of Transferee Company of Rs. 5 each as fully paid-up to be issued and allotted for every 100 equity shares of the face value of Rs. 10 each held by the shareholders (other than the Transferee Company) in the Transferor Company 1.

ii. Upon the Scheme becoming effective, the external equity shareholders (other than Transferee Company) holding 9.52% shareholding of "Transferor Company 1" shall become the shareholders of "Transferee Company" based on the share exchange ratio as stipulated in clause no. 10.2 of the Scheme. The equity shares shall be issued and allotted by the Transferee Company in dematerialised form and shall be listed and admitted for trading on the BSE Limited (the "BSE") and the National Stock Exchange of India Limited (the "NSE") (the BSE and the NSE shall collectively be referred to as the "Stock Exchanges"), in accordance with the provisions of applicable laws (including, specifically, the SEBI Master Circular ref. no. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22.12.2020, as amended, subject to the complying with the conditions and other requirements of the Stock Exchanges and the Securities and Exchange Board of India.

iii. The promoters and the promoter group of the Transferee Company currently hold 71.49% of the total paid-up equity share capital of the Transferee Company. Upon the Scheme becoming effective, the promoters and promoter group of the



Transferee Company shall hold 70.28% of the total paid-up equity share capital of the Transferee Company and the public shareholders shall hold the remaining 29.72% of the total paid-up equity share capital of the Transferee Company.

- iv. Further that the Transferee Company is not making any reduction in the Share Capital.

The Scheme is expected to have several benefits for the Transferor Companies, as indicated in the rationale set out in the Scheme, and is expected to be in the best interests of the shareholders of the Company.

b. Effect of the Scheme on the Employees, Directors and KMPs

- i. The Scheme is not expected to have any impact on the employees of the Transferee Company. The employees of the Transferee Company will continue to be employees of the Transferee Company on the same terms and conditions as before.
- ii. None of the Directors, the Key Managerial Personnel (as defined under the Act and rules framed thereunder) of the Transferee Company and their respective relatives (as defined under the Act and rules framed thereunder) have any interest in the Scheme except to the extent of the equity shares held by them in the Transferee Company and except to the extent that few directors are common directors of the Transferor Companies and Transferee Company. The Scheme does not affect the office of the KMPs of the Transferee Company.
- iii. Upon the Scheme becoming effective, the composition of the Board of the Transferee Company shall not be changed.

c. Effect of the Scheme on the creditors

- i. Under the Scheme, there is no compromise or arrangement with the creditors of the Transferee Company. The liabilities of the creditors of the Transferee Company is neither being reduced nor being extinguished. The creditors of the Transferee Company would in no way be affected by the Scheme.
- ii. The Transferee Company has not issued any debentures. The Transferee Company has not accepted any public deposits from any person.

- b) The effect of the proposed Scheme on the stakeholders of the Transferor Company 1 would be as follows:

