

**SCHEME OF MERGER BY ABSORPTION
OF
FAIRDEAL FILAMENTS LIMITED
BY
SHAHLON SILK INDUSTRIES LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS**

This Scheme of Merger is presented under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 for merger by absorption of Fairdeal Filaments Limited ("*FFL*" or "*Transferor Company*") by Shahlon Silk Industries Limited ("*SSIL*" or "*Transferee Company*"). This Scheme also provides for various other matters consequential and otherwise integrally connected therewith.

The Scheme is divided into the following parts:

- A. **Part I** deals with the Introduction and Rationale;
- B. **Part II** deals with the Definitions, Interpretations and Share Capital;
- C. **Part III** deals with merger of FFL and SSIL;
- D. **Part IV** deal with reorganisation of share capital of SSIL
- E. **Part V** deals with the Accounting Treatment;
- F. **Part VI** deals with the General Clauses; and
- G. **Part VII** deals with the General Terms and Conditions.

**PART I
INTRODUCTION, RATIONALE AND OPERATION OF
THE SCHEME**

1. INTRODUCTION

1.1. FAIRDEAL FILAMENTS LIMITED

For FAIRDEAL FILAMENTS LTD.
T. R. Ghosh
Authorised Signatory/Director

- 1.1.1. FFL (CIN: L17110GJ1990PLC013771) was originally incorporated under the name of "*Fairdeal Filaments Private Limited*" under the provisions of the Companies Act, 1956 *vide* Certificate of Incorporation dated May 15, 1990 issued by the Registrar of Companies, Gujarat.
- 1.1.2. The company was subsequently converted into a public limited company and consequent upon the said change of status, the name of the company was changed from '*Fairdeal Filaments Private Limited*' to its present name i.e. '*Fairdeal Filaments Limited*' *vide* fresh Certificate of Incorporation dated March 1, 1994 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli. The company has its shares listed on the Bombay Stock Exchange ("*BSE Limited*").
- 1.1.3. FFL is *inter-alia* engaged in the business of manufacturing of grey fabric along with all types of yarn preparatory facilities like sizing, texturising, twisting, crape etc. FFL is also engaged in an agency with Reliance Industries Limited for sale of yarn.
- 1.1.4. FFL holds 0.14% of the issued, subscribed and paid-up share capital of the Transferee Company.

1.2. **SHAHLON SILK INDUSTRIES LIMITED**

- 1.2.1. SSIL (CIN: U17120GJ2008PLC053464), a public company, was originally established as a partnership firm on September 13, 1984 and was subsequently converted into a private limited company under the Companies Act, 1956 *vide* Certificate of Incorporation dated April 02, 2008 under the name of '*Shahlon Silk Mills Private Limited*' issued by the Registrar of Companies, Gujarat, Dadra and Nagar Haveli.

- 1.2.2. The name of the company was changed from '*Shahlon Silk Mills*



Private Limited to '*Shahlon Silk Industries Private Limited*' vide fresh Certificate of Incorporation dated December 03, 2013 issued by the Registrar of Companies, Gujarat, Dadra and Nagar Havelli.

- 1.2.3. The company was subsequently converted into a public limited company and consequent upon the said change of status, the name of the company was changed from '*Shahlon Silk Industries Private Limited*' to its present name i.e. '*Shahlon Silk Industries Limited*' vide fresh Certificate of Incorporation dated 10th August, 2018 issued by the Registrar of Companies, Ahmedabad.
- 1.2.4. SSIL is *inter-alia* engaged in the business of manufacturing of fabric on water jet looms, air jet looms & rapier looms and various yarn preparatory activities like sizing, texturising, yarn dyeing, twisting, crape, ply yarn etc. SSIL is also engaged in an agency with Reliance Industries Limited for sale of yarn.

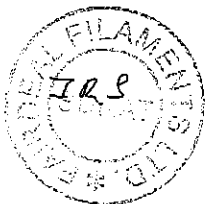
2. RATIONALE FOR THE SCHEME

- 2.1. The merger of FFL with SSIL is based on the following rationale:
- 2.1.1. FFL and SSIL, belonging to the same group of management, are largely engaged in the similar kind of business activities i.e. manufacturing of fabric on water jet looms. In addition to above, SSIL is also involved in manufacturing of fabric on air jet looms and rapier looms, which will be beneficial to the merged entity in diversifying its product portfolio pursuant to the Scheme coming into effect.
- 2.1.2. FFL and SSIL both carry out yarn preparatory facilities like sizing, texturising, twisting, crape, etc.
- 2.1.3. FFL and SSIL both are the agents for Reliance Industries Limited in relation to sale of yarn product and thus, business of FFL and SSIL are complementary in nature and consolidation of business



will be beneficial for both the companies and their shareholders.

- 2.1.4. Economies of scale will play a bigger role as the consolidated entity's operational efficiency will increase, which will in turn allow the merged entity to compete on a larger scale in the industry, thus benefiting the merged entity and the shareholders.
- 2.1.5. The amalgamation will enable the merged entity to build up a diversified product portfolio.
- 2.1.6. As on March 31, 2018, SSIL has a net worth of Rs.61,71,32,000 (*Rupees sixty one crores seventy one lakhs thirty two thousand*) and FFL has a net worth of Rs.19,16,98,000 (*Rupees nineteen crores sixteen lakhs ninety eight thousand*). The combined entity will have net worth of around Rs.80,65,90,000 (*Rupees eighty crores sixty five lakhs ninety thousand*) which will enable the merged entity with more negotiation power for debt finance considering its size and financial strength further the merged entity will have option of equity financing.
- 2.1.7. This merger will provide an opportunity to leverage assets and build a stronger sustainable business. It will provide an opportunity to fully leverage stronger asset capabilities, experience, expertise and infrastructure of both the companies and thus increased ability for promotion of business activities as well as for fund raising as may be required for business development.
- 2.1.8. Manufacturing of grey fabric and texturizing / various yarn value addition activities of FFL and SSIL are located at Block number 297 /298 of Limodara Patiya, Village: Karanj, Taluka Mandvi, District: Surat and both the companies share the common entrance gate. At Fairdeal Textile Park, Village: Mahuvej, Taluka Mangrol, District: Surat, SSIL has manufacturing facilities for manufacturing of various yarns, grey fabric at Block no. 692/A and FFL has its proposed factory site also located just adjacent to



SSIL on Block number 692/A. Both the companies have their administrative office located at 3rd Floor Dower Chambers, Nr. Sub-Jail, Ring Road, Surat which is partly owned by FFL and partly by SSIL. As major of the manufacturing sites of FFL are adjacent to/together with SSIL, this merger would lead to synergic benefits, efficiency of operations and management, rapid growth of the entity, optimum utilization of its resources and minimization of the administrative and operative costs.

- 2.1.9. The merger will result in a value creation for the shareholders and stakeholders of FFL and SSIL as the combined amalgamated company will have improved efficiency, market share, financial structure, larger cash flows and stronger consolidated revenue and profitability.
- 2.1.10. The merger of FFL with SSIL would result in consolidation of business activities of both the companies and will facilitate effective management of investments and synergies in operation.
- 2.1.11. There is no likelihood that any shareholder or creditor or employee of FFL and SSIL would be prejudiced as a result of the Scheme. Thus, the merger is in the interest of the shareholders, creditors and all other stakeholders of the companies and is not prejudicial to the interests of the concerned shareholders, creditors or the public at large.

3. OPERATION OF THE SCHEME

- 3.1. This Scheme is presented under Sections 230 to 232 read with Sections 66 of the Companies Act, 2013, and other applicable provisions of the relevant Act (*as defined hereinafter*) for:
- 3.1.1. merger of FFL with SSIL;
- 3.1.2. reduction of paid-up share capital of SSIL; and
- 3.1.3. various other matters consequential or otherwise integrally connected herewith.



PART II
DEFINITIONS, INTERPRETATIONS AND SHARE CAPITAL

4. DEFINITIONS

4.1. In this Scheme, unless inconsistent with the subject or context, the following expression shall have the following meanings:

4.1.1. "**Act**" means the Companies Act, 2013, along with rules and regulations issued thereunder, including, any statutory modifications, re-enactments or amendments made thereto from time to time.

4.1.2. "**Adjudicating Body(ies)**" means the Hon'ble National Company Law Tribunal, Ahmedabad Bench and the National Company Law Appellate Tribunal as constituted and authorised as per the provisions of the Companies Act, 2013 for approving any scheme of arrangement, compromise or reconstruction of companies under section 230 to 232 of the Companies Act, 2013 or any other authority having jurisdiction under the Act to sanction the scheme.

4.1.3. "**Appointed Date**" means April 01, 2018 or such other date as the Adjudicating Body(ies) may direct or fix, for the purpose of amalgamation of FFL with SSIL under this Scheme.

4.1.4. "**Board**" or "**Board of Directors**" means the board of directors of FFL or SSIL, as the case may be, and shall, unless it is repugnant to the context or otherwise, include a committee of directors or any person authorized by the board of directors or such committee of directors.



4.1.5. "**Effective Date**" means the last of the dates on which the certified copies of the Order(s) of the Adjudicating Body, are filed with the Registrar of Companies, Ahmedabad.

All references in this Scheme to the date of "coming into effect of the/this Scheme" or "Effectiveness of the Scheme" or "Scheme taking effect" shall mean the Effective Date.

4.1.6. "**FFL**" or "**Transferor Company**" means Fairdeal Filaments Limited, a company incorporated under the Companies Act, 1956 and having its registered office situated at 3rd Floor, Dawer Chambers, Near Sub-Jail, Ring Road, Surat 395 002 in the State of Gujarat. The Permanent Account Number of FFL is AAACF3804A.

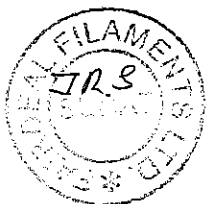
4.1.7. "**Governmental Authorities**" means any applicable central, state or local government, legislative body, regulatory or administrative authority, agency or commission or quasi-governmental or private body or agency lawfully exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, licensing, competition, tax, importing or other governmental or quasi-governmental authority or any court, tribunal, board, bureau, instrumentality, judicial or arbitral body having jurisdiction over the territory of India.

4.1.8. "**LODR**" means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 issued by the Securities and Exchange Board of India.

4.1.9. "**Record Date**" means the date to be fixed by the Board of Directors of SSIL for the purpose of reckoning name of the equity shareholders of FFL, who shall be entitled to receive the New Shares to be issued by SSIL and for any other purpose as provided in this Scheme.

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- 4.1.10. "**ROC**" means the Registrar of Companies, Ahmedabad having jurisdiction in relation to both the Transferor Company and the Transferee Company.
- 4.1.11. "**Scheme**" or "**the Scheme**" or "**this Scheme**" means this Scheme of Merger by Absorption in its present form submitted to the relevant Adjudicating Body with modification(s), approved or imposed or directed by the relevant Adjudicating Body.
- 4.1.12. "**SEBI Circulars**" means the circulars issued by Securities and Exchange Board of India in relation to the amalgamations and arrangements carried out under the Act and shall *inter-alia* collectively refer to SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017, SEBI Circular no. CFD/DIL3/CIR/2017/26 dated March 23, 2017 and the SEBI Circular no. CFD/DIL3/CIR/2018/2 dated January 03, 2018.
- 4.1.13. "**SSIL**" or "**Transferee Company**" means Shahlon Silk Industries Limited, incorporated under the provisions of the Companies Act, 1956 and having its registered office at 91, G.I.D.C., Khatodara, B/H.: Sub-Jail, Ring Road, Surat, Gujarat 395002, India. The Permanent Account Number of SSIL is AALCS7927G.
- 4.1.14. "**Transferor Undertaking**" means and includes:
- 4.1.14.1. All the assets and properties of FFL, whether real, tangible or intangible, present or future, actual or contingent, or whether recorded in the books or not, as on the commencement of the Appointed Date;
- 4.1.14.2. All debts, liabilities, duties and obligations of FFL, whether fixed, contingent or absolute, as on the commencement of the Appointed Date;



4.1.14.3. Without prejudice to the generality of sub-clause 4.1.14.1 and 4.1.14.2 above, the Transferor Undertaking shall mean and include:

4.1.14.4. all the assets and properties, whether movable or immovable, real or personal, fixed assets, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent assets including stock, investments, insurance policies, claims, powers, authorities, allotments, approvals, registrations, contracts, engagements, arrangements, rights, titles, interests, benefits, advantages, lease-hold rights, tenancy rights, permits, authorisations, quota rights, including reserves, provisions, funds, contributions (including to any provident fund, employee state insurance, gratuity fund or any other schemes or benefits for employees), utilities, electricity, telephone, data, water and other service connections, books, records (including employee records and files), files, papers, engineering and process information, computer programmes along with licenses, drawings, backup copies, websites, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records, whether in physical form or electronic form, benefits of agreements, contracts and arrangements, powers, authorities, balances with all regulatory authorities, liberties, advantages, easements and all the right, title, interest, goodwill, reserves, provisions, advances, receivables, funds, cash, bank balances, accounts, earnest moneys/ security deposits and all other rights, claims and powers, of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or enjoyed by FFL as on the commencement of the Appointed Date and all earnest money and/or deposits including security deposits paid by FFL as on the commencement of the Appointed Date and all other rights, obligations, benefits available under any rules, regulations, statutes including direct and indirect tax laws, central goods and



services tax, state goods and services tax and particularly Sales Tax benefits, advance taxes, self-assessment tax, tax deducted at source, CENVAT benefits, import and export benefits and custom duty benefits, MAT credit, tax deferrals, accumulated tax losses, unabsorbed tax depreciation of FFL;

4.1.14.5. any license fee with any Governmental Authority that may have been paid by FFL;

4.1.14.6. all intellectual property rights including trademarks, brands, domain names, trade names and the goodwill associated therewith, patent rights copyrights and other industrial designs and intellectual properties and rights of any nature whatsoever including know-how assignments and grants in respect thereof of FFL;

4.1.14.7. all employees of FFL;

4.1.15. and in each case, as on the commencement of the Appointed Date and as modified and altered from time to time till the Effective Date.

All terms and expressions which are used in this Scheme but not defined herein shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Income-tax Act, 1961, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 (as the case may be) or other applicable laws, rules, regulations, bye-laws, as the case may be, including any statutory amendment, modification or re-enactment thereof, from time to time.

5. INTERPRETATION

5.1. In this Scheme, unless the context otherwise requires:



- 5.1.1. words denoting singular shall include plural and vice versa;
- 5.1.2. headings and bold typeface are only for convenience and shall be ignored for the purposes of interpretation;
- 5.1.3. references to the word "include" or "including" shall be construed without limitation;
- 5.1.4. a reference to an article, clause, section, paragraph or schedule is, unless indicated to the contrary, a reference to an article, clause, section, paragraph or schedule of this Scheme;
- 5.1.5. unless otherwise defined, the reference to the word "days" shall mean calendar days;
- 5.1.6. references to dates and times shall be construed to be references to Indian dates and times;
- 5.1.7. reference to a document includes an amendment or supplement to, or replacement or novation of, that document;
- 5.1.8. word(s) and expression(s) elsewhere defined in the Scheme will have the meaning(s) respectively ascribed to them; and
- 5.1.9. references to a person include any individual, firm, body corporate (whether incorporated or not), government, state or agency of a state or any joint venture, association, partnership, works council or employee representatives' body (whether or not having separate legal personality).

6. SHARE CAPITAL

- 6.1. The Share Capital of FFL as on March 31, 2018 is as under:

Particulars	(Amount in Rs.)
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Authorised Share Capital	
2,00,00,000 Equity Shares of Rs.10 each	20,00,00,000
Total	20,00,00,000
Issued, Subscribed and Paid-up Capital:	
60,50,000 Equity Shares of Rs.10 each	6,05,00,000
Total	6,05,00,000

6.2. The Share Capital of SSIL as on March 31, 2018 is as under:

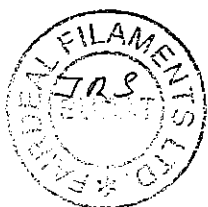
Particulars	(Amount in Rs.)
Authorised Share Capital	
1,20,00,000 Equity Shares of Rs.10 each	12,00,00,000
Total	12,00,00,000
Issued, Subscribed and Paid-up Capital:	
1,11,52,250 Equity Shares of Rs.10 each	11,15,22,500
Total	11,15,22,500

6.3. As on date of the approval of the Scheme by the Board of Directors of FFL and SSIL, there is no change in the capital structure of FFL or SSIL.

PART III
MERGER OF FFL WITH SSIL

7. TRANSFER AND VESTING OF ASSETS AND LIABILITIES OF FFL INTO SSIL

7.1. The entire assets, liabilities, business and undertaking (including, the Transferor Undertaking) of FFL shall, with effect from the Appointed Date and without any further act or deed, be and the same shall stand transferred to and vested in or deemed to have been transferred to or vested in SSIL, as a going concern,



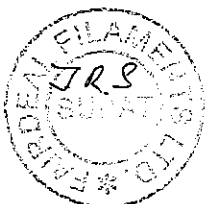
pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013, and other applicable provisions of the relevant Act and in accordance with the provisions of Sections 2(1B) and 47 of the Income Tax Act, 1961 and the provisions of this Scheme in relation to the mode of transfer and vesting of assets. This Scheme is a '*Merger by Absorption*' in terms of the Explanation provided in Section 232 of the Act and shall be deemed to be regarded as an '*Amalgamation*' in terms of Section 2(1B) of the Income Tax Act, 1961.

- 7.2. This Scheme has been drawn up to comply with the conditions relating to "Amalgamation" as specified under Section 2(1B) and other relevant provisions 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 and other related provisions at a later date including resulting from a retrospective amendment of law or for any other reason whatsoever, till the time the Scheme becomes effective, the provisions of the said section and other related provisions 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) and other relevant provisions of the Income Tax Act, 1961.
- 7.3. The assets of FFL, which are moveable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and acknowledgement of possession, shall be so transferred by FFL and shall become the property of SSIL without any act or deed on the part of FFL without requiring any separate deed or instrument or conveyance for the same to the end and intent that the property and benefits therein passes to SSIL.
- 7.4. The assets of FFL on the Appointed Date shall upon the Scheme coming into effect, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred



and vested in SSIL pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Act and the vesting of all such assets shall take place from the Effective Date.

- 7.5. The assets of FFL, acquired by FFL on and from the Appointed Date upto the Effective Date, shall also without any further act, instrument or deed stand transferred to or be deemed to have been transferred to SSIL upon the Scheme coming into effect.
- 7.6. For avoidance of doubt, upon the Scheme coming into effect, all the rights, title, interest and claims of FFL in any leasehold properties shall, pursuant to Section 232 of the Companies Act, 2013 and other applicable provisions of Act, without any further act or deed, be transferred to and vested in or be deemed to have been transferred to and vested in SSIL.
- 7.7. For avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the Scheme coming into effect, all approvals, permits, quotas, environmental approval and consents, consents, permissions (municipal and any other statutory permission), licences, accreditations to trade and industrial bodies, privileges, powers, facilities, certificates, clearances, membership, subscriptions, entitlements, incentives, engagements, remissions, remedies, powers, facilities, rehabilitation schemes, authorities, subsidies, concession, special status and other benefits or privileges (granted by any Governmental Authorities or by any other person) any exemptions or waivers of every kind and description of whatsoever nature, powers of attorney given by, issued to or executed in favour of FFL, shall stand transferred to SSIL as if the same were originally given by, issued to or executed in favour of SSIL and SSIL shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to SSIL.



- 7.8. As a consequence of the amalgamation of FFL with SSIL in accordance with this Scheme, the recording of change in name from FFL to SSIL, whether for the purposes of any licence, permit, approval or any other reason, or whether for the purposes of any transfer, registration, mutation or any other reason, shall be carried out by the concerned statutory or regulatory or any other authority without the requirement of payment of any transfer or registration fee or any other charge or imposition whatsoever.
- 7.9. Without prejudice to the other provisions of this Scheme, SSIL may, at any time after the Scheme becoming effective, in accordance with the provisions hereof, if required by any applicable law or otherwise, take such actions or execute such documents or deeds or make such applications to the Governmental Authorities or any third person for the purposes of transfer/vesting of the approvals, sanctions, consents, permits, rights, entitlements, contracts or arrangements to which FFL was entitled to or party to, as the case may be and such authority or third party shall pursuant to sanction of this Scheme by Adjudicating Body, deem to take on record in the name of SSIL. SSIL shall make applications to any Governmental Authorities or any third persons (as the case may be) as may be necessary in this behalf.
- 7.10. Without prejudice to the other provisions of this Scheme and notwithstanding the fact that the vesting of FFL occurs by virtue of this Scheme itself, SSIL may, at any time after the Scheme coming into effect in accordance with the provisions hereof, if so required under any law or otherwise, execute deeds (not limited to deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangements to which FFL was a party or any writing as may be necessary to be executed in order to give formal effect to the above provisions. SSIL shall, under the provisions of this Scheme, be deemed to be



authorised to execute any such writings on behalf of FFL and to carry out or perform all such formalities and compliances as required by FFL.

- 7.11. SSIL shall be entitled to the benefit of all insurance policies which have been issued in respect of FFL and the name of SSIL shall be substituted as "Insured" in the policies as if SSIL was initially a party.
- 7.12. With effect from the Appointed Date, all debts, liabilities and obligations, whether or not provided for in the books of accounts and whether disclosed or undisclosed in the balance sheet of FFL, as on the close of the business on the day immediately preceding the Appointed Date, shall become the debts liabilities, duties and obligations of SSIL. Upon the Scheme coming into effect, SSIL shall, in relation to all debts, liabilities and obligations provided for and disclosed in the books of accounts and/ or balance sheet of FFL meet, discharge and satisfy the same to the exclusion of FFL.
- 7.13. With effect from the Appointed Date, and subject to the provisions of this Scheme, the liabilities of FFL including, but not limited to all secured and unsecured debts, sundry creditors, liabilities (including contingent liabilities), and all duties and obligations (including any guarantees, indemnities, letter of credit or any other instrument or arrangement which may give rise to a contingent liability in whatever form) of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilized for its business activities and operations, shall, pursuant to the sanction of this Scheme by the Adjudicating Body and under the provisions of Sections 230 to 232 and other applicable provisions, if any, of the Act, without any further act, instrument or deed or matter or thing be transferred to and vested in or be deemed to have been transferred to and vested in SSIL, along with any charge, encumbrance, lien or security thereon, and the same shall be assumed by SSIL to the extent they are



outstanding on the Effective Date so as to become as and from the Appointed Date, the liabilities of SSIL on the same terms and conditions as were applicable to FFL, without any consent of any third party or other person who is a party to the contract or arrangements by virtue of which such liabilities have arisen, in order to give effect to the provisions of this Clause. Further, any existing credit facilities which have been sanctioned to FFL by the bankers, financial institutions and any third party and which is standing as on the Appointed Date but before the Effective Date shall upon the Scheme coming into effect shall *ipso facto* extend to SSIL.

- 7.14. Where any such debts, loans raised, liabilities, duties and obligations of FFL as on the Appointed Date have been discharged or satisfied by FFL after the Appointed Date and prior to the Effective Date, such discharge or satisfaction shall be deemed to be for and on account of SSIL.
- 7.15. With effect from the Appointed Date, all guarantees, indemnities and contingent liabilities of FFL shall also, without any further act or deed, be transferred to or be deemed to be transferred to SSIL so as to become as and from the Appointed Date, as the guarantees, indemnities and contingent liabilities of SSIL and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such guarantees, indemnities and contingent liabilities have arisen or given, in order to give effect to the provisions of this Clause.
- 7.16. The transfer and vesting of FFL as aforesaid, shall be subject to the existing securities, charges, hypothecation and mortgages, if any, subsisting over or in respect of the property and assets or any part thereof of FFL, provided however, any reference in any security documents or arrangements, to which FFL is a party, wherein the assets of FFL have been or are offered or agreed to be



offered as security for any financial assistance or obligations, shall be construed as reference only to the assets pertaining to FFL as are vested in SSIL by virtue of this Scheme, to the end and intent that such security, charges, hypothecation and mortgage shall not extend or be deemed to extend, to any of the other assets of SSIL, provided further that the securities, charges, hypothecation and mortgages (if any subsisting) over and in respect of the assets or any part thereof of SSIL shall continue with respect to such assets or part thereof and this Scheme shall not operate to enlarge such securities, charges, hypothecation or mortgages to the end and intent that such securities, charges, hypothecation and mortgages shall not extend or be deemed to extend, to any of other assets of FFL vested in SSIL. Notwithstanding anything contrary provided in this Scheme, it is clarified that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by FFL which shall vest in SSIL by virtue of the vesting of FFL with SSIL and SSIL shall not be obliged to create any further or additional security therefore after the amalgamation has become operative.

7.17. Without prejudice to the foregoing provisions, FFL and SSIL may execute any instruments or documents or do all the acts and deeds as may be considered appropriate, including the filing of necessary particulars and/or modification(s) of charge(s), with the respective ROC, Sub Registrar of Assurances and any other Governmental Authorities to give formal effect to the above provisions, if required.

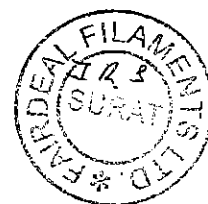
7.18. All inter party transactions between FFL and SSIL as may be outstanding on the Appointed Date or which may take place subsequent to the Appointed Date and prior to the Effective Date, shall be considered as intra party transactions for all purposes from the Appointed Date. Any loans or other obligations, if any, due *inter-se* i.e. between FFL and SSIL as on the Appointed Date, and thereafter till the Effective Date, shall stand automatically



extinguished.

7.19. All the loans, advances, credit, overdraft and other facilities sanctioned to FFL by its bankers and financial institutions and any third party as on the Appointed Date, whether utilised, partly drawn or unutilised shall be deemed to be the loans and advances sanctioned to SSIL and the said loans, advances and other facilities can be drawn and utilised either partly or fully by FFL from the Appointed Date till the Effective Date and all the loans, advances and other facilities so drawn by any of FFL (within the overall limits sanctioned by their bankers and financial institutions) shall on the Effective Date be treated as loans, advances and other facilities made available to SSIL and all the obligations of FFL under any loan agreement shall be construed and shall become the obligation of SSIL without any further act or deed on the part of SSIL. Further, any existing credit facilities which have been sanctioned to FFL by the bankers and financial institutions prior to or after the Appointed Date but before the Effective Date shall, upon the Scheme coming into effect *ipso facto* extend to SSIL.

7.20. All existing and future incentives, benefits, brought forward losses (if any), book unabsorbed depreciation, tax unabsorbed depreciation, un-availed credits and exemptions and other statutory benefits, including in respect of income tax, excise (including cenvat), customs, central goods and services tax, state goods and services tax, integrated goods and services tax, value added tax, sales tax, service tax etc. to which FFL is entitled to in terms of the various statutes / schemes / policies, etc. of Union and State Governments shall be available to and shall vest in SSIL upon this Scheme becoming effective. Accordingly, upon the Scheme becoming effective, SSIL is expressly permitted to revise, if it becomes necessary, its Income tax returns, Sales tax returns, Excise & Cenvat returns, service tax returns, other tax returns, and to claim refunds/ credits, pursuant to the provisions



of this Scheme. SSIL is also expressly permitted to claim refunds and credits in respect of any transaction between or amongst FFL and SSIL.

- 7.21. All taxes, including, income-tax, tax on book profits, service tax, value added tax, central goods and service tax, state goods and service tax, integrated goods and services tax etc. paid or payable by FFL in respect of the operations and/ or the profits of FFL before the Appointed Date, shall be on account of FFL and, in so far as it relates to the tax payment (including, without limitation, income-tax, tax on book profits, value added tax, etc.) whether by way of deduction at source, advance tax or otherwise howsoever, by FFL in respect of the profits or activities or operation of FFL after the Appointed Date, the same shall be deemed to be the corresponding item paid by SSIL and shall, in all proceedings, be dealt with accordingly. Any tax deducted at source by FFL/ SSIL on payables to FFL/ SSIL on account of inter corporate loans or balances between FFL and SSIL which has been deemed not to be accrued, shall be deemed to be advance taxes paid by SSIL and shall, in all proceedings, be dealt with accordingly.
- 7.22. Any refund, under the Income-tax Act, 1961, central goods and services tax, state goods and services tax, integrated goods and services tax, service tax laws, excise duty laws, central sales tax, applicable state value added tax laws or other applicable laws/ regulations dealing with taxes/ duties/ levies due to FFL consequent to the assessment made on FFL (including any refund for which no credit is taken in the accounts of FFL) as on the date immediately preceding the Appointed Date shall also belong to and be received by SSIL, upon this Scheme becoming effective.
- 7.23. Any tax liabilities under the Income-tax Act, 1961, central goods and services tax, state goods and services tax, integrated goods and services tax, service tax laws, excise duty laws, central sales tax, applicable state value added tax laws or other applicable



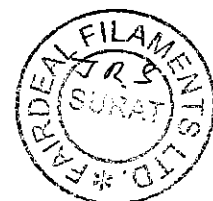
laws/regulations dealing with taxes/ duties/ levies of FFL to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date shall be transferred to SSIL.

7.24. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of FFL after the Effective Date shall be accepted by the bankers of SSIL and credited to the account of SSIL, if presented by SSIL. Similarly, the banker of SSIL shall honour all cheques issued by FFL for payment after the Effective Date. If required, FFL shall allow maintaining of banks accounts in the name of FFL by SSIL for such time as may be determined to be necessary by FFL and SSIL for presentation and deposition of cheques and pay orders that have been issued in the name of FFL. It is hereby expressly clarified that any legal proceedings by or against FFL in relation to cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of FFL shall be instituted, or as the case may be, continued, by or against, SSIL after the coming into effect of the Scheme.

7.25. Pursuant to the order of the Adjudicating Body, SSIL shall file the relevant notifications and communications in relation to assignment, transfer, cancellation, modification, or encumbrance of any license/ certificate and any other registration including but not limited to central goods and services tax, state goods and services tax, integrated goods and services tax, value added tax, excise, service tax, income tax, IEC Code, ESI, company registration number, PF, etc. if any, for the record of the appropriate authorities, which shall take them on record.

8. ISSUE OF NEW SHARES

8.1. Upon the Scheme coming into effect and without any further act or deed on the part of SSIL, SSIL will, in consideration of transfer



and vesting of FFL into SSIL in terms of this Scheme, issue 67,22,222 (*Sixty seven lakhs twenty two thousand two hundred twenty two only*) equity shares of Rs.10 each (the "**New Shares**") to the registered fully paid-up equity shareholders of FFL in the ratio of 1:0.90, i.e. 1 (*one*) equity share of Rs.10 each credited as fully paid up in SSIL for every 0.90 (*zero point ninety*) equity share of Rs.10 each fully paid up held by them in FFL (the "**New Shares Entitlement Ratio**"). The New Shares will be issued in the New Shares Entitlement Ratio to registered fully paid-up equity shareholders of FFL whose names are recorded in the register of equity shareholders of FFL on the Record Date.

- 8.2. CNK & Associates LLP, Chartered Accountants have issued the report dated August 17, 2018 on the aforesaid New Shares Entitlement Ratio adopted under this Scheme. Mark Corporate Advisors Private Limited, Merchant Banker, has provided its fairness opinion on the aforesaid New Shares Entitlement Ratio. The aforesaid report on New Shares Entitlement Ratio and Fairness Opinion have been duly considered by the Boards of Directors of FFL and SSIL, respectively.
- 8.3. After detailed deliberation and discussions at the meeting held on August 22, 2018 of the Board of Directors of FFL, for the benefit of the public shareholders of FFL, have marginally reduced the valuation of SSIL by issuing additional shares to the members of FFL in the ratio of 1:0.90 i.e. 1 (*one*) equity share of Rs.10 each credited as fully paid up in SSIL for every 0.90 (*zero point ninety*) equity share held by them in FFL.
- 8.4. SSIL, shall, increase its authorised share capital, to the extent required, in order to issue the New Shares under this Scheme in accordance with the procedure prescribed under Section 61 of the Companies Act, 2013, without prejudice to the right of SSIL to avail set off for the fees paid by FFL as per Clause 16 in terms of Section 232(3)(i) of the Act.



- 8.5. The New Shares, to be issued by SSIL pursuant to Clause 8 above, shall be issued and allotted in dematerialised form by SSIL, unless otherwise notified in writing by the shareholders of FFL to SSIL, on or before such date as may be determined by the Board of Directors of SSIL or a committee thereof. In the event that such notice has not been received by SSIL in respect of any of the shareholders of FFL, the equity shares shall be issued and allotted to such shareholders in dematerialised form, provided that the shareholder of FFL shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. In the event that SSIL has received notice from any shareholder that the New Shares are to be issued in physical form or if any shareholder has not provided the requisite details relating to his/her/its account with a depository participant or other confirmations as may be required or if the details furnished by any shareholder do not permit electronic credit of the shares of SSIL, then SSIL shall issue the New Shares in physical form to such shareholder or shareholders.
- 8.6. In the event of there being any pending and valid share transfers, whether lodged or outstanding, of any shareholder of FFL, the Board of Directors, or any committee thereof, of FFL shall be empowered in appropriate cases, even subsequent to the Record Date, as the case may be, to effectuate such a transfer in FFL, as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to FFL or SSIL, as the case may be, in respect of such shares.
- 8.7. In the event the New Shares are required to be issued and allotted to such shareholders of FFL, being non-resident, the issue of such shares shall be in accordance with the provisions of the Foreign Exchange Management Act, 1999 and the applicable rules and regulations made thereunder (for the time being in force,



including, any statutory modifications, re-enactments or amendments made thereto from time to time).

- 8.8. The New Shares, to be issued and allotted by SSIL, in terms of this Scheme, shall be subject to the provisions of the Memorandum of Association and Articles of Association of SSIL. The New Shares, to be issued and allotted, shall rank *pari-passu* in all respects with the existing shares of SSIL, including in respect of dividends, if any, that may be declared by SSIL, on or after the Effective Date.
- 8.9. If, after applying the New Shares Entitlement Ratio, a person eligible to receive equity shares of SSIL pursuant to Clause 8, becomes entitled to receive any fractional equity shares of SSIL, such person shall be entitled to receive one fully paid share instead of any such fractional entitlement.
- 8.10. Pursuant to Clause 8.9 above, the total number of shares that will be issued to equity shareholders of FFL, may vary from the total number of shares of SSIL to be issued as set forth in the first sentence of Clause 8.1.
- 8.11. The issue and allotment of the New Shares in SSIL to the relevant shareholders of FFL as provided in the Scheme shall be carried out and the same would not require following of the procedure laid down under Section 42 and 62 of the Companies Act, 2013 and any other applicable provisions of the relevant Act.
- 8.12. The New Shares to be issued by SSIL under this Scheme pursuant to Clause 8 in respect of any equity shares of FFL which are held in abeyance under the provisions of Section 126 of the Companies Act, 2013 and other applicable provisions of the relevant Act shall, pending allotment or settlement of dispute by the order of court or otherwise, also be held in abeyance by FFL and SSIL.



- 8.13. For the purpose of issue of the New Shares to the equity shareholders of FFL, SSIL may, if and to the extent required, apply for and obtain the required statutory approvals from the Governmental Authorities for the issue and allotment by SSIL of such New Shares.
- 8.14. Subsequent to the sanction of the Scheme, SSIL will make an application for listing of its equity shares, including, the New Shares on the stock exchange in which the shares of FFL are listed, in pursuance to the relevant regulations including, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the SEBI Circulars.
- 8.15. The shares allotted pursuant to the Scheme shall remain frozen in the depositories system until listing/ trading permission is given by the designated stock exchange i.e. BSE Limited.
- 8.16. The New Shares, to be issued by SSIL under this Scheme to shareholders of FFL, in lieu of the locked in shares of FFL, if any, shall be subject to lock-in requirement for the remaining period in terms of the LODR read with the SEBI Circulars.
- 8.17. There shall be no change in the shareholding pattern or control in SSIL between the Record Date and the listing of the shares of SSIL by the relevant stock exchanges in terms of this Scheme.
- 8.18. SSIL and FFL shall duly comply with various provisions of the LODR read with the SEBI Circulars.

9. CANCELLATION OF LOANS AND ADVANCES

- 9.1. Upon the Scheme coming into effect, all the loans, inter-corporate deposits, advances or any kind of debts, as the case may be, paid or subscribed by FFL in SSIL and vice versa shall, without any



further act or deed, get cancelled at their respective face value.

- 9.2. Upon the Scheme coming into effect, any instrument either issued by SSIL or FFL in relation to any outstanding loans, advances and/or any kind of debts, as the case may be, as set out in Clause 9.1 shall also, without any further act or deed, get cancelled.
- 9.3. The obligations in respect of aforesaid loans, advances or any kind of debts, as the case may be, shall come to an end and a corresponding suitable effect shall be given in the books of accounts and records of SSIL. If required reduction/ cancellation of such loans, advances or any kind of debts shall be reflected in the books of accounts and records of SSIL.

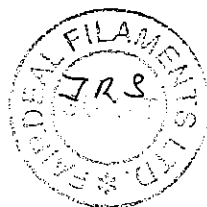
10. DISSOLUTION OF FFL

- 10.1. Upon the Scheme coming into effect, FFL shall, without any further act or deed, stand dissolved without winding up. The name of FFL shall be struck off from the records of the Registrar of Companies, Gujarat and SSIL shall make necessary filings in this regard.

PART IV REORGANISATION OF SHARE CAPITAL OF SSIL

11. CANCELLATION/ REDUCTION OF SHARE CAPITAL OF SSIL HELD BY FFL

- 11.1. FFL, legally and beneficially, owns 16,000 equity shares of Rs.10 each of SSIL thereby aggregating to 0.14% of the total issued, subscribed and paid-up equity share capital of SSIL.



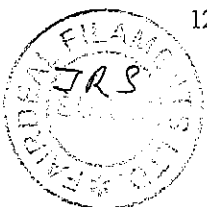
- 11.2. As part of the Scheme, upon the Scheme coming into effect, all the equity shares of SSIL held by FFL being, 16,000 equity shares of Rs.10 each of SSIL, shall stand cancelled and extinguished on and from the Effective Date as an integral part of the Scheme and accordingly, the Share Certificates in respect of the aforesaid equity share in SSIL held by FFL shall also stand cancelled and shall be deemed to be cancelled without any further act or deed.
- 11.3. Accordingly, upon the Scheme coming into effect and after taking into effect issue and allotment of New Shares under Clause 8, the issued, subscribed and paid-up equity share capital of SSIL shall stand reduced from the sum of Rs. 17,87,44,720 divided into 1,78,74,472 equity shares of the face value of Rs.10 each fully paid to Rs. 17,85,84,720 divided into 1,78,58,472 equity shares of the face value of Rs.10 each fully paid to give effect to cancellation of equity shares held by FFL in SSIL.
- 11.4. The cancellation, which amounts to reduction of share capital of SSIL, shall be effected as an integral part of the Scheme itself and shall be deemed to be in accordance with the provisions of Sections 230 to 232 read with Section 66 of the Companies Act, 2013 and other applicable provisions of the Act as the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid up share capital. The order of the Adjudicating Bodies sanctioning the Scheme shall be deemed to be an order under Section 66 of the Companies Act, 2013 and other applicable provisions of the Act confirming the reduction without imposing a condition on SSIL to add to its name "and reduced".

PART V
ACCOUNTING TREATMENT



12. ACCOUNTING TREATMENT IN BOOKS OF SSIL

- 12.1. The merger of FFL with SSIL is a 'Business combinations of entities under common control' within the meaning of Indian Accounting Standard ("*Ind AS*") 103 issued by the Central Government u/s 133 of the Companies Act, 2013 or any applicable standard prevailing. Upon the Scheme coming into effect:
- 12.1.1. SSIL shall recognize the accounting treatment for this Scheme, upon the Scheme becoming effective, in accordance with the provisions of Ind AS 103. The amalgamation would be accounted for by applying "Pooling of Interest method" of accounting as contained in the Ind AS 103 issued by Institute of Chartered Accountants of India.
- 12.1.2. Accordingly, SSIL shall record the assets, liabilities and reserves (whether Capital or Revenue or arising on Revaluation) pertaining to the business and undertaking of FFL transferred to it in pursuance of this Scheme at their respective carrying amounts and in the same form as at the Appointed Date. SSIL shall pass such accounting entries which are necessary in connection with the Scheme to comply with other applicable Accounting Standards. The balance of Profit and Loss Account of FFL will be aggregated with corresponding balances of SSIL.
- 12.1.3. To the extent that there are inter-corporate loans/trade deposits, debentures, debt securities or balances between FFL and SSIL, the obligation in respect thereof shall come to an end and corresponding effect shall be given in the books of account and the records of SSIL for the reduction / netting of any assets or liabilities, as the case may be.
- 12.1.4. The difference between the amount recorded as share capital



issued by SSIL pursuant to this scheme and the amount of share capital of FFL shall be transferred to Capital Reserve in the books of SSIL.

- 12.1.5. In case of any differences in accounting policy between FFL and SSIL, the accounting policies followed by SSIL will prevail and the differences, if any, till the Appointed Date will be quantified and appropriately recorded in the Accounts of SSIL to ensure that the financial statements of SSIL reflect the financial position on the basis of consistent accounting policy. The effects on the financial statements of any changes in accounting policies should be reported in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates & Errors.

PART VI GENERAL CLAUSES

13. STAFF, WORKMEN AND EMPLOYEES

- 13.1. On the Scheme coming into effect, all the employees of FFL in service on such date shall be deemed to have become employees of SSIL with effect from the Effective Date without any break in their service and on the basis of continuity of service and the terms and conditions of their employment with SSIL shall not be less favourable than those applicable to them with reference to FFL on the Effective Date. The position, rank and designation of the employees would however be decided by SSIL. Any salary, compensation, fringe benefits, perquisites and other kind of consideration given by FFL from the Appointed Date till the Effective Date will be deemed to have been paid by SSIL.
- 13.2. In so far as the Provident Fund, Gratuity Fund or any other Special Fund created or existing for the benefit of the employees of FFL are concerned, upon the Scheme coming into effect, SSIL

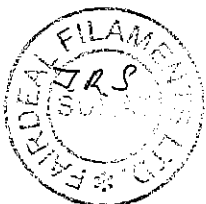


shall, stand substituted for FFL for all purposes whatsoever in relation to the administration or operation of such Fund or Funds or in relation to the obligation to make contributions to the said Fund or Funds in accordance with the provisions thereof as per the terms provided in the respective Trust Deeds, if any, to the end and intent that all rights, duties, powers and obligations of FFL in relation to such Fund or Funds shall become those of SSIL and all the rights, duties and benefits of the employees employed in FFL under such Funds and Trusts shall be protected, subject to the provisions of law for the time being in force. The contributions made by FFL in respect of its employees to such Fund or Funds for any period subsequent to the Appointed Date shall be deemed to be contributions made by SSIL. It is clarified that the services of the employees of FFL will be treated as having been continuous for the purpose of the said Fund or Funds.

14. CONTRACTS, DEEDS AND STATUTORY CONSENTS

14.1. Subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments of whatsoever nature of FFL which are subsisting or having effect immediately before the Effective Date shall be in full force against or in favour of SSIL, and may be enforced as fully and effectively as if, instead of FFL, SSIL has been a party or beneficiary thereto. SSIL shall, if necessary, to give formal effect to this Clause, enter into and/or issue and/or execute deeds, writings or confirmations or enter into a tripartite arrangement, confirmation or novation to which FFL is a party.

14.2. SSIL 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 favour of any party to any contract or arrangement to which FFL is a party or any writings as may be necessary to be executed



in order to give formal effect to the above provisions. SSIL shall be deemed to be authorised to execute any such writings on behalf and in the name of FFL and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of FFL.

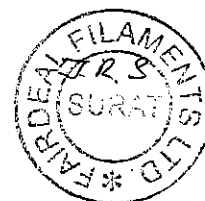
- 14.3. SSIL shall be entitled, pending the sanction of the Scheme, to apply to the relevant Governmental Authorities (including, the Court, Tribunal, Debt Recovery Tribunal, as the case may be or any other agency, department or other authorities concerned as may be necessary under law), for such consents, approvals and sanctions which SSIL, respectively, may require to own and operate all or any party of FFL.

15. VALIDITY OF EXISTING RESOLUTIONS

- 15.1. Upon coming into effect of this Scheme, the resolutions of FFL including the approvals that may have been obtained by FFL from its shareholders and which are valid and subsisting on the Effective Date, as are considered necessary by the Board of Directors of SSIL shall be considered as resolutions of SSIL. If any such resolutions have any monetary limits approved under the provisions of the Act or of any other applicable statutory provisions, then the said limits, as are considered necessary by the Board of Directors of SSIL, shall be added to the limits, if any, under the like resolutions passed by SSIL.

16. MERGING OF AUTHORISED SHARE CAPITAL

- 16.1. Upon the Scheme coming into effect, in accordance with the provisions of Section 232 of the Companies Act, 2013 the authorised share capital of FFL of Rs.20,00,00,000 (*Rupees twenty crores only*) shall stand combined/ consolidated with the authorised share capital of SSIL and on the Scheme coming into effect, the authorised share capital of SSIL shall, without any



further act, deed or action, stand increased (*post combination and consolidation*) and reconstituted to Rs.32,00,00,000 (*Rupees thirty two crores*) divided into 3,20,00,000 equity shares of Rs.10 each.

- 16.2. Clause V of the Memorandum of Association of SSIL shall be amended by deleting the clause and replacing it by the following:

"The Authorised Share Capital of the Company is Rs. 32,00,00,000 (Rupees Thirty Two Crores only) divided into 3,20,00,000 equity shares of Rs.10 each, with the rights, privileges and conditions attached thereto as per the relevant provisions contained in that behalf in the Articles of Association of the Company and with the power to increase or reduce the capital of the Company and divide the shares in the share capital for the time being into several classes and to attach thereto respectively such preferential, qualified for special rights, privileges, or conditions in such manner as may be determined by or in accordance with the Articles of Association of the Company for the time being in force, and to vary, modify, enlarge or abrogate any such rights, privilege or conditions in such manner as may be permitted by the said Act or provided by the Articles of Association of the Company for the time being force."

- 16.3. It is hereby clarified that an increase in authorised share capital of SSIL, if required, shall be effected as an integral part of this Scheme without any further act or deed on the part of SSIL and the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment. SSIL shall not be obliged to follow the procedure or filing as required under Sections 13, 61, 64 of the Companies Act, 2013 or any other applicable provisions of the relevant Act. It is further clarified that no registration fee/ ROC fees, stamp duty etc., shall be payable by SSIL. Upon the Scheme coming into effect, the fees paid by FFL on the authorised share capital of FFL shall,



without any act or deed, be available as a set off to SSIL in terms of Section 232(3)(i) of the Act.

- 16.4. The aforesaid quantum of merging of authorised share capital of FFL with SSIL and consequent amendment to the Memorandum of Association of SSIL is indicative in nature and the same shall be subject to change due to any increase in authorised share capital of FFL or SSIL pursuant to the Appointed Date till the Scheme coming into effect. Any such increase in the authorised share capital of FFL or SSIL pursuant to the Appointed Date till the Scheme coming into effect shall stand ipso facto added or clubbed to aggregate authorised share capital of SSIL as set out in Clause 16.1 above.

17. LEGAL PROCEEDINGS

- 17.1. Any suit, petition, appeal or other proceeding of whatsoever nature and any orders of court, judicial or quasi-judicial tribunal or other Governmental Authorities enforceable by or against FFL including without limitation any restraining orders (including order under section 281B of the Income-tax Act, 1961) pending before any court, judicial or quasi-judicial tribunal or any other forum, relating to FFL, whether by or against FFL, pending as on the Effective Date, shall not abate or be discontinued or in any way prejudicially affected by reason of the amalgamation of FFL or of any order of or direction passed or issued in the amalgamation proceedings or anything contained in this Scheme, but by virtue of the order sanctioning the Scheme, such legal proceedings shall be continued and any prosecution shall be enforced by or against SSIL in the same manner and to the same extent as would or might have been continued, prosecuted and/or enforced by or against FFL, as if this Scheme had not been implemented.
- 17.2. After the Appointed Date and until the Effective Date, FFL shall



defend all legal proceedings, other than in the ordinary course of business, with the advice and instructions of SSIL.

17.3. The transfer and vesting of the assets and liabilities under the Scheme and the continuance of the proceedings by or against SSIL shall not affect any transaction or proceeding already completed by FFL between the Appointed Date and the Effective Date to the end and intent that SSIL accepts all acts, deeds and things done and executed by and/or on behalf of FFL as acts, deeds and things done and executed by and on behalf of SSIL.

18. CONDUCT OF BUSINESS TILL THE EFFECTIVE DATE

18.1. With effect from the Appointed Date and up to the Effective Date:

18.1.1. FFL shall carry on its business and activities in the normal course of business till the vesting of the Transferor Undertaking and amalgamation of FFL with SSIL on the Effective Date and shall be deemed to have held or stood possessed of and shall hold and stand possessed of all the assets of FFL for and on account of and in trust for SSIL;

18.1.2. all the profits or income accruing or arising to FFL in relation to the Transferor Undertaking or the expenditure or losses arising or incurred by FFL shall for all purposes be treated and be deemed to be and accrued as the profits and income or expenditure or losses of SSIL.

18.1.3. FFL shall carry on their business activities with general prudence and shall not, without prior written consent of SSIL, alienate, charge or otherwise deal with or dispose off any of its business undertaking or any part thereof (except in the ordinary course of business or pursuant to any pre-existing obligations undertaken by FFL prior to the Appointed Date).



- 18.1.4. FFL shall also be entitled, pending the sanction of the Scheme, to apply to the Central Government, State Government, and all other agencies, departments and statutory authorities concerned, including Securities & Exchange Board of India (SEBI) and BSE Ltd. wherever necessary for such consents, approval and sanctions which SSIL may require including the registration, approvals, exemptions, reliefs, etc., as may be required to be granted under any law for time being in force for carrying on business by SSIL.
- 18.1.5. FFL shall not make any modification to its capital structure, either by increase, decrease, reclassification, sub-division or reorganisation or in any other manner, whatsoever, except by mutual consent of the Boards of Directors of FFL and of SSIL.
- 18.1.6. all the taxes of FFL in relation to the Transferor Undertaking paid or payable by FFL, including Income Tax Refunds receivable, Tax Credits such as TDS Deducted by Customers/Banks, CENVAT Credit Balances, Goods and Services Tax Credit Balances, Goods and Services Tax Refunds due and Service Tax Refunds due, etc. shall be deemed to be taxes paid or payable by or Credits available (as the case may be) for SSIL; and
- 18.1.7. FFL shall, with simultaneous intimation to SSIL, take major policy decisions in respect of its assets and liabilities and its present capital structure.

19. RATIFICATION

- 19.1. Except as provided in the Clauses above, SSIL shall accept all acts, deeds and things relating to the Transferor Undertaking, done and executed by and/or on behalf of FFL on and after the Appointed Date as acts, deeds and things done and executed by and/or on behalf of SSIL, as the case may be.



20. DIVIDEND, PROFIT, BONUS, RIGHT SHARES

20.1. At any time upto the Effective Date, save and except the dividend of Rs. 1.25/-i.e. 12.50% recommended at the meeting of the board held on 28th May, 2018, FFL shall not declare dividend, distribute profits, or issue or allot any right shares or bonus shares or any other security converting into equity shares or other share capital or obtain any other financial assistance converting into equity shares or other share capital, unless agreed to by the Board of Directors of SSIL.

PART VII GENERAL TERMS AND CONDITIONS

21. APPLICATION TO ADJUDICATING BODY

21.1. FFL and SSIL shall, with all reasonable despatch, make applications/petitions (jointly, if permissible) under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Act to the relevant Adjudicating Body, for sanctioning of this Scheme and all matters ancillary or incidental thereto.

22. MODIFICATIONS, AMENDMENTS TO THE SCHEME

22.1. Upon prior approval from the Adjudicating Body, FFL and SSIL (by their respective Board of Directors) may assent from time to time on behalf of persons concerned to any modifications/amendments to this Scheme (including but not limited to the terms and conditions thereof) or any conditions or limitations which the relevant Adjudicating Body, or any authorities under the law may deem fit to approve or impose and



to resolve any doubt or difficulties that may arise for carrying out this Scheme and to do and execute all such acts, deeds, matters and things necessary for putting the Scheme into effect.

22.2. For the purpose of giving effect of this Scheme or to any modifications or amendments, thereof, the Directors of FFL and SSIL, or any person authorised in that behalf by the concerned Board of Directors, may give and is/are authorised to give all such directions that are necessary or are desirable including directions for settling any doubts or difficulties that may arise.

23. CONDITIONALITY OF THE SCHEME

23.1. Unless otherwise decided by the Board of FFL and SSIL, this Scheme is specifically conditional upon and subject to:

23.1.1. the approval of the Scheme by the requisite majority of the respective members and such class of persons of FFL and SSIL, as required in terms of the applicable provisions of the relevant Act as well as any requirements that may be stipulated by the relevant Adjudicating Body in this respect;

23.1.2. in addition to the requirement stipulated under Clause 23.1.1 of this Scheme, in case of FFL, the requisite resolution with respect to this Scheme, shall be passed through e-voting, after disclosure of all material facts in the explanatory statement (including the applicable information pertaining to SSIL in the format specified for abridged prospectus as provided in Part D of Schedule VIII of the ICDR Regulations), in the explanatory statement or notice or proposal accompanying resolution to be passed sent to the shareholders while seeking approval of the scheme whereby the votes cast by the public shareholders of FFL in favour of the proposal relating to the Scheme are more than the number of votes cast by the public shareholders of FFL against it as per the requirement under the SEBI Circulars



- 23.1.3. sanction of the relevant Adjudicating Body, being obtained under Sections 230 to 232 read with Section 66 of the Companies Act, 2013, and other applicable provisions of the Act, if so required on behalf of FFL and SSIL;
- 23.1.4. the necessary certified copies of the order under Sections 230 to 232 of the Act, and other applicable provisions of the Act are duly filed with the Registrar of Companies;
- 23.1.5. approval of the Government of India and/ or Reserve Bank of India and/ or Securities and Exchange Board of India, if required and the consent of the BSE Limited where such approval or consent is necessary; and
- 23.1.6. all other sanctions and approvals as may be required by law in respect of this Scheme being obtained.

24. EFFECTIVE DATE OF THE SCHEME

- 24.1. The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the Adjudicating Body and/or by the Board of Directors in terms of Clause 23 shall although be operative from the Effective Date but shall be deemed to be retrospectively effective from the Appointed Date in accordance with the provisions of Section 232 (6) of the Act.

25. REVOCATION OF THE SCHEME

- 25.1. In the event of any of the said sanction and approval referred to in the preceding Clauses 23 above not being obtained and/or the Scheme not being sanctioned by applicable Adjudicating Body and/or the Order(s) not being passed as aforesaid within eighteen (18) months from the date of filing of the Company Application



with the relevant Adjudicating Body, or within such further period(s) as may be agreed upon from time to time between FFL and SSIL (through their respective Board of Directors), this Scheme shall stand revoked, cancelled and be of no effect and in that event, no rights and liabilities whatsoever shall accrue to or be incurred *inter se* between FFL and SSIL, or their respective shareholders or employees or any other persons, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, obligation 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 this Scheme and or otherwise arise as per law. For the purpose of giving full effect to this Scheme, the respective Board of Directors of FFL and SSIL, are hereby empowered and authorised to agree to and extend the aforesaid period from time to time without any limitations in exercise of their power through and by their respective delegates.

- 25.2. The Board of Directors of FFL and SSIL, shall be entitled to revoke, cancel and declare the Scheme of no effect if such Boards of Directors of FFL and SSIL are of the view that the coming into effect of the Scheme in terms of the provisions of this Scheme or filing of the drawn up/ certified/ authenticated orders with any authority could have adverse implication on both/ any of the companies or in case any condition or alteration imposed by the relevant Adjudicating Body or any other authority is not on terms acceptable to them.
- 25.3. If any part of this Scheme hereof is invalid, ruled illegal by any court of competent jurisdiction or unenforceable under present or future laws, then it is the intention of the parties that such part shall be severable from the remainder of the Scheme and the Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case the parties shall attempt to bring about a

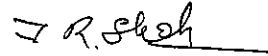


modification in the Scheme, as will best preserve for the parties the benefits and obligations of the Scheme, including but not limited to such part.

26. COSTS, CHARGES AND EXPENSES CONNECTED WITH THE SCHEME

- 26.1. All costs, charges, taxes including duties, levies and all other expenses of FFL and SSIL in relation to or in connection with or incidental to this Scheme shall be borne by SSIL.

For FAIRDEAL FILAMENTS LTD.



Authorised Signatory/Director