

COMPOSITE SCHEME OF AMALGAMATION

OF

**PRAYAG CHEMICALS PRIVATE LIMITED
("Transferor Company 1")**

AND

**V.S. POLYMERS PRIVATE LIMITED
("Transferor Company 2")**

WITH

**PUNJAB ALKALIES & CHEMICALS LIMITED
("Transferee Company")**

AND

**THEIR RESPECTIVE SHAREHOLDERS AND
CREDITORS**

**UNDER SECTIONS 230 TO 232 AND OTHER
APPLICABLE PROVISIONS OF THE
COMPANIES ACT, 2013**

For Prayag Chemicals Pvt. Ltd.


Director

For V.S. Polymers Pvt. Ltd.


Director

For Punjab Alkalies & Chemicals Limited


Managing Director

INTRODUCTION

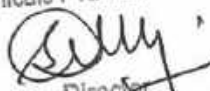
1. INTRODUCTION OF THE SCHEME

- 1.1 This Scheme (*as defined hereinafter*) seeks to amalgamate and consolidate the businesses of Prayag Chemicals Private Limited ("**Transferor Company 1**") and V. S. Polymers Private Limited ("**Transferor Company 2**") into and with Punjab Alkalies & Chemicals Limited ("**Transferee Company**") pursuant to the provisions of, inter alia, Sections 230 to 232 of the Act (*as defined hereinafter*) read with Section 2 (1B) and other provisions of the Income Tax Act, 1961 ("**IT Act**") and other Applicable Law (*as defined hereinafter*).
- 1.2 The Board of Directors (*as defined hereinafter*) of the Transferor Company 1 and Transferor Company 2 and the Transferee Company (together referred to as the "**Transferor Companies**", *as defined hereinafter*) have resolved that the amalgamation of the Transferor Companies (*as defined hereinafter*) into and with the Transferee Company would be in the best interests of the Transferor Companies and their respective shareholders, creditors, employees and other stakeholders.
- 1.3 This Scheme presented under Sections 230 to 232 of the Act for the amalgamation of the Transferor Companies into and with the Transferee Company, is divided into the following parts:

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|----------|---|---|
| Part I | : | Deals with the overview of the Scheme, brief overview of the Transferor Companies, objects of this Scheme and definitions and interpretation. |
| Part II | : | Deals with capital structure of the Transferor Companies and date of taking effect |
| Part III | : | Deals with the amalgamation of the Transferor Companies into and with the Transferee Company and sets forth certain additional arrangements that form a part of this Scheme |
| Part IV | : | Deals with the general terms and conditions applicable to this Scheme |

- 1.4 This Scheme also provides for various other matters consequential or otherwise integrally connected herewith.

For Prayag Chemicals Pvt. Ltd.


Director

For V.S. Polymers Pvt. Ltd.


Director

For Punjab Alkalies & Chemicals Limited


Managing Director

PART I

OVERVIEW, OBJECTS, DEFINITIONS AND INTERPRETATION

2. OVERVIEW OF THE SCHEME

- 2.1 The Scheme envisages the amalgamation of Transferor Company 1 and Transferor Company 2 into and with Transferee Company in compliance with the provisions of Section 2(1B) of the IT Act, such that:
- (a) all the properties of the Transferor Companies, immediately before the amalgamation, shall become the property of the Transferee Company, by virtue of this amalgamation;
 - (b) all the liabilities of the Transferor Companies, immediately before the amalgamation, shall become the liabilities of the Transferee Company, by virtue of this amalgamation; and
 - (c) shareholders holding not less than three-fourths in value of the shares in the Transferor Companies (other than shares already held therein immediately before the amalgamation by, or by a nominee for, the Transferee Company or its subsidiary) will become shareholders of the Transferee Company by virtue of the amalgamation.
- 2.2 Upon the amalgamation of the Transferor Companies into and with the Transferee Company pursuant to the Scheme becoming effective on the Effective Date (as defined hereinafter), the Transferee Company will issue New Shares (as defined hereinafter) to the shareholders of the Transferor Companies on the Record Date (as defined hereinafter), in accordance with the Share Exchange Ratio (as defined hereinafter) approved by the Board of Directors of each of the Transferor Companies and pursuant to Sections 230 to 232 and other relevant provisions of the Act in the manner provided for in this Scheme and in compliance with the provisions of the IT Act.
- 2.3 The amalgamation of the Transferor Companies into and with the Transferee Company will be effective from the Appointed Date (*as defined hereinafter*) but will be operative from the Effective Date.

3. OVERVIEW OF THE TRANSFEROR COMPANIES

3.1 Transferor Company 1

Prayag Chemicals Private Limited ("Transferor Company 1") is a private limited company incorporated under the provisions of the Companies Act, 1956 on October 05, 1993 in the name of "Kaushico Chemical Works Private Limited". Subsequently on March 17, 1994, the name of the Transferor Company 1 was changed to "Prayag Chemicals Private Limited". The Corporate Identification Number of the Transferor Company 1 is U24119DL1993PTC125350. The Registered office of the Transferor Company 1 is situated at 314, PP Tower, Netaji Subhash Place, Pitampura, Delhi - 110 034. Equity shares of the Transferor Company 1 are not listed. The Transferor Company 1 is carrying on business as manufacturers, importers and exporters of Chlorinated Paraffin (CP) (a widely used plasticizer) and Hydro Chloric Acid (HCL).

For Prayag Chemicals Pvt. Ltd.


Director

For M.S. Polymers Pvt. Ltd. For Punjab Alkalies & Chemicals Limited



Director

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Managing Director

Transferor Company 1 is in the process of shifting its Registered Office from National Capital Territory of Delhi (i.e. from the jurisdiction of Registrar of Companies, NCT of Delhi and Haryana) to the Union Territory of Chandigarh (i.e. to the jurisdiction of Registrar of Companies, Punjab and Chandigarh). The shareholders of the Transferor Company 1 has approved the shifting of Registered Office in Extra Ordinary General Meeting dated August 17, 2021.

3.2 **Transferor Company 2**

V.S. Polymers Private Limited ("Transferor Company 2") is a private limited company incorporated under the provisions of the Companies Act, 1956 on November 29, 1996. The Corporate Identification Number of the Transferor Company 2 is U24119DL1996PTC083527. The Registered office of the Transferor Company 2 is situated at 315, PP Tower, Netaji Subhash Place, Pitampura, Delhi - 110 034. Equity shares of the Transferor Company 2 are not listed. The Transferor Company 2 is carrying on business as manufacturers, importers and exporters of Chlorinated Paraffin (CP) (a widely used plasticizer) and Hydro Chloric Acid (HCL).

Transferor Company 2 is in the process of shifting its Registered Office from National Capital Territory of Delhi (i.e. from the jurisdiction of Registrar of Companies, NCT of Delhi and Haryana) to the Union Territory of Chandigarh (i.e. to the jurisdiction of Registrar of Companies, Punjab and Chandigarh). The shareholders of the Transferor Company 2 has approved the shifting of Registered Office in Extra Ordinary General Meeting dated August 17, 2021.

3.3 **Transferee Company**

Punjab Alkalies & Chemicals Limited ("Transferee Company") is a public limited company incorporated under the provisions of the Companies Act, 1956 on December 01, 1975 in the name of "Punjab Alkalies Limited". Subsequently on April 19, 1983, the name of the Transferee Company was changed to "Punjab Alkalies & Chemicals Limited". The Corporate Identification Number of the Transferee Company is L24119CH1975PLC003607. The Registered office of the Transferee Company is situated at S. C. O. 125-127, Sector 17-B, Chandigarh - 160 017. Equity shares of the Transferee Company are listed on BSE. The Transferee Company has facilities for manufacturing of Caustic soda lye, Liquid Chlorine, Hydrochloric Acid, Sodium Hypochlorite and Hydrogen Gas. Main products of the Transferee Company are caustic soda lye, liquid chlorine, hydrochloric acid, hydrogen gas and sodium hypochlorite.

3.4 The Transferor Company 1, Transferor Company 2 and Transferee Company are affiliate entities of each other and have a common promoter group.

3.5 As a result, the Board of Directors of the Transferor Companies have formulated this Scheme for the amalgamation of the Transferor Companies as a going concern into and with the Transferee Company pursuant to Sections 230 to 232 and other relevant provisions of the Act and in accordance with Section 2(1B) of IT Act (on a going concern basis) and other Applicable Law.

For Prayag Chemicals Pvt. Ltd.


Director

For V.S. Polymers Pvt. Ltd.



Director

For Punjab Alkalies & Chemicals Limited


Managing Director

4. **OBJECT / RATIONALE OF THE SCHEME**

4.1 **Need for the Scheme**

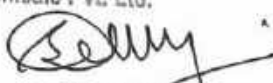
The management of the Transferor Companies is of the view that the chemical industry is poised for substantial growth in the near medium term opportunity which can be better capitalised as a consolidated entity with a bigger balance sheet, larger portfolio of products and a more streamlined structure. The management of the Companies further believes that the proposed consolidation will result into better efficiencies and economies in the post pandemic world and a single unified organisation is likely to have a faster growth trajectory. The consolidated organisation is also expected to create more value for all the stakeholder.

4.2 **Rationale of the Scheme**


The management of the respective Companies are of the view that the amalgamation proposed in this Scheme is, in particular, expected to have following benefits:

- a) opportunity to increase the production of Caustic Soda by PACL, by having own facilities to use chlorine for manufacture of downstream products and therefore have a better control over the supply chain management for disposal of chlorine;
- b) consolidation of businesses under the Transferee Company providing an increased capability to offer a wider portfolio of products on a single platform to effectively address the issue of cyclical nature of business and market dynamics with a combined ability to integrate, innovate, customize and bundle the products of Transferee Company and Transferor Companies under a single platform. Its enhanced resource base and client relationships are likely to result in better business potential and prospects for the consolidated entity and its stakeholders;
- c) integrated value chain to enhance degree of vertical integration in the chemical business;
- d) consolidation of funds and resources will lead to optimisation of working capital utilisation and stronger financial leverage given the simplified capital structure, improved balance sheet and optimised management structure;
- e) consolidation of businesses under Transferee Company will provide impetus to growth, enable synergies and productivity gains, increase operational efficiencies, centralisation of inventory, reduce operational costs and enable optimal utilisation of various resources as a result of pooling of financial, managerial, technical and human resources, thereby creating stronger base for future growth and value accretion for the stakeholders;
- f) elimination of the need for inter-company transactions between Transferee Company and Transferor Companies;
- g) amalgamation will result in simplification of the group and business structure and will enable to consolidated entity to have stronger presence in the market, more extensive network for deeper market penetration and enhancement of the overall customer satisfaction, engagement and retention; and
- h) create value for the stakeholders including the respective shareholders, customers, lenders and employees.

For Prayag Chemicals Pvt. Ltd.


Director

For V.S. Polymers PVT. Ltd.



Director

For Punjab Alkalies & Chemicals Limited


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Managing Director

And above all, since the Transferee Company and Transferor Companies belongs to the same promoter group which are engaged in the business of manufacture of products from chemicals, the amalgamation will enable them to bring together their respective synergies in manufacturing of such various products in the same value chain thereby enhancing the value for all the stakeholders.

In the view of the above advantages and benefits, the Board of Directors of each of the Transferor Companies and the Transferee Company have formulated and considered this Scheme and proposed the amalgamation of the Transferor Company 1 and Transferor Company 2 with Transferee Company, pursuant to the provisions of Section 230 to 232 and other applicable provisions of the Act.

The Scheme, in no way, is a Scheme of compromise or arrangement with the creditors of any of the companies and the Scheme is not affecting the rights of the creditors as all the creditors will be paid / satisfied in full, as and when their respective amounts fall due in the usual course of business, by the Transferee Company.

The Scheme is not a Scheme of Corporate Debt Restructuring as envisaged under Section 230(2)(c) of the Act.

4.3 **Date of coming into effect**

- 4.3.1 The various Parts of the Scheme as set out herein, in its present form or with any modification(s) and amendments (s) made under Clause 19 of the Scheme or as approved or imposed or directed by the Hon'ble NCLT, Stock Exchange, SEBI or any other Competent Authorities, as the case may be and applicable, shall come into effect from the Appointed Date or such other Appointed Date as may be approved by the Hon'ble NCLT or any other competent authority having power to sanction the Scheme, but shall be made operative from the Effective Date.

5. **DEFINITIONS AND INTERPRETATION**

- 5.1 In this Scheme, unless inconsistent with the subject or context: (i) capitalized terms defined by inclusion in quotations and/or the parenthesis have the meaning so ascribed; and (ii) the following expressions have the meanings as set out herein below:

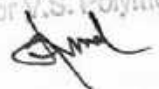
- a) **"Act" or "the Act"** means the Companies Act, 2013 and the Rules, regulations, notifications made thereunder including any statutory modifications, re-enactments or amendments thereof and also mean and refer to corresponding and enforceable Sections of Companies Act, 1956 and rules, regulations made thereunder, to the extent applicable;
- b) **"Amalgamated Undertaking(s)"** shall mean and include the whole of the businesses and undertakings of the respective Transferor Company 1 and Transferor Company 2, as on the Appointed Date, being amalgamated with the Transferee Company and shall include (without limitation):

- i. all the properties and assets, whether movable or immovable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent, deposits, investments of all kinds (including shares, scrips, stocks or pass through certificates), all cash balances with the banks, money at call and short notice loans, advances,

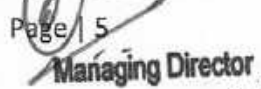
For Prayag Chemicals Pvt. Ltd.


Director

For V.S. Polymers Pvt. Ltd.



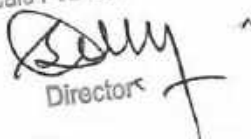
For Punjab Alkalies & Chemicals Limited


Managing Director

land and building leasehold or freehold, all fixed and movable plant and machinery, computers and accessories, software and related data & licenses, leasehold improvements, capital work-in progress, vehicles, furniture, fixtures, fittings, office equipment, telephone, facsimile and other communication facilities and equipment, electricals, appliances, accessories, deferred tax assets, contingent rights or benefits, lease and hire purchase contracts and assets, financial assets, benefit of insurance claims, receivables, cheques and other negotiable instruments (including post-dated cheques), benefit of assets or properties or other interest held in trust, benefit of any security arrangements, authorities, allotments, approvals, buildings and structures, office, residential and other premises, tenancies, leases, licenses (including all assignments and grants thereof), reserves, provisions, funds, security deposit refunds, sales or purchase order, powers, consents, authorities, registrations, agreements, contracts, engagements, all non-compete covenants, arrangements of all kinds, rights, titles, interests, benefits, leasehold rights, import quotas, registrations whether under Central, State or other laws, regulatory approvals, lower withholding certificates, tax credits (including MODVAT or CENVAT, Service Tax credits, input of Goods and Services Tax), incentives or subsidies or schemes of central or state or local governments, certifications and approvals, tax holiday benefits, tax incentives & exemptions (including but not limited to tax credits), Minimum Alternate Tax Credit entitlement ("MAT Credit") (whether recorded in the books or not), unabsorbed depreciation (to extent available under law), tax losses (to extent available under law), advance tax payments (including self-assessment tax & TDS) under the IT Act, easements, privileges, liberties, grants and advantages of whatsoever nature as may be available to the respective Transferor Companies or in relation to any movable or immovable assets of the respective Transferor Companies and including right to use and avail of telephones, telex, facsimile, e-mail, web-connections, leased line connections and installations, utilities, electricity and other services;

- ii. any license fee / security deposits with any Competent Authority that may have been paid by the respective Transferor Companies;
- iii. all records, files, papers, computer programs along with their licenses, manuals, data, back-up copies, catalogues, drawings, sales, and advertising materials, lists and other details of present and former customers and suppliers, customers credit information, pricing information and other records and data whether in physical or electronic form in connection with or relating to the respective Transferor Companies;
- iv. all intellectual property rights including all trademarks, trademark applications, trade names, domain names, logo, websites, internet registrations, designs, copyrights, copyrights and other industrial designs and intellectual properties and rights of any nature whatsoever including know-how assignments and grants in respect thereof, trade secrets and all other interests exclusively relating to the respective Transferor Companies;
- v. all applications made by the respective Transferor Companies for purpose of registration of any intellectual property;

For Prayag Chemicals Pvt. Ltd.


Director

For V.S. Polymers Pvt. Ltd.



Director

For Punjab Alkalies & Chemicals Limited


Managing Director

- vi. all employees and employees Benefit Funds of the respective Transferor Companies immediately preceding the approval or sanction of the Scheme by the Hon'ble NCLT;
- vii. all the debts, liabilities, duties, and obligations present and future of each of the Transferor Companies including the contingent liabilities.

It is intended that the definition of Amalgamated Undertaking under this Clause would enable the transfer of all properties, assets, rights, duties, and liabilities of the respective Transferor Companies into the Transferee Company pursuant to this Scheme unless otherwise provided in this Scheme.

- c) **"Applicable Laws"** mean any applicable statute, law, regulation, ordinance, rule, judgment, rule of law, orders, decree, ruling, bye-laws, approvals of any Competent Authority, directive, guideline, policy, clearance, requirement or other governmental restriction or any similar form of decision of or determination by, or any interpretation or administration having the force of law of any of the foregoing by any Competent Authority, statutory authority, court, tribunal having jurisdiction over the matter in question, whether in effect as of the date of this Scheme or at any time thereafter;
- d) **"Appointed Date"** means opening of business hours on April 01, 2021, or such other date as may be directed / allowed by the Competent Authority;
- e) **"Board of Directors" or "Board"** means Board of Directors of each of the Transferor Companies and the Transferee Company, as the case may be, and include any Committee (s) of the Board, or any person or persons authorized by the Board of Directors of the respective companies for the purpose of matters pertaining to this Scheme or any other matter relating thereto;
- f) **"Central Government"** for the present Scheme means and include but not limited to the concerned Regional Director of Ministry of Corporate Affairs and the Official Liquidator as appointed by the Central Government or such other authorities to whom powers under Sections 230 to 232 or under other applicable provisions (relevant to this Scheme) of the Act may be delegated from time to time;
- g) **"Clause" and "Sub Clause"** means relevant clauses or sub clauses set out in the Scheme;
- h) **"Competent Authority"** means:
 - i. the Central Government (*as defined hereinafter*);
 - ii. the government of any jurisdiction (including any national, state, municipal or local government or any political or administrative subdivision thereof) and any department, ministry, agency, instrumentality, court, Tribunal, central bank, commission, or other authority thereof;
 - iii. any governmental, 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 including (without limitation) stock exchange, the Securities and Exchange Board of India, Reserve Bank of India, Ministry of Corporate Affairs, the Registrar of Companies & Chemicals Limited

Companies, the NCLT (*as defined hereinafter*) and the Competition Commission of India; and

iv. any Stock Exchange

The term Competent Authorities shall be construed accordingly.

- i) **"Effective Date"** means the date on which the last of the conditions mentioned in Clause 20 of the Scheme is fulfilled and the Scheme is made effective with effect from the Appointed Date. Any references in this Scheme to the "date of coming into effect of this Scheme" or "Effectiveness of the Scheme" or "Scheme taking effect" shall mean the Effective Date;
- j) **"Eligible Members"** shall mean the members of each of the Transferor Companies respectively to whom the shares shall be allotted in pursuance to Clause 10.1 and 10.2 of Part III;
- k) **"Encumbrance"** means: (a) any encumbrance including, without limitation, any claim, mortgage, negative lien, pledge, equitable interest, charge (whether fixed or floating), hypothecation, lien, deposit by way of security, security interest, trust, guarantee, commitment, assignment by way of security, or other encumbrances or security interest of any kind securing or conferring any priority of payment in respect of any obligation of any person and includes without limitation any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security in each case under any law, contract or otherwise, including any option or right of pre-emption, public right, common right, easement rights, any attachment, restriction on use, transfer, receipt of income or exercise of any other attribute of ownership, right of set-off and/ or any other interest held by a third party; (b) any voting agreement, conditional sale contracts, interest, option, right of first offer or transfer restriction; (c) any adverse claim as to title, possession or use; and/ or (d) any agreement, conditional or otherwise, to create any of the foregoing, and the term 'encumber' shall be construed accordingly;
- l) **"IND AS"** means the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013, as notified under the Companies (Indian Accounting Standard) Rules, 2015;
- m) **"IT Act"** means the Income Tax Act, 1961 and the rules made there under, as may be amended or re-enacted from time to time;
- n) **"LODR Regulations"** means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and includes all the amendments or statutory modifications thereto or re-enactments thereof;
- o) **"National Company Law Tribunal" or "NCLT" or "The Tribunal"** means the Hon'ble National Company Law Tribunal, having jurisdiction over the respective Transferor Companies and / or Transferee Company;
- p) **"New Shares"** has the meaning given to it in Clause 10.3 of Part III;

For Prayag Chemicals Pvt. Ltd.


Director

For V.S. Polymers Pvt. Ltd.



Director

For Punjab Alkalies & Chemicals Limited


Managing Director

- q) **"Permits"** means all consents, licenses, permits, permissions, authorisations, rights, clarifications, approvals, clearances, confirmations, declarations, waivers, exemptions, registrations, or filings from any Competent Authority;
- r) **"Record Date"** means the date fixed by the Board of Directors of the Transferee Company or any committee thereof, and the Board of Directors of the respective Transferor Company 1 and Transferor Company 2, as may be required, for the purpose of determining names of the members of such Transferor Company 1 and Transferor Company 2, who shall be entitled to receive the equity shares in the Transferee Company, upon effectiveness of this Scheme;
- s) **"Registrar of Companies"** means the Registrar of Companies having jurisdiction over the respective Transferor Companies and or Transferee Company;
- t) **"Scheme" or "Scheme of Amalgamation" or "Composite Scheme of Amalgamation" or "this Scheme" or "the Scheme"** means and refers to this Scheme of Amalgamation involving amalgamation of all the Transferor Companies into the Transferee Company, as set out herein in its present form or with any modification(s) made as per Clause 19, subject to such modifications as may be deemed fit by the Hon'ble NCLT or any other Competent Authority having equal jurisdiction;
- u) **"SEBI"** means the Securities and Exchange Board of India, constituted under the Securities and Exchange Board of India Act, 1992;
- v) **"SEBI Circular"** means the circular issued by the SEBI, being Circular CFD/DIL3/CIR/2017/21 dated March 10, 2017, and any amendments thereof, on Schemes of Arrangement by Listed Companies or any other circulars issued by SEBI applicable to schemes of arrangement from time to time;
- w) **"Share Exchange Ratio"** shall mean the ratio as specified under Clause 10.1 and 10.2 of Part III;
- x) **"Stock Exchange"/ "BSE"** means BSE Limited;
- y) **"Transferee Company"** means **Punjab Alkalies & Chemicals Limited**, a public limited company incorporated on December 01, 1975 under the provisions of the Companies Act, 1956 and an existing company under the Act and having its registered office at S. C. O. 125-127, Sector 17-B, Chandigarh - 160 017.
- z) **"Transferor Company 1"** means **Prayag Chemicals Private Limited**, a private company incorporated on October 05, 1993 under the provisions of the Companies Act, 1956 and an existing company under the Act and having its registered office at 314, PP Tower, Netaji Subhash Place, Pitampura, Delhi - 110 034.
- aa) **"Transferor Company 2"** means **V S Polymers Private Limited**, a private company incorporated on November 29, 1996 under the provisions of the Companies Act, 1956 and an existing company under the Act and having its registered office at 315, PP Tower, Netaji Subhash Place, Pitampura, Delhi - 110 034.

For Prayag Chemicals Pvt. Ltd.

Director

For V.S. Polymers Pvt. Ltd.

Director

For Punjab Alkalies & Chemicals Limited

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Managing Director

bb) "Transferor Companies" / "Amalgamating Companies" means the Transferor Company 1 and Transferor Company 2, collectively, for the purpose of this Scheme.

The expressions which are used in this Scheme and not defined in this Scheme, shall, unless repugnant or contrary to the context or meaning hereof, have the same meaning as ascribed to them under the Act, IT Act, Indian Accounting Standard, as may be applicable and other Applicable Laws, rules, regulations, byelaws, as the case may be, or any statutory modification or re-enactment thereof from time to time. Wherever reference is made to the Hon'ble NCLT in the Scheme, the reference would include, if appropriate, reference to the concerned Bench of Hon'ble NCLT or such other forum or authority as may be vested with the powers of the Hon'ble NCLT under the Act.

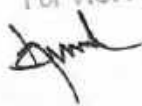
5.2 In this Scheme, unless the context otherwise requires:

- a) The singular shall include the plural and vice versa; and references to one gender include all genders.
- b) the headings, sub-headings, titles, sub-titles to clauses, sub-clauses and paragraphs are inserted for ease of reference only and shall not form part of the operative provisions of this Scheme and shall not affect the construction or interpretation of this Scheme;
- c) References to an article, clause, section, part, or paragraph is, unless indicated to the contrary, reference to an article, clause, section, part or paragraph of this Scheme.
- d) words "include" and "including" are to be construed without limitation;
- e) References to a person include any individual, firm, body corporate (whether incorporated), government, state or agency of a state or any joint venture, association, or partnership (whether or not having separate legal personality).
- f) references to any provision of law or legislation or regulation shall include: (a) such provision as from time to time amended, modified, re-enacted or consolidated (whether before or after the date of this Scheme) to the extent such amendment, modification, re-enactment or consolidation applies or is capable of applying to the transaction entered into under this Scheme and (to the extent liability thereunder may exist or can arise) shall include any past statutory provision (as amended, modified, re-enacted or consolidated from time to time) which the provision referred to has directly or indirectly replaced, (b) all subordinate legislations (including circulars, notifications, clarifications or supplement(s) to, or replacement or amendment of, that law or legislation or regulation) made from time to time under that provision (whether or not amended, modified, re-enacted or consolidated from time to time) and any retrospective amendment.
- g) Reference to a document includes amendment or supplement to, or replacement or novation of that document.

For Prayag Chemicals Pvt. Ltd.


Director

For V.S. Polymers Pvt. Ltd.



Director

For Punjab Alkalies & Chemicals Limited



Managing Director

PART II

6. CAPITAL STRUCTURE AND MAIN OBJECTS OF THE TRANSFEROR COMPANIES

6.1 Transferor Company 1 (Prayag Chemicals Private Limited)

- (i) The Authorized, Issued, Subscribed and Paid-up Share Capital of the Transferor Company 1 as on the date of approval of this Scheme by the Board of the Transferor Company 1 is as under:

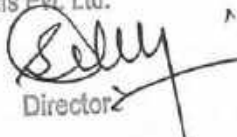
| Particulars | Amount (INR) |
|---|--------------------|
| Authorised Share Capital | |
| 1,00,000 Equity shares of INR 100/- each | 1,00,00,000 |
| Total | 1,00,00,000 |
| Issued, Subscribed and Paid-Up Share Capital | |
| 52,326 Equity shares of INR 100/- each | 52,32,600 |
| Total | 52,32,600 |

The equity shares of the Transferor Company 1 are not listed on any stock exchange.

- (ii) The Main Objects of the Transferor Company 1 as on the date of filing of this Scheme are, inter alia, are as follows:

1. To carry on the business of manufacturers, producers, importer, exporters, buyers, sellers in all kinds of chemicals of pharmaceuticals, dyes, fertilizers, zinc, sulphare, zinc, metal zinc oxide, edible oils, plastic, processors chlorinated paraffin wax, plasticisor, chlorinated raffinates bleaching powder, calcium chloride, chlorides, Nitrates, sulphates, including pesticides and germicides, Hydrochloric Acid, sulphates sulpheric Acid, nitric acid, sodium silicate, time powder etc.
2. To carry on the business of buyers, sellers, exporters, Importers, manufacturers, and dealers of organic, Inorganic and organic metallic chemicals including rubber chemicals, leather chemicals, Agricultural chemicals, Bio-Technology Plants, polymer chemicals synthetic chemicals, Pharmaceuticals and industrial chemicals, drugs & fine chemicals.
3. To carry on the business of manufacturers of and dealers with or in all kinds and classes of pigments warnishes, oils vegetables oils and other colour and dyes including natural earth pigments, and paints, metal pigments, their derivatives, products, by products and compounds of cellulose compounds resine, mentha, mentha oil and others oils of any nature and kind.
4. To carry on the business of manufacturers of soaps, washing powders, organic surface, active agents, chemicals keyed, long tin seed, Alkyde long caster oil Alkyde D.C.O. rosinated, and Alkydelin seed rosinated, stand oil etc.

For Prayag Chemicals Pvt. Ltd.


Director

For V.S. Polymers Pvt. Ltd.



Director

For Punjab Alkalies & Chemicals Limited


Managing Director

6.2 Transferor Company 2 (V. S. Polymers Private Limited)

- (i) The Authorized, Issued, Subscribed and Paid-up Share Capital of the Transferor Company 2 as on the date of approval of this Scheme by the Board of Transferor Company 2 is as under:

| Particulars | Amount (INR) |
|---|--------------------|
| Authorised Share Capital | |
| 10,00,000 Equity shares of INR 10/- each | 1,00,00,000 |
| Total | 1,00,00,000 |
| Issued, Subscribed and Paid-Up Share Capital | |
| 617,670 Equity shares of INR 10/- each | 61,76,700 |
| Total | 61,76,700 |

The equity shares of the Transferor Company 2 are not listed on any stock exchange.

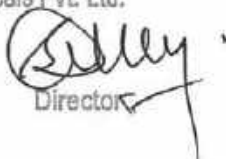
- (ii) The Main Objects of the Transferor Company 2 as on the date of filing of this Scheme, inter alia, are as follows:

1. To manufacture, prepare, process, repair, buy and sell, export, import and market in:
All kinds of chlorinated paraffins and hydrochloric acid plastics and PVC compounds such as PVC, PP, HM, HDPE, HD, LD and plastic liners and sacks of high density polyethylene, polypropylene, low density polyethylene, pipes, sheets, toys and wares and other types of plastic goods and products, synthetic resins and compounds, ancillary and auxiliary materials and derivatives, intermediates and compositions, plastic processing and ancillary machinery, tools, moulds, dyes and instruments and other engineering goods which can be conveniently combined therewith, all kinds of chemicals, petroleum products and pharmaceutical products, derivatives, compositions, intermediates and auxiliaries.
2. To deal in all types of containers, packing materials and articles of plastic polyethylene, paper, card board, wood or any other material.
3. To purchase, sell, import, manufacture, repair or otherwise deal in all kinds of plastic, goods, toys, pipes, boots, shoes, all kinds of footwears, gloves, bucklers, purses, bags, boxes, belts and accessories and fittings.
4. To manufacture, prepare, process, repair, buy and sell, resell, export, import and market in PVC resins, master batches, CPW, DBP and other chemicals.

6.3 Transferee Company (Punjab Alkalies & Chemicals Limited)

- (i) The Authorized, Issued, Subscribed and Paid-up Share Capital of the Transferee Company as on the date of approval of this Scheme by the Board of the Transferee Company is as under:

For Prayag Chemicals Pvt. Ltd.


Director

For V.S. Polymers Pvt. Ltd.



Director

For Punjab Alkalies & Chemicals Limited


Managing Director

| Particulars | Amount (INR) |
|--|---------------------|
| Authorised Share Capital | |
| 7,00,00,000 Equity shares of INR 10/- each | 70,00,00,000 |
| Total | 70,00,00,000 |
| Issued Capital | |
| 4,85,43,146 Equity shares of INR 10/- each | 48,54,31,460 |
| Total | 48,54,31,460 |
| Subscribed Capital | |
| 4,85,40,796 Equity shares of INR 10/- each | 48,54,07,960 |
| Total | 48,54,07,960 |
| Paid-Up Share Capital | |
| 4,84,68,644 Equity shares of INR 10/- each | 48,46,86,440 |
| Total | 48,46,86,440 |

The equity shares of the Transferee Company are listed on BSE.

(ii) The Main Objects of the Transferee Company as on the date of filing of this Scheme, inter alia, are as follows:

1. To carry on the business of manufacturers, refiners, processors, importers, exporters of and dealers in all kinds of organic and inorganic chemicals, caustic soda, chlorine both gas & liquid, hydrochloric acid, bleaching powder, ammonium chloride conforming to technical and pure grade, basic and fine chemicals, dye-intermediates, coal-tar, dye stuffs, rubber chemicals, industrial chemicals, heavy chemicals, acids, alkalis, pigment colours, cement colours, rubber colours, dye stuff for synthetic fingers, varnishes, glycerine and fatty acids, soaps both toilet and laundry detergents.
2. To carry on the business of engineers and contractor of chemicals processing industries and to manufacture, produce, acquire, let on hire, repair, alter and deal in all kinds of plant and machinery, equipment, components and accessories whether with or without corrosion resistant lining, such as heat exchangers, evaporators, reaction vessels, column towers, extractors, storage tanks, pressure vessels and lines klins.
3. To carry on the business of manufacturing, processing, mixing, compounding of and deals in all kinds of agricultural chemicals, insecticides, pesticides, fertilizers, pharmaceutical chemicals and all other kinds of allied chemicals, including petroleum and petrochemical based products.
4. To do business as manufacturers of heavy pharmaceuticals, chemicals and of such medical appliances needed generally by hospital, medical profession or by the general public.
5. To carry on the business of purchasing, producing, accumulating, generation, transmission, distribution, selling, supplying, utilisation, developing and dealers of electricity including the construction, lying, fixing, establishment, operation and maintenance of electric power generating stations, power systems, transmission lines, cables, wires, sub-stations and other power works and installations and to purchase, produce, generate, sell, utilise and deal in steam and all kinds of liquid, gaseous and other fuels.

For Prayag Chemicals Pvt. Ltd.

Silly
Director

For Punjab Alkalies & Chemicals Limited
Silly
Director

For Punjab Alkalies & Chemicals Limited

Director

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Silly
Managing Director

PART III

AMALGAMATION OF THE TRANSFEROR COMPANY 1 AND TRANSFEROR COMPANY 2 (i.e. THE TRANSFEROR COMPANIES) INTO AND WITH THE TRANSFEREE COMPANY

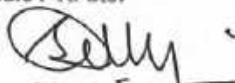
7. TRANSFER AND VESTING OF THE TRANSFEROR COMPANIES INTO AND WITH THE TRANSFEREE COMPANY

- 7.1 With effect from the Appointed Date and upon this Scheme becoming effective pursuant to the sanction of the Scheme by the Hon'ble National Company Law Tribunal, the Transferor Companies along with all its assets, liabilities, contracts, employees, licenses, records, approvals, etc. respectively, being integral parts of the Transferor Companies shall stand transferred to and vest in or shall be deemed to have been transferred to and vested in the Transferee Company, as a going concern, without any further act, instrument or deed, together with all its properties, assets, liabilities, rights, benefits and interest therein, subject to the provisions of this Scheme, in accordance with Sections 230 to 232 of the Act, the IT Act and other Applicable Law if any, in accordance with the provisions contained herein.
- 7.2 Without prejudice to the generality of the above and to the extent applicable, unless otherwise stated herein, upon this Scheme becoming effective and with effect from the Appointed Date, the following shall apply:

7.2.1 Transfer of Assets

- (a) all assets of the Transferor Companies, that are movable in nature or incorporeal property or are otherwise capable of transfer by physical or constructive delivery and/or by endorsement and delivery or by vesting and recordal of whatsoever nature, including machinery, equipment, pursuant to this Scheme shall stand transferred to and vested in and/or be deemed to be transferred to and vested in the Transferee Company, wherever located and shall become the property and an integral part of the Transferee Company, under the provisions of Sections 230 to 232 of the Act and all other applicable provisions of Applicable Law and without any further act or deed. The vesting pursuant to this sub-clause shall be deemed to have occurred by physical or constructive delivery or by endorsement and delivery or by vesting and recordal, pursuant to this Scheme, as appropriate to the property being vested and title to the property shall be deemed to have been transferred accordingly;
- (b) all other movable properties of the Transferor Companies, including investments in shares and any other securities, sundry debtors, actionable claims, earnest monies, receivables, bills, credits, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits (including deposits from members), if any, with government, semi-government, local and other authorities and bodies, customers and other persons, shall, under the provisions of Sections 230 to 232 of the Act and all other applicable provisions of Applicable Law and without any further act, instrument or deed, become the property of the Transferee Company, and the same shall also be deemed to have been transferred by way of delivery of possession of the respective documents in this regard. The Transferee Company may, at its sole discretion but without being obliged, give notice in such form as it may deem fit and proper, to such person, as

For Prayag Chemicals Pvt. Ltd.


Director



Director

For Punjab Alkalies & Chemicals Limited

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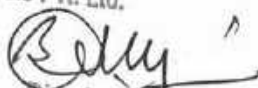

Managing Director

the case may be, that the said debt, receivable, bill, credit, loan, advance or deposit stands transferred to and vested in Transferee Company and be paid or made good or held on account of the Transferee Company as the person entitled thereto. It is hereby clarified that investments, if any, made by the Transferor Companies and all the rights, title and interest of the Transferor Companies in any leasehold properties shall, pursuant to Sections 230 to 232 of the Act and all other applicable provisions of Applicable Law and the provisions of this Scheme, without any further act or deed, be transferred to and vested in and/or be deemed to have been transferred to and vested in the Transferee Company;

(c) all immovable properties of the Transferor Companies, including land together with the buildings and structures standing thereon and rights and interests in immovable properties of the Transferor Companies, whether freehold or leasehold or otherwise and all documents of title, rights and easements in relation thereto, shall be vested in and/or be deemed to have been vested in the Transferee Company, under the provisions of Sections 230 to 232 of the Act and all other applicable provisions of Applicable Law without any further act or deed done or being required to be done by the Transferor Companies and/or the Transferee Company, pursuant to the sanctioning of the Scheme and upon the Scheme becoming effective. The Transferee Company shall be entitled to exercise all rights and privileges attached to the aforesaid immovable properties and shall be liable to pay the ground rent and taxes and fulfil all obligations in relation to or applicable to such immovable properties, upon the sanctioning of Scheme by the Competent Authority and the Scheme becoming effective. The relevant authorities shall grant all clearances/permissions, if any, required for enabling the Transferee Company to absolutely own and enjoy the immovable properties in accordance with Applicable Law. Upon this Scheme becoming effective, the title to such properties shall be deemed to have been mutated and recognised as that of the Transferee Company and the mere filing thereof with the appropriate registrar or sub-registrar or with the relevant Governmental Authority shall suffice as record of continuing titles with the Transferee Company and shall be constituted as a deemed mutation and substitution thereof;

(d) without prejudice to the generality of the foregoing, all lease agreements and leave and license agreements, as the case may be, to which the Transferor Companies is a party, and having effect immediately before the Effective Date, shall remain in full force and effect on the terms and conditions contained therein in favour of or against the Transferee Company and may be enforced fully and effectually as if, instead of the Transferor Companies, the Transferee Company had been a party or beneficiary or obligee thereto or thereunder; and the respective lessees and the licensees, as the case may be, shall continue to be in possession of the premises subject to the terms and conditions contained in the relevant lease agreements or leave and license agreements, as the case may be. Further, all the rights, title, interest and claims of the Transferor Companies in any properties including leasehold / licensed properties of the Transferor Companies including but not limited to security deposits and advance or prepaid lease or license fee, shall, on the same terms and conditions, be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company automatically without requirement of any further act or deed, under the provisions of Sections 230 to 232 of the Act and all other applicable provisions of Applicable Law including without the requirement of payment of any transfer charges or any other charges. The Transferee Company shall continue to pay rent or lease or license fee as provided for under such agreements, and the Transferee Company shall continue to comply with the terms, conditions and covenants thereunder.

For Prayag Chemicals Pvt. Ltd.


Director



Director

For Punjab Alkalies & Chemicals Limited

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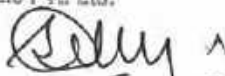

Managing Director

- (e) from the Effective Date, all bank accounts operated or entitled to be operated by the Transferor Companies shall be deemed to have transferred and shall stand transferred to the Transferee Company and name of the Transferor Companies shall be substituted by the name of the Transferee Company in the bank's records and the Transferee Company shall be entitled to operate all bank accounts, realise all monies and complete and enforce all pending contracts and transactions in the name of the Transferor Companies to the extent necessary until the transfer of the rights and obligations of the Transferor Companies to the Transferee Company under the Scheme is formally accepted and completed by the parties concerned. For avoidance of doubt, it is hereby clarified that all cheques and other negotiable instruments, payment orders received and presented for encashment which are in the name of the Transferor Companies after the Effective Date, shall be accepted by the bankers of the Transferee Company and credited to the accounts of the Transferee Company, if presented by the Transferee Company. Similarly, the banker of the Transferee Company shall honour all cheques issued by the Transferor Companies for payment after the Effective Date;
- (f) the transfer and vesting of movable and immovable properties as stated above, shall be subject to Encumbrances, if any, affecting the same; and
- (g) all estate, assets, rights, title, claims, interest, investments and properties of the Transferor Companies as on the Appointed Date, including accretions and appurtenances, whether or not included in the books of the Transferor Companies, and all assets, rights, title, interest, investments and properties, of whatsoever nature and wherever situate, which are acquired by the Transferor Companies on or after the Appointed Date but prior to the Effective Date, shall be deemed to be and shall become the assets and properties of the Transferee Company.

7.2.2 Transfer of Liabilities and Encumbrances

- (a) all Liabilities of every kind, nature and description whatsoever and howsoever arising, whether provided for or not in the books of account or disclosed in the balance sheets of the Transferor Companies shall be deemed to be the debts, liabilities, contingent liabilities, duties, and obligations of the Transferee Company, and the Transferee Company shall, and undertakes to meet, discharge and satisfy the same in terms of their respective terms and conditions, if any. All loans raised and used and all debts, duties, undertakings, liabilities and obligations incurred or undertaken by the Transferor Companies after the Appointed Date and prior to the Effective Date, shall also be deemed to have been raised, used, incurred or undertaken for and on behalf of the Transferee Company and, to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme, pursuant to the provisions of Sections 230 to 232 of the Act and all other applicable provisions of Applicable Law, without any further act, instrument or deed shall stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company and shall become the debt, duties, undertakings, liabilities and obligations of the Transferee Company which shall meet, discharge and satisfy the same;
- (b) where any of the Liabilities incurred before the Appointed Date by the Transferor Companies, deemed to have been transferred to the Transferee Company by virtue of this Scheme, have been discharged by the Transferor Companies after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company; **For Punjab Alkalies & Chemicals Limited**

For Prayag Chemicals Pvt. Ltd.


Director

For V.S. Polymers Pvt. Ltd.



Director

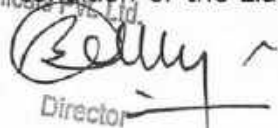
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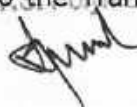

Managing Director

- (c) all debentures, bonds, notes or other securities of the Transferor Companies whether convertible into equity or otherwise, shall, without any further act, instrument or deed become the debentures, bonds, notes or other securities of the Transferee Company and all rights, powers, duties and obligations in relation thereto shall be and shall stand transferred to and vested in or deemed to be transferred to and vested in and shall be exercised by or against the Transferee Company as if it were the Transferor Companies, under the provisions of Sections 230 to 232 of the Act and all other applicable provisions of Applicable Law and without any further act or deed. It is hereby clarified that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this Clause;
- (d) all public deposits, debentures or bonds of the Transferor Companies shall be distinctly identified in the records of the Transferee Company for all intents and purposes including taxation and accounting and shall not be combined with any existing outstanding deposit scheme or series of debentures or bonds of the Transferee Company;
- (e) all Encumbrances, if any, existing prior to the Effective Date over the assets of the Transferor Companies which secure or relate to any liability, shall, after the Effective Date, without any further act, instrument or deed, continue to be related and attached to such assets or any part thereof to which they related or were attached prior to the Effective Date and as are transferred to the Transferee Company. Provided that if any assets of the Transferor Companies have not been Encumbered in respect of the liabilities, such assets shall remain unencumbered and the existing Encumbrance referred to above shall not be extended to and shall not operate over such assets. Further, such Encumbrances shall not relate or attach to any of the other assets of the Transferee Company and the Transferee Company shall not be obliged to create any further or additional security after the Scheme has become effective or otherwise. The secured creditors of the Transferee Company and/or other holders of security over the properties of the Transferee Company shall not be entitled to any additional security over the properties, assets, rights, benefits and interests of the Transferor Companies and therefore, such assets which are not currently Encumbered shall remain free and available for creation of any security thereon in future in relation to any current or future indebtedness of the Transferee Company. The absence of any formal amendment which may be required by a lender or trustee or any third party shall not affect the operation of the foregoing provisions of this Scheme;
- (f) any reference in any security documents or arrangements (to which the Transferor Companies is a party) to the Transferor Companies and its assets and properties, shall be construed as a reference to the Transferee Company and the assets and properties of the Transferor Companies shall be transferred to the Transferee Company by virtue of the Scheme. Without prejudice to the foregoing provisions, the Transferor Companies and the Transferee Company may execute any instruments or documents or do all acts and deeds as may be considered appropriate, including the filing of necessary particulars and / or modification(s) of charge, with the jurisdictional Registrar of Companies to give formal effect to these provisions, if required; and

(g) it is expressly provided that, save as mentioned in this Scheme, no other term or condition of the Liabilities transferred to the Transferee Company as part of the

For Prayag Chemicals Pvt. Ltd.


Director


Director

Director

For Punjab Alkalies & Chemicals Limited

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Managing Director

Scheme is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.

7.2.3 Transfer of Employees

- (a) all the permanent staff and employees of the Transferor Companies who are in such employment as on the Effective Date shall become, and be deemed to have become, the staff and employees of the Transferee Company, without any break or interruption in their services and on the same terms and conditions (and which are not less favourable than those) on which they are engaged by the Transferor Companies as on the Effective Date. The Transferee Company further agrees that for the purpose of payment of any retirement Benefit / compensation, such immediate uninterrupted past services with the Transferor Companies, shall also be taken into account.
- (b) it is expressly provided that, on the Scheme becoming effective, insofar as the provident fund, gratuity fund, superannuation fund or any other special fund or trusts, if any, created or existing for the benefit of the staff and employees of a Transferor Companies are concerned (collectively, referred to as the "**Funds**"), the Funds in its entirety, or such proportion of the Funds which are attributable / referable to the Employees being transferred on the Effective Date, as the case may be, shall be transferred to the similar funds created and / or nominated by the Transferee Company and shall be held for their benefit pursuant to this Scheme, or at the sole discretion of the Transferee Company, maintained as separate funds by the Transferee Company. Pending the transfer as aforesaid, the contributions may be continued to be deposited in the existing relevant funds of the Transferor Companies. Without prejudice to the aforesaid, the Board of the Transferee Company, if it deems fit and subject to Applicable Laws, shall be entitled to: (a) retain separate trusts or funds within the Transferee Company for the erstwhile Fund(s) of the Transferor Companies; or (b) merge the pre-existing Funds of the Transferor Companies with other similar funds of the Transferee Company;
- (c) Further to the transfer of Funds as set out herein above, for all purposes whatsoever in relation to the administration or operation of such Funds or in relation to the obligation to make contributions to the said Funds in accordance with the provisions thereof as per the terms provided in the respective trust deeds, if any, all rights, duties, powers and obligations of the Transferor Companies in relation to such Funds shall become those of the Transferee Company. It is clarified that the services of the transferred Employees will be treated as having been continuous for the purpose of the said Funds.
- (d) In relation to any other fund (including any funds set up by the government for employee benefits) created or existing for the benefit of the transferred Employees, the Transferee Company shall stand substituted for the Transferor Companies, for all purposes whatsoever, including relating to the obligation to make contributions to the said funds in accordance with the provisions of such scheme, funds, bye laws, etc. in respect of such transferred Employees.
- (e) the Transferee Company undertakes to continue to abide by any agreement(s) / settlement(s) entered into with any labour unions/ employees by the Transferor Companies. The Transferee Company agrees that for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits, the past services of such employees with the Transferor Companies shall also be taken into account, and agrees and undertakes to pay the same as and when payable.

For Prayag Chemicals Pvt. Ltd.


Director

For S. B. Sharma Pvt. Ltd.


Director

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For Punjab Alkalies & Chemicals Limited

Managing Director

7.2.4 Legal, Taxation and other Proceedings

- (a) any pending suits / appeals, applications, all legal, taxation or other proceedings including before any statutory or quasi-judicial authority or tribunal or other proceedings of whatsoever nature relating to the Transferor Companies, whether by or against the Transferor Companies, whether pending on the Appointed Date or which may be instituted any time in the future, if such proceedings are capable of being continued by or against the Transferee Company, shall not abate or be discontinued or in any way prejudicially affected by reason of the amalgamation of the Transferor Companies or of anything contained in this Scheme, but the proceedings shall continue and any prosecution shall be enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued, prosecuted and/or enforced by or against the Transferor Companies, as if this Scheme had not been implemented;
- (b) in case of any litigation, suits, recovery proceedings which are to be initiated or may be initiated against the Transferor Companies, the Transferee Company shall be made party thereto and shall prosecute or defend such proceedings; and
- (c) the Transferee Company undertakes to have all legal or other proceedings initiated by or against the Transferor Companies, which are capable of being continued by or against the Transferee Company, transferred to its name as soon as is reasonably possible after the Effective Date and to have the same continued, prosecuted and enforced by or against the Transferee Company.

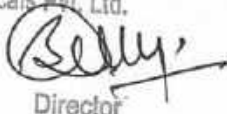
7.2.5 Books and Records

All books, records, files, papers, information, databases, and all other books and records, whether in physical or electronic form, of the Transferor Companies, to the extent possible and permitted under applicable laws, be handed over to the Transferee Company.


7.2.6 Taxes, Duties, Cess, etc.

- (a) all taxes (including but not limited to advance tax, tax deducted at source, minimum alternate tax credits, withholding tax, dividend distribution tax, banking cash transaction tax, securities transaction tax, taxes withheld/paid in a foreign country, value added tax, sales tax, service tax, goods and services tax, customs, duties, etc.), including any interest, penalty, surcharge and cess, if any, paid / payable by or refunded / refundable to the Transferor Companies, including all or any refunds or claims shall be treated as the tax liability or refunds / claims, as the case may be, of the Transferee Company, and any tax incentives, advantages, privileges, accumulated losses and allowance for unabsorbed depreciation as per Section 72A of the IT Act, losses brought forward and unabsorbed depreciation as per books of account, deductions otherwise admissible such as under Section 40, 40A, 43B, etc. of the IT Act, exemptions, credits, exemptions, credits, deductions / holidays, remissions, reductions etc., as would have been available to the Transferor Companies, shall pursuant to this Scheme becoming effective, be available to the Transferee Company; and
- (b) all the benefits under the various incentive schemes and policies that the Transferor Companies are entitled to, including tax credits, tax deferral, exemptions, holidays and benefits (including goods and service tax input credits, ~~For Prayag Alkalies & Chemicals Limited~~

For Prayag Chemicals Pvt. Ltd.


Director

For V.S. Polymers Pvt. Ltd.



Director

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Managing Director

all indirect tax related assets / credits, including but not limited to goods and service tax input credits, service tax input credits, value added/ sales tax/ entry tax credits or set-off, advance tax, withholding tax/ TDS, taxes withheld/ paid in a foreign country, self assessment tax, regular tax, minimum alternate tax, dividend distribution tax, securities transaction tax, deferred tax assets/ liabilities, accumulated losses under the IT Act and allowance for unabsorbed depreciation under the IT Act, losses brought forward and unabsorbed depreciation as per the books of account), subsidies, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed by the Transferor Companies, rights of any claim not made by the Transferor Companies in respect of any refund of tax, duty, cess or other charge, including any erroneous or excess payment thereof made by the Transferor Companies and any interest thereon and all rights or benefits that have accrued or which may accrue to the Transferor Companies, whether on, before or after the Appointed Date, shall upon this Scheme becoming effective and with effect from the Appointed Date be transferred to and vest in the Transferee Company and all benefits, entitlements and incentives of any nature whatsoever, shall be claimed by the Transferee Company and these shall relate back to the Appointed Date as if the Transferee Company was originally entitled to all benefits under such incentive schemes and / or policies.

7.2.7 Transfer of Agreements, contracts, deeds, etc

- (a) all contracts, agreements, licenses, leases, memoranda of undertakings, letters of intent, arrangements, undertakings, whether written or otherwise, deeds, bonds, agreements, schemes, arrangements and other instruments to which the Transferor Companies is a party, or to the benefit of which, the Transferor Companies may be eligible/entitled, and which are subsisting or having effect immediately before the Effective Date, shall, without any further act, instrument or deed continue in full force and effect on, against or in favour of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Companies, the Transferee Company had been a party or beneficiary or obligor thereto. If the Transferee Company enters into and / or issues and / or executes deeds, writings or confirmations or enters into any tripartite arrangements, confirmations or novations, the Transferor Companies will, if necessary, also be a party to such documents in order to give formal effect to the provisions of this Scheme, if so required. The Transferee Company may also execute deeds of confirmation in favour of any party to any contract or arrangement to which the Transferor Companies are a party as may be necessary to be executed in order to give formal effect to the above provisions. In relation to the same, any procedural requirements required to be fulfilled solely by the Transferor Companies (and not by any of its successors), shall be fulfilled by the Transferee Company as if it is the duly constituted attorney of the Transferor Companies; and
- (b) on and from the Effective Date, and thereafter, the Transferee Company shall be entitled to complete and enforce all pending contracts and transactions and to accept stock returns and issue credit notes in respect of the Transferor Companies, in the name of the Transferor Companies in so far as may be necessary until the transfer of rights and obligations of the Transferor Companies to the Transferee Company under this Scheme has been given effect to under such contracts and transactions.

For Prayag Chemicals Pvt Ltd.


Director

For V.S. Polymers Pvt. Ltd. For Punjab Alkalies & Chemicals Limited



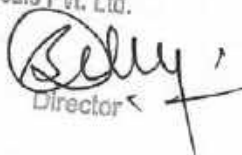
Director


Managing Director

7.2.8 Transfer of Licences, Permits, Registration, Approvals, Benefits, etc

- (a) all the security interest over any moveable and/or immovable properties and security in any other form (both present and future) including but not limited to any pledges, or guarantees, if any, created / executed by any person in favour of the Transferor Companies or any other person acting on behalf of or for the benefit of the Transferor Companies for securing the obligations of the persons to whom the Transferor Companies has advanced loans and granted other funded and non-funded financial assistance, by way of letter of comfort or through other similar instruments shall without any further act, instrument or deed stand vested in and be deemed to be in favour of the Transferee Company and the benefit of such security shall be available to the Transferee Company as if such security was ab initio created in favour of the Transferee Company. The mutation or substitution of the charge in relation to the movable and immovable properties of the Transferor Companies shall, upon this Scheme becoming effective, be made and duly recorded in the name of the Transferee Company by the appropriate authorities and third parties (including any depository participants) pursuant to the sanction of this Scheme by the Competent Authority and upon the Scheme becoming effective in accordance with the terms hereof;
- (b) Upon coming into effect of this Scheme, the past track record of the Transferor Companies shall be deemed to be the track record of the Transferee Company for all commercial and regulatory purposes
- (c) all approvals, allotments, consents, concessions, clearances, credits, awards, sanctions, exemptions, subsidies, registrations, no-objection certificates, permits, rights, entitlements, authorisation, licenses (including the licenses granted by any governmental, statutory or regulatory bodies for the purpose of carrying on its business or in connection therewith), permissions and certificates of every kind and description whatsoever in relation to the Transferor Companies, or to the benefit of which the Transferor Companies may be eligible/entitled, and which are subsisting or having effect immediately before the Effective Date, including the applications and benefits of any applications made for any of the foregoing, shall be in full force and effect in favour of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Companies, the Transferee Company had been a party or beneficiary or obligor thereto and the Transferee Company shall be liable for compliance with all the conditions governing such consents, permits, approvals, etc as stated above It is hereby clarified that if the consent of any third party or authority is required to give effect to the provisions of this Clause, the said third party or authority shall make and duly record the necessary substitution / endorsement in the name of the Transferee Company pursuant to the sanction of this Scheme by the Competent Authority, and upon this Scheme becoming effective in accordance with the terms hereof. For this purpose, the Transferee Company shall file appropriate applications / documents with relevant authorities concerned for information and record purposes;
- (d) all consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Transferor Companies shall stand transferred to the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to the Transferee Company;

For Prayag Chemicals Pvt. Ltd.


Director

For V.S. Polymers Pvt. Ltd.



Director

For Punjab Alkalies & Chemicals Limited



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- (e) all trademarks, trade names, service marks, copyrights, logos, corporate names, brand names, domain names and all registrations, applications and renewals in connection therewith, and software and all website content (including text, graphics, images, audio, video and data), trade secrets, confidential business information and other proprietary information shall stand transferred to and vested in the Transferee Company;
- (f) all registrations, goodwill and licenses, appertaining to the Transferor Companies, if any, shall be transferred to and vested in the Transferee Company; and
- (g) benefits of any and all corporate approvals as may have already been taken by the Transferor Companies, whether being in the nature of compliances or otherwise, including without limitation approvals under Sections 42, 62, 180, 185, 186, etc., of the Act, read with the rules and regulations made thereunder, shall stand transferred to the Transferee Company and the said corporate approvals and compliances shall be deemed to have been taken / complied with by the Transferee Company; it being clarified that if any such resolutions have any monetary limits approved subject to the provisions of the Act and of any other applicable statutory provisions, then the said limits, as are considered necessary by the Board of the Transferee Company, shall be added to the limits, if any, under the like resolutions passed by the Transferee Company.
- 7.3 The Transferor Companies and/or the Transferee Company as the case may be, shall, at any time after this Scheme becoming effective in accordance with the provisions hereof, if so required under Applicable Law or otherwise, do all such acts or things as may be necessary to transfer / novate the approvals, consents, exemptions, registrations, no-objection certificates, permits, quotas, rights, entitlements, licenses and certificates which were held or enjoyed by the Transferor Companies. It is hereby clarified that if the consent of any third party or Governmental Authority, if any, is required to give effect to the provisions of this Clause, the said third party or Governmental Authority shall make and duly record the necessary substitution / endorsement in the name of the Transferee Company pursuant to the sanction of this Scheme by the Competent Authority, and upon this Scheme becoming effective in accordance with the provisions of the Act and with the terms hereof. For this purpose, the Transferee Company shall file appropriate applications / documents with relevant authorities concerned for information and record purposes.
- 7.4 The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Companies and to carry out or perform all such acts, formalities or compliances referred to above as may be required in this regard.
- 7.5 The Transferee Company is and shall always be deemed to have been authorised to execute any pleadings, applications, forms, etc., as may be required to remove any difficulties and carry out any formalities or compliance as are necessary for the implementation of this Scheme, pursuant to the sanction of this Scheme by the Competent Authority.
- 7.6 Without prejudice to the other provisions of the Scheme and notwithstanding the vesting of the Transferor Companies into the Transferee Company by virtue of Part III of the Scheme itself, in order to ensure (i) implementation of the provisions of the Scheme; and (ii) continued vesting of the benefits, exemptions available to the Transferor Companies in favour of the Transferee Company, the Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the

provisions hereof, if so required, under Applicable Law or otherwise, execute deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement in relation to which the Transferor Companies has been a party, including any filings with the regulatory authorities in order to give formal effect to the above provisions and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Companies. The Transferee Company will, if necessary, also be a party to the above.

- 7.7 In order to ensure the smooth transition and sales of products and inventory of the Transferor Companies manufactured and / or branded and / or labelled and / or packed in the name of the Transferor Companies prior to the Effective Date, the Transferee Company shall have the right to own, use, market, sell, exhaust or to in any manner deal with any such products and inventory (including packaging material) pertaining to the Transferor Companies, without making any modifications, whatsoever to such products and / or the branding, packaging or labelling. All invoices / payment related documents pertaining to such products and inventory (including packaging material) may be raised in the name of the Transferee Company after the Effective Date.

8. CONDUCT OF BUSINESS UNTIL EFFECTIVE DATE

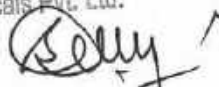
- 8.1 The Transferor Companies have agreed that during the period between the approval of the Scheme by the respective Boards of the Transferor Companies and up to the Effective Date, the business of the Transferor Companies shall be carried out with reasonable diligence and business prudence in the ordinary course consistent with past practice, in good faith and in accordance with Applicable Law.
- 8.2 Except with the prior written consent of the Board of Directors of the Transferee Company, or except as specifically contemplated in this Scheme (including Part III of this Scheme), pending sanction of this Scheme, the Transferor Companies shall not: (i) sell, alienate, charge, hypothecate, encumber or otherwise deal with or dispose of the assets or any business or any part thereof or undertake any financial commitments of any nature whatsoever, except in the ordinary course of business; (ii) undertake any new business or undertake expansion of its manufacturing facilities; (iii) declare dividend, whether interim or final, to its shareholders in respect of the accounting period prior to the Effective Date; (iv) make any change in its share capital structures either by way of any increase, decrease, reduction, reclassification, sub-division or consolidation or in any other manner, which would have the effect of re-organisation of capital of the Transferor Companies; and (v) vary the terms and conditions of service of the employees or conclude settlements with unions or employees, except in the ordinary course of business or consistent with past practice or pursuant to any pre-existing obligation.

For avoidance of doubt, it is clarified that the Transferor Companies may sell, dispose of or restructure any of its assets or business or any part thereof in terms of this Clause 8.2 of Part III, with the prior consent of the Transferee Company.

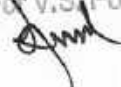
- 8.3 With effect from the Appointed Date and up to and including the Effective Date:

- (a) the Transferor Companies undertakes to carry on and shall be deemed to have carried on its business activities and stand possessed and shall be deemed to have held and stood possessed of the properties and assets pertaining to the Transferor Companies, for and on account of and in trust for the Transferee Company;

For Prayag Chemicals Pvt. Ltd.


Director

For V.S. Polymers Pvt. Ltd.



Director

For Punjab Alkalies & Chemicals Limited

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- (b) the Transferor Companies hereby undertakes to hold its said assets with utmost prudence in the ordinary course of business until the Effective Date;
- (c) all profits and income accruing to the Transferor Companies, and losses and expenditure incurred by it (including taxes, if any, accruing or paid in relation to any profits or income), for the period from the Appointed Date based on the accounts of the Transferor Companies shall, subject to the Scheme being effective, for all purposes, be treated as the profits, income, losses or expenditure, as the case may be, of the Transferee Company;
- (d) all debts, liabilities, loans raised and used, liabilities and obligations incurred, duties and obligations as on the close of business on the date preceding the Appointed Date, whether or not provided in the books of the Transferor Companies which arise or accrue to the Transferor Companies on or after the Appointed Date, shall be deemed to be of the Transferee Company;
- (e) all assets and properties comprised in the Transferor Companies as on the date immediately preceding the Appointed Date, whether or not included in the books of the Transferor Companies and all assets and properties relating thereto, which are acquired by the Transferor Companies, on or after the Appointed Date, shall be deemed to be the assets and properties of the Transferee Company; and
- (f) any of the rights, powers, authorities, privileges exercised by the Transferor Companies shall be deemed to have been exercised by such Transferor Companies for and on behalf of, and in trust for the Transferee Company. Similarly, any of the obligations, duties and commitments that have been undertaken or discharged by Transferor Companies shall be deemed to have been undertaken for and discharged on behalf of the Transferee Company.

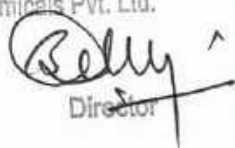
8.4 Inter-se Transactions

- 8.4.1 With effect from the Effective Date, there will be no accrual of income or expense on account of any transactions, including, *inter alia*, any transactions in the nature of sale or transfer of any goods, materials or services, between the Transferor Companies. For avoidance of doubt, it is hereby clarified that with effect from the Effective Date, there will be no accrual of interest or other charges in respect of any *inter se* loans, deposits or balances between the Transferor Companies.
- 8.4.2 With effect from the Effective Date, any liabilities, loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future become due between the Transferor Companies shall, *ipso facto*, stand discharged and come to an end and there shall be no liability in that behalf on any party and the appropriate effect shall be given in the books of accounts and records of the Transferee Company.

8.5 Dissolution of Transferor Companies

- 8.5.1 Upon this Scheme becoming effective, the Transferor Companies, both shall stand dissolved without being wound up, without any further act, instrument or deed.

For Prayag Chemicals Pvt. Ltd.


Director

For V.S. Polymers Pvt. Ltd.



Director

For Punjab Alkalies & Chemicals Limited


Managing Director

9. **CHANGES IN THE SHARE CAPITAL AND AMENDMENT TO THE MEMORANDUM OF ASSOCIATION AND ARTICLES OF ASSOCIATION OF THE TRANSFEREE COMPANY**

9.1 **Increase of Authorised Share Capital of the Transferee Company**

- (a) As an integral part of the Scheme and upon this Scheme becoming effective, the authorized share capital of the Transferor Companies shall stand transferred to and be amalgamated / combined with the authorized share capital of the Transferee Company. The fees or stamp duty, if any, paid by the transferor companies on their respective authorised capitals shall be set-off against any fees payable by the transferee company on its authorised capital subsequent to the amalgamation in terms of Section 232(3) (i) of the Companies Act, 2013. The authorised share capital of the Transferee Company will automatically stand increased to that effect by simply filing the requisite forms with the relevant Registrar of Companies and no separate procedure or instrument or deed shall be required to be followed under the Act.
- (b) Clause V of the Memorandum of Association and Article No. 5 of the Articles of Association of the Transferee Company shall, upon this Scheme becoming effective, and without any further act, instrument or deed, be altered as follows:
- (i) Clause V of the Memorandum of Association of the Transferee Company shall, upon the Scheme being effective, without any further act, instrument or deed, be substituted by the following clause:

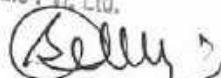
"The Authorised Share Capital of the Company is Rs. 72,00,00,000/- (Rupees Seventy Two Crores Only) divided into 7,20,00,000 (Seven Crores Twenty Lacs) Equity Shares of face value Rs. 10/- (Rupees Ten Only) each and with power to increase or reduce the capital of the Company or to divide the shares in the capital for the time being into several classes and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions as may be determined in accordance with these presents and to modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be permitted by the said Act or provided by these presents."

- (ii) Article No. 5 of the Articles of Association of the Transferee Company shall, upon the Scheme being effective, without any further act, instrument or deed, be substituted by the following clause:

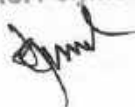
"The Authorised Share Capital of the Company is Rs. 72,00,00,000/- (Rupees Seventy Two Crores Only) divided into 7,20,00,000 (Seven Crores Twenty Lacs) Equity Shares of face value Rs. 10/- (Rupees Ten Only) each and with power to increase or reduce the capital of the Company or to divide the shares in the capital for the time being into several classes and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions as may be determined in accordance with these presents and to modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be permitted by the said Act or provided by these presents."

- (c) In the event, the authorized share capital of the Transferee Company undergoes any change prior to the Effective Date, the clauses specified in this Scheme to replace the existing Clause V of the memorandum of association and Article No. 5

For Prayag Chemicals Pvt. Ltd.


Director

For V.S. Polymers Pvt. Ltd.


Director

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of the articles of association, shall be adjusted accordingly to take into account the effect of any such corporate actions.

(d) The approval of this Scheme by shareholders of the Transferee Company under Sections 230 to 232 of the Act, whether at a meeting or otherwise, or any dispensation of the same by the Competent Authority, shall be deemed to have been an approval under Sections 13, 14, 61, 62 and 64 or any other applicable provisions under the Act and no further resolution(s) would be required to be separately passed in this regard.

10. PAYMENT OF CONSIDERATION / ISSUE AND ALLOTMENT OF EQUITY SHARES OF THE TRANSFEE COMPANY TO THE RESPECTIVE SHAREHOLDERS / MEMBERS OF THE TRANSFEROR COMPANIES

10.1 Upon coming into effect of this Scheme and in consideration of the amalgamation of the Transferor Company 1 into and with the Transferee Company, the Transferee Company shall, without any further application, act or deed, issue and allot to the shareholders of the Transferor Company 1 whose names are recorded in the register of members as a member of the Transferor Company 1, including register and index of beneficial owners maintained by a depository under Section 11 of the Depositories Act, 1996, if any, on the Record Date (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) ("**Eligible Member**") in the following ratio ("**Share Exchange Ratio**"):

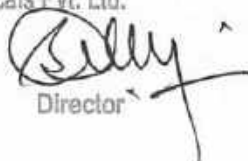
"703 (Seven Hundred and Three) fully paid-up equity shares of face value of Rs. 10 (Rupees Ten) each of the Transferee Company shall be issued and allotted as fully paid-up equity shares to the equity shareholders of the Transferor Company 1, for every 44 (Forty Four) fully paid-up equity shares of face value of Rs. 100 (Rupees One Hundred) each held by them in the Transferor Company 1"

10.2 Upon coming into effect of this Scheme and in consideration of the amalgamation of the Transferor Company 2 into and with the Transferee Company, the Transferee Company shall, without any further application, act or deed, issue and allot to the shareholders of the Transferor Company 2 whose names are recorded in the register of members as a member of the Transferor Company 2, including register and index of beneficial owners maintained by a depository under Section 11 of the Depositories Act, 1996, if any, on the Record Date (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) ("**Eligible Member**") in the following ratio ("**Share Exchange Ratio**"):


"298 (Two hundred and Ninety Eight) fully paid-up equity shares of face value of Rs. 10 (Rupees Ten) each of the Transferee Company shall be issued and allotted as fully paid-up equity shares to the equity shareholders of the Transferor Company 2, for every 155 (One hundred and Fifty Five) fully paid-up equity shares of face value of Rs. 10 (Rupees Ten) each held by them in the Transferor Company 2"

10.3 The shares to be issued by the Transferee Company to the Eligible Members of the Transferor Company 1 and Transferor Company 2 in accordance with the Clause 10.1 and 10.2 of Part III shall be hereinafter referred to as the "**New Shares**".

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Director

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Director

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10.4 For arriving at the Share Exchange Ratio as outlined above, the management of Transferor and Transferee companies, has considered the Valuation Report dated September 02, 2021 submitted by an independent Valuer, Mr. Abhinav Aggarwal (IBBI Registration No. IBBI/RV/06/2019/12564).

11. **ISSUE MECHANISM**

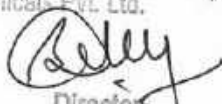
11.1 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Transferor Companies, the Board of the Transferee Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, as the case may be, to effectuate such a transfer as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor of the shares in the Transferor Companies and in relation to the shares issued by the Transferee Company, after the effectiveness of the Scheme. The Board of the Transferee Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new shareholders in the Transferee Company on account of difficulties faced in the transition period.

11.2 Where New Shares of the Transferee Company are to be allotted to heirs, executors or administrators, as the case may be, to successors of deceased shareholders or legal representatives of the shareholders of the Transferor Companies, the concerned heirs, executors, administrators, successors or legal representatives shall be obliged to produce evidence of title satisfactory to the Board of the Transferee Company.

11.3 The New Shares of the Transferee Company to be allotted and issued to the Eligible Members of the Transferor Companies as provided in Clause 10.1 and 10.2, both, of Part III above shall be subject to the provisions of the memorandum and articles of association of the Transferee Company and shall rank *pari-passu* in all respects with the then existing equity shares of the Transferee Company after the Effective Date including in respect of dividend, if any, that may be declared by the Transferee Company on or after the Effective Date.

11.4 The Transferee Company shall complete all formalities, as may be required, for allotment of the New Shares to the Eligible Members of the Transferor Companies as provided in this Scheme within reasonable time from the Effective Date. It is clarified that the issue and allotment of New Shares by the Transferee Company to the Eligible Members of the Transferor Companies as provided in the 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 or any other applicable provisions of the Act, as may be applicable, and such other statutes and regulations as may be applicable were duly complied with.

11.5 The New Shares to be issued by the Transferee Company shall be issued in dematerialized form to those Eligible Members who hold shares of the Transferor Companies in dematerialized form, into the account in which shares of the Transferor Companies are held or such other account as is intimated in writing by the Eligible Members to the Transferor Companies and / or its registrar provided such intimation has been received by the Transferor Companies and / or its registrar at least 7 (seven) days before the Record Date. All those Eligible Members who hold shares of the Transferor Companies in physical form shall also receive the New Shares to be issued by the Transferee Company, in dematerialized form, provided the details of the account with the depository participant are intimated in writing to the Transferor


Director

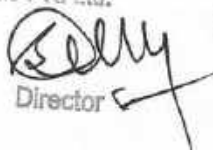


Director

Companies and / or its registrar provided such intimation has been received by the Transferor Companies and / or its registrar at least 7 (seven) days before the Record Date. If no such intimation is received from any Eligible Member who holds shares of the Transferor Companies in physical form 7 (seven) days before the Record Date, or if the details furnished by any Eligible Member do not permit electronic credit of the shares of the Transferee Company, then the Transferee Company may allot physical shares to such shareholder, as may be permitted under Applicable Law.

- 11.6 No shares shall be allotted in respect of fractional entitlements by the Transferee Company, to which, the Eligible Members of the Transferor Companies may be entitled on the basis of the Share Exchange Ratio. A fraction of less than half shall be rounded down to the nearest lower integer and a fraction of half or more shall be rounded up to the nearest highest integer and the New Shares shall be issued accordingly by the Transferee Company.
- 11.7 In the event that the Transferor Companies restructure their share capital by way of share split / consolidation / issue of bonus shares during the pendency of the Scheme, the Share Exchange Ratio and the stock options, shall be adjusted accordingly to take into account the effect of any such corporate actions.
- 11.8 Upon this Scheme becoming effective and upon the New Shares of the Transferee Company being allotted and issued by it to the Eligible Members, the equity shares of the Transferor Companies, both in electronic form and in the physical form, shall be deemed to have been automatically cancelled and be of no effect on and from the Record Date. Wherever applicable, Transferee Company may, instead of requiring the surrender of the share certificates of Transferor Companies, directly issue and dispatch the new share certificates of Transferee Company in lieu thereof.
- 11.9 The New Shares to be issued by the Transferee Company pursuant to Clause 10.1 and 10.2, both, of Part III above in respect of such shares of the Transferor Companies, the allotment or transfer of which is held in abeyance under the provisions of Section 126 of the Act or which the Transferee Company is unable to issue due to non-receipt of relevant approvals or due to Applicable Law shall, pending allotment or settlement of dispute by order of the appropriate court or otherwise, also be kept in abeyance in like manner by the Transferee Company.
- 11.10 All New Shares allotted and issued shall be listed and / or admitted to trading on the Stock Exchanges, where the equity shares of the Transferee Company are listed and/ or admitted to trading; subject to the Transferee Company obtaining the requisite statutory approvals pertaining to their listing. The Transferee Company shall enter into such arrangements and give such confirmations and/ or undertakings as may be necessary in accordance with the Applicable Law or regulations for the Transferee Company with the formalities of the said Stock Exchanges. The equity shares of the Transferee Company allotted pursuant to the Scheme shall remain frozen in the depositories system till listing and trading permission is given by the designated Stock Exchanges. There shall be no change in the shareholding pattern or control in the Transferee Company between the Record Date and the listing which may affect the status of approvals received from the Stock Exchanges, other than as provided in the Scheme.

For Prayag Chemicals Pvt. Ltd.


Director

For V.S. Polymers Pvt. Ltd.


Director

For Punjab Alkalies & Chemicals Limited


Managing Director

12. ACCOUNTING TREATMENT

12.1 In the books of the Transferee Company

Notwithstanding anything contrary contained in any other clause in the Scheme, the Transferee Company shall account for the amalgamation in its books of accounts in accordance with the 'pooling of interest method' laid down in Appendix C of Indian Accounting Standard (Ind AS) 103, Business Combinations and other accounting principles prescribed under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) notified under Section 133 of the Act. Accordingly, the financial information in the financial statements of the Transferee Company in respect of prior periods will be restated as if the business combination had occurred from the beginning of the preceding period presented in the financial statements, irrespective of the actual date of the combination and such restatement shall not be considered or treated to be a revision of financial statements in terms of the provisions of Section 131 of the Act.

12.2 In the books of the Transferor Company 1 and Transferor Company 2

As the Transferor Company 1 and Transferor Company 2 shall stand dissolved without being wound up upon the Scheme becoming effective, hence there is no accounting treatment prescribed under this Scheme in the books of the Transferor Company 1 and Transferor Company 2.

For Prayag Chemicals Pvt. Ltd.


Director

For V.S. Polymers Pvt. Ltd.


Director

For Punjab Alkalies & Chemicals Limited


Managing Director

PART IV

GENERAL TERMS AND CONDITIONS

13. PROVISIONS APPLICABLE TO PART III

- 13.1 Upon the sanction of this Scheme and upon this Scheme becoming effective, the following shall be deemed to have occurred and become effective and operative, only in the sequence and in the order mentioned hereunder:
- (a) the amalgamation of the Transferor Companies into and with the Transferee Company in accordance with Part III of this Scheme shall be deemed to have taken effect;
 - (b) transfer of the authorised share capital of each of the Transferor Companies to the Transferee Company as provided in Part III of this Scheme, and consequential increase in the authorised share capital of the Transferee Company as provided in Part III of this Scheme;
 - (c) issue and allotment of fully paid up New Shares to the shareholders of the Transferor Companies as on the Record Date in accordance with Part III of this Scheme; and
 - (d) dissolution of the Transferor Companies without winding up.

14. COMPLIANCE WITH LAWS

- 14.1 This Scheme is presented and drawn up to comply with the provisions/requirements of Sections 230 to 232 of the Act, for the purpose of the merger of the Transferor Companies into and with the Transferee Company.
- 14.2 The amalgamation of the Transferor Companies into and with the Transferee Company in accordance with this Scheme will be in compliance with the provisions of Section 2(1B) of the IT Act, such that:
- (a) all the properties of the Transferor Companies, immediately before the amalgamation, shall become the property of the Transferee Company, by virtue of this amalgamation;
 - (b) all the liabilities of the Transferor Companies, immediately before the amalgamation, shall become the liabilities of the Transferee Company, by virtue of this amalgamation; and
 - (c) shareholders holding not less than three-fourths in value of the shares in the Transferor Companies will become shareholders of the Transferee Company by virtue of the amalgamation.
- 14.3 Apart from meeting the commercial and business interest of the parties as specified hereinbefore, this Scheme, in so far as it relates to the Amalgamation, has been drawn-up to comply with the conditions relating to "Amalgamation" as specified under the IT Act, including Section 2(1B), Section 47 and Section 72A and all other relevant provisions of the IT Act or any amendment or re-enactment thereof.

For Prayag Chemicals Pvt. Ltd.


Director

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Director

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If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the IT Act at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of such law shall prevail, and the Scheme shall stand modified to the extent determined necessary to comply with the applicable provisions. Such modification will however not affect the other parts of the Scheme and the power to make any such amendments shall vest with the Board of Directors or any other Committee of the Board to which such power has been delegated by respective Transferor Companies and the Transferee Company.

- 14.4 Upon this Scheme becoming effective, the Transferee Company is expressly permitted to prepare and / or revise their financial statements and returns along with prescribed forms, filings and annexures under the IT Act (including for minimum alternate tax purposes and tax benefits), service tax law and other tax laws, and to claim refunds and/or credits for taxes paid (including minimum alternate tax), and to claim tax benefits/holidays under the IT Act, etc., and for matters incidental thereto, on and from the Appointed Date, if required to give effect to the provisions of this Scheme. The order of the jurisdictional National Company Law Tribunal sanctioning the Scheme shall be deemed to be an order of the Competent Authority permitting the Transferee Company to prepare and/or revise its financial statements and books of accounts on and from the Appointed Date and no further act shall be required to be undertaken by the Transferee Company.

15. CONSEQUENTIAL MATTERS RELATING TO TAX

- 15.1 All tax assessment proceedings / appeals of whatsoever nature by or against the Transferor Companies pending and / or arising at the Appointed Date and relating to the Transferor Companies shall be continued and / or enforced until the Effective Date by the Transferor Companies. In the event of the Transferor Companies failing to continue or enforce any proceeding / appeal, the same may be continued or enforced by the Transferee Company, at the cost of the Transferee Company. As and from the Effective Date, the tax proceedings shall be continued and enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Companies.
- 15.2 Further, the aforementioned proceedings shall not abate or be discontinued nor be in any way prejudicially affected by reason of the amalgamation of the Transferor Companies with the Transferee Company or anything contained in the Scheme.
- 15.3 All taxes (including but not limited to advance tax, self-assessment tax, regular tax, tax deducted at source, minimum alternate tax credits, dividend distribution tax, securities transaction tax, taxes withheld/ paid in a foreign country, value added tax, sales tax, service tax, goods and service tax etc.), paid / payable by or refunded / refundable to the Transferor Companies with effect from the Appointed Date, including all or any refunds or claims shall be treated as the tax liability or refunds/ claims/credits, etc. as the case may be, of the Transferee Company, and any tax incentives, advantages, privileges, accumulated losses and allowance for unabsorbed depreciation as per Section 72A of the IT Act, losses brought forward and unabsorbed depreciation as per books of account, deductions otherwise admissible, including payment admissible on actual payment or on deduction of appropriate taxes or on payment of tax deducted at source such as under Sections 40, 40A, 43B, etc. of the IT Act, exemptions, credits, deductions / holidays, remissions, reductions, service tax input credits, GST input credits, export benefits, central value added tax credits, value added / sales tax / entry tax credits or set-offs etc., as would have been available to the Transferor Companies,

pursuant to this Scheme becoming effective, be available to the Transferee Company and the relevant authority shall be bound to transfer to the account of and give credit for the same to the Transferee Company upon coming into effect of this Scheme and upon relevant proof and documents being provided to the said authorities.

- 15.4 All deductions otherwise admissible to the Transferor Companies including payment admissible on actual payment or on deduction of appropriate taxes or on payment of tax deducted at source (such as under Sections 40, 40A, 43B, etc. of the IT Act) shall be available for deduction to the Transferee Company as it would have been available to the Transferor Companies.
- 15.5 Upon the Scheme becoming effective, any advance tax, self-assessment tax, minimum alternate tax and / or TDS credit available or vested with the Transferor Companies, including any taxes paid and taxes deducted at source and deposited by the Transferee Company or Transferor Companies on *inter se* transactions during the period between the Appointed Date and the Effective Date shall be treated as advance tax paid by the Transferee Company and shall be available to Transferee Company for set-off against its liability under the IT Act and any excess tax so paid shall be eligible for refund together with interest.
- 15.6 The accumulated losses and the allowance for unabsorbed depreciation of the Transferor Companies shall be deemed to be the loss and the allowance for unabsorbed depreciation of the Transferee Company in accordance with Section 72A of the IT Act. Further, the brought forward losses and unabsorbed depreciation as per books of account of the Transferor Companies as on the date immediately preceding the Appointed Date shall be deemed to be the brought forward losses and unabsorbed depreciation of the Transferee Company for the purpose of computation of book profit to calculate the minimum alternate tax if any payable by the Transferee Company.
- 15.7 Without prejudice to the generality of the above, accumulated losses and allowance for unabsorbed depreciation as per Section 72A of the IT Act, losses brought forward and unabsorbed depreciation as per books of account, credits (including, without limitation income tax, minimum alternate tax, tax deducted at source, taxes withheld/paid in a foreign country, wealth tax, service tax, excise duty, central sales tax, applicable state value added tax, customs duty drawback, goods and service tax etc.) to which the Transferor Companies is entitled to in terms of applicable laws, shall be available to and vest in the Transferee Company upon coming into effect of this Scheme.

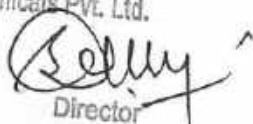
16. **SAVING OF CONCLUDED TRANSACTIONS**

- 16.1 The transfer of assets, properties and liabilities and the continuance of proceedings by or against the Transferor Companies shall not affect any transaction or proceedings already concluded by the Transferor Companies on and after the Appointed Date until the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Companies in respect thereto as done and executed on behalf of the Transferee Company.

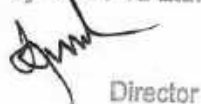
17. **INTERPRETATION**

- 17.1 If any terms or provisions of this Scheme are found to be or interpreted to be inconsistent with any provisions of Applicable Law at a later date, whether as a result of any amendment of Applicable Law or any judicial or executive interpretation or for any other reason whatsoever, the provisions of the Applicable Law shall prevail. Subject

For Prayag Chemicals Pvt. Ltd.


Director

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Director

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to obtaining the sanction of the Competent Authority, if necessary, under Applicable Law, this Scheme shall then stand modified to the extent determined necessary to comply with the said provisions. Such modification will, however, not affect other parts of this Scheme. Notwithstanding the other provisions of this Scheme, the power to make such amendments/modifications as may become necessary, whether before or after the Effective Date, shall, subject to obtaining the sanction of the Competent Authority if necessary, vest with the Board of Directors of the Transferor Companies.

18. APPLICATION TO COMPETENT AUTHORITY

- 18.1 The Transferor Companies shall make applications and/or petitions under Sections 230 to 232 of the Act and other applicable provisions of the Act to the Competent Authorities for approval of the Scheme and all matters ancillary or incidental thereto, as may be necessary to give effect to the terms of the Scheme.
- 18.2 Upon this Scheme becoming effective, the shareholders of the Transferee Company shall be deemed to have also accorded their approval under all relevant provisions of the Act for giving effect to the provisions contained in this Scheme.

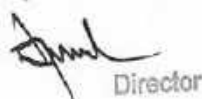
19. MODIFICATION OR AMENDMENTS TO THE SCHEME

- 19.1 The Transferor Companies, acting through their respective Board of Directors may, jointly and as mutually agreed in writing, assent to/make and/or consent to any modifications / amendments to the Scheme, or to any conditions or limitations that the Competent Authority under Applicable Law may deem fit to direct or impose, or which may otherwise be considered necessary, desirable or appropriate as a result of subsequent events or otherwise by them (i.e., the Board of Directors), or modify, vary or withdraw this Scheme prior to the Effective Date, in any manner at any time.
- 19.2 In case, post approval of the Scheme by the Competent Authority, there is any ambiguity in interpreting any Clause of this Scheme, or otherwise, the Board of Directors of the Transferor Companies shall have complete power and discretion to take the most sensible interpretation so as to render the Scheme operational.
- 19.3 In the event of any inconsistency between any of the terms and conditions of any earlier arrangement between or amongst the Transferor Companies and their respective shareholders and / or creditors, and the terms and conditions of this Scheme, the latter shall prevail.
- 19.4 If any part of this Scheme is invalid, ruled illegal or rejected by the Competent Authority or any court of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the Transferor Companies that such part shall be severable from the remainder of this Scheme and this Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to either the Transferor Companies or Transferee Company, in which case the Transferor Companies, acting through their respective Boards of Directors, shall attempt to bring about a modification in this Scheme, as will best preserve for the parties, the benefits and obligations of this Scheme, including but not limited to such part, which is invalid, ruled illegal or rejected by the Competent Authority or any court of competent jurisdiction, or unenforceable under present or future Applicable Laws.

For Prayag Chemicals Pvt. Ltd.


Director

For V.S. Polymers Pvt. Ltd.


Director

For Punjab Alkalies & Chemicals Limited


Managing Director

20. CONDITIONALITY TO EFFECTIVENESS OF THE SCHEME

20.1 The effectiveness of the Scheme is conditional and is subject to the following conditions being met:

- (a) the Scheme being approved by the requisite majority of each classes of members and / or creditors (where applicable) of the Transferor Companies in accordance with the Act and as may be directed by the Competent Authority;
- (b) the Scheme being approved by the public shareholders of the Transferee Company through e-voting in terms of para 9(a) of Part I(A) of Annexure I of the SEBI Circular and the Scheme shall be acted upon only if votes cast by the public shareholders in favour of the Scheme are more than the number of votes cast by the public shareholders against it;
- (c) the Competent Authority having accorded its sanction to the Scheme;
- (d) receipt of no-objection letters by the Transferee Company from the Stock Exchanges in accordance with the LODR Regulations and the SEBI Circulars in respect of the Scheme (prior to filing the Scheme with the Competent Authority), which shall be in form and substance acceptable to the Transferee Company acting reasonably and in good faith; and
- (e) receipt of such other sanctions and approvals including sanction of the central government and any other Governmental Authority as may be required by Applicable Law in respect of the Scheme.

20.2 The Scheme shall not come into effect unless the aforementioned conditions are satisfied, and in the event of such non-satisfaction of the conditions specified herein above, the Scheme shall become null and void and be of no effect.

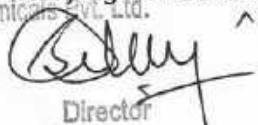
20.3 In the event the Scheme fails to take effect or it becomes null and void, no rights and liabilities of whatsoever shall accrue to or be incurred *inter se* the Transferor Companies or their respective shareholders or creditors or employees or any other person.

21. REMOVAL OF DIFFICULTIES

21.1 The Transferor Companies through mutual consent and acting through their respective Boards, jointly may agree in writing to:

- (a) give such directions (acting jointly) and agree to take steps, as may be necessary, desirable or proper, to resolve all doubts, difficulties or questions arising under this Scheme, whether by reason of any orders of Competent Authority or of any directive or orders of any Governmental Authority, under or by virtue of this Scheme in relation to the arrangement contemplated in this Scheme and/ or matters concerning or connected therewith or in regard to and of the meaning or interpretation of this Scheme or implementation thereof or in any manner whatsoever connected therewith, or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any of those to the extent permissible under Applicable Law;
- (b) do all such acts, deeds and things as may be necessary, desirable or expedient for carrying the Scheme into effect; and

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(c) modify or vary this Scheme prior to the Effective Date in any manner at any time, subject to Applicable Law.

22. COST, CHARGES AND EXPENSES

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

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

23. RESIDUAL PROVISIONS

23.1 Upon this Scheme becoming effective, the Transferee Company shall be entitled to occupy and use all premises, whether owned, leased or licensed, relating to the Transferor Companies until the transfer of the rights and obligations of the Transferor Companies to the Transferee Company under this Scheme is formally accepted by the parties concerned.

23.2 The Transferor Companies shall be at liberty to withdraw this Scheme at any time as may be mutually agreed by the respective Board of Directors of the Amalgamating Companies prior to the Effective Date. In such a case, each of the Amalgamating Companies shall respectively bear their own cost or as may be mutually agreed.

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For Prayag Chemicals Pvt. Ltd.

[Signature]
Director

For V.S. Polymers Pvt. Ltd.

[Signature]
Director

For Punjab Alkalies & Chemicals Limited

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Managing Director