Scheme of Amalgamation
of
Tunga PVC Pipes Private Limited
with
Avon Plastic Industries Private
Limited
and their respective shareholders

For AVON PLASTIC INDUSTRIES PVT. LTD.

Authorised Signatory

For TUNGA PVC PIPES PVT. LTD.,

## SCHEME OF AMALGAMATION

OF

## TUNGA PVC PIPES PRIVATE LIMITED

## **WITH**

## AVON PLASTIC INDUSTRIES PRIVATE LIMITED

AND

## THEIR RESPECTIVE SHAREHOLDERS

(Under Sections 230 and 232 and other relevant provisions of the Companies Act, 2013)

## **GENERAL**

## I. <u>Purpose of Scheme</u>

This Scheme of Amalgamation (hereinafter referred to as "the Scheme" or "this Scheme") provides for the proposed amalgamation of Tunga PVC Pipes Private Limited (hereinafter /referred to as "Transferor Company" or "Tunga") with Avon Plastic Industries Private Limited (hereinafter referred to as "Transferee Company" or "Avon") and their respective shareholders, pursuant to the provisions of Sections 230 and 232 and other relevant provisions of the Companies Act, 2013 (including any statutory modification or reenactment or amendment thereof).

## II. Rationale for the Scheme

Avon manufactures PVC water pipes and Fittings, CPVC pipes & Fittings, drainage, plumbing, casing pipes UPVC pipes, Garden pipes, Suction pipes, HDPE pipes, and Water Tank. Whereas, Tunga is engaged in the manufacturing of UPVC pipes, column pipes and electrical conduit pipes. Both Avon and Tunga have their registered offices in Bangalore and are held by the same set of individual shareholders.

The management of Avon and Tunga believe that the Amalgamation pursuant to this Scheme would, *inter-alia*, have the following benefits:

- Integration of companies with similar and supportive businesses to enable the management to have a focussed approach and also enhance overall shareholder value.
- Greater integration, financial strength and flexibility for the amalgamated entity, which
  would result in maximising overall shareholder value and will improve the competitive
  position of the combined entity.

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3. Ease in administration, elimination of duplication and rationalisation of expenses.

4. Improved business synergies, organizational capability and leadership, arising from the

pooling of resources to compete successfully in an increasingly competitive industry.

5. Greater leverage in operations, planning and process, efficiency in cash management and

unfettered access to cash flow which can be deployed more efficiently by the amalgamated

entity.

6. Cost savings are expected to flow from synergies achieved through joint operational efforts,

rationalization, standardisation and simplification of business processes and usage of

common resource pool such as administration, finance, accounts, legal and other related

functions, leading to elimination of duplication and rationalization of administrative

expenses.

7. Consolidation and simplification of group structure by eliminating multiple companies

resulting in better clarity for external stakeholders, especially shareholders.

In view of the aforesaid, the Board of Directors of the Transferor Company as well as the

Board of Directors of the Transferee Company have considered and proposed the

amalgamation of the entire business and undertaking of the Transferor Company with the

Transferee Company in order to benefit the stakeholders of all the companies.

Accordingly, the Board of Directors of the Transferor Company along with the Board of

Directors of the Transferee Company have formulated this Scheme for the transfer and

vesting of the entire business and undertaking of the Transferor Company with the

Transferee Company pursuant to the provisions of Sections 230 and 232 and other relevant

provisions of the Companies Act, 2013.

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#### Parts of the Scheme III.

The Scheme is divided into the following parts:

- Part A dealing with definitions of the terms used in this Scheme and sets out the share (i) capital of the Transferor Company and the Transferee Company;
- Part B dealing with the amalgamation of the Transferor Company with the Transferee (ii) Company;
- Part C dealing with the accounting treatment for the amalgamation in the books of the (iii) Transferee Company and combination of the authorized share capital; and
- ${\bf Part}\;{\bf D}$  dealing with the dissolution of the Transferor Company without winding up and (iv) the general terms and conditions applicable to this Scheme and other matters consequential and integrally connected thereto.

## PART A

## **DEFINITIONS AND SHARE CAPITAL**

## 1 DEFINITIONS

In this Scheme, unless repugnant or contrary to the context, the following expressions shall have the following meaning:

- 1.1 "Act" or "the Act" means the Companies Act, 2013, ordinances, rules and regulations made thereunder and shall include any statutory modifications, re-enactment or amendment thereof.
- 1.2 "Amalgamation" means the amalgamation of Transferor Company into Transferee Company in accordance with this Scheme and in accordance with Section 2(1B) of the Income Tax Act, 1961.
- "Applicable Laws" means all laws, statutes, ordinances, regulations, guidelines, policies, rules, judgments, rules of law, orders, decrees, directives, and other governmental restrictions or any similar forms of decisions, or determination by, or any interpretation or administration of any of the foregoing having the effect of law of any jurisdiction by state, municipality, government, ministry, board, bureau, or instrumentality thereof, or of any Governmental Authority that are applicable to a party, and in each case, as amended from time to time;
- "Appointed Date" means April 1, 2023 or such other date as the Central Government/
  NCLT or such other authorities may direct/ fix;
- "Board of Directors" or "Board" means the Board of Directors of the Transferor Company or the Transferee Company, as the case may be, and shall include a duly constituted committee thereof.
- "Government Authority" means any applicable Central, State or local Government, legislative body, regulatory or administrative authority, agency or commission or any Court, Tribunal, board, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction.
- 1.7 "NCLT" means the National Company Law Tribunal, Bengaluru Bench having jurisdiction in relation to the Transferee Company and the Transferor Company.

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- 1.8 "Scheme" or "the Scheme" or "this Scheme" means the Scheme of Amalgamation in its present form or with/without any modification(s) made under Clause 16 of this Scheme, as approved or directed by the NCLT.
- "Transferee Company" or "Avon" means Avon Plastic Industries Private Limited, (CIN U25209KA1994PTC015521), a private limited company incorporated under the Companies Act, 1956, and having its registered office at No. 53, Bommasandra, Jigani Link Road, Anekal Taluk Bangalore, KA 562106.
- 1.10 "Transferor Company" or "Tunga" means Tunga PVC Pipes Private Limited, (CIN U25191KA1992PTC013685), a private limited company incorporated under the Companies Act, 1956, and having its registered office at No. 134, Bommasandra Industrial Area Hosur Road, Bangalore KA 562158.
- "Undertaking" shall mean and include the whole of the undertaking of the Transferor 1.11 Company, as a going concern, including its business, all secured and unsecured debts, liabilities, losses, duties and obligations and all the assets, properties, rights, titles and benefits, whether movable or immovable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent and including but without being limited to land and building (whether owned, leased, licensed), all fixed and movable plant and machinery, vehicles, fixed assets, work in progress, current assets, investments, reserves, provisions, funds, licenses, registrations, copyrights, patents, trade names, trademarks, marketing rights and other rights and licenses in respect thereof, applications for copyrights, patents, trade names, trademarks, leases, licenses, tenancy rights, premises, hire purchase and lease arrangements, lending arrangements, benefits of security arrangements, computers, office equipment, telephones, telexes, facsimile connections, internet connections, communication facilities, equipment and installations and utilities, electricity, water and other service connections, benefits of agreements, contracts and arrangements including but not limited to contracts entered into with vendors, customers and service providers, powers, authorities, permits, allotments, approvals, consents, privileges, liberties, advantages, easements and all the right, title, interest, goodwill, benefit and advantage, reserves, provisions, advances, receivables, deposits, funds, cash, bank balances, accounts and all other rights, benefits of all agreements, subsidies, grants, tax credits (including but not limited to credits in respect of income tax, sales tax, value added tax, turnover tax, service tax, Goods and Service Tax, etc.), tax refunds, MAT credit entitlement, if any, software license, domain/ websites etc., in connection/ relating to the Transferor Company and other claims and powers, of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or enjoyed by the Transferor Company, as on the Appointed Date.

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

## 2 CAPITAL STRUCTURE

2.1 The share capital of Tunga as on March 31, 2022, was as under:

Authorised Capital	Amount in INR
70,000 Equity Shares of INR 100 each	70,00,000
Total	70,00,000
Issued, Subscribed and Paid-Up Capital	Amount in INR
68,000 Equity Shares of INR 100 each fully paid-up	68,00,000
Total	68,00,000

Subsequent to March 31, 2022, there has been no change in the authorised, issued, subscribed and paid-up share capital of Tunga.

2.2 The share capital of Avon as on March 31, 2022 was as under:

Authorised Capital	Amount in INR
50,00,000 Equity Shares of INR 10 each	5,00,00,000
Total	5,00,00,000
Issued, Subscribed and Paid-Up Capital	Amount in INR
16,50,000 Equity Shares of INR 10 each fully paid-up	1,65,00,000
Total	1,65,00,000

Subsequent to March 31, 2022, there has been no change in the authorised, issued, subscribed and paid-up share capital of Avon.

## 3 DATE OF TAKING EFFECT

The Scheme set out herein in its present form or with/without any modification(s) approved or imposed or directed by the NCLT or any other appropriate authority shall be effective from the Appointed Date mentioned herein.

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## PART B

# AMALGAMATION OF THE TRANSFEROR COMPANY WITH THE TRANSFEREE COMPANY

- TRANSFER AND VESTING OF THE ENTIRE UNDERTAKING(S) OF THE 4 TRANSFEROR COMPANY WITH THE TRANSFEREE COMPANY
- Subject to the provisions of this Scheme as specified hereinafter and with effect from the 4.1Appointed Date, the entire business and undertaking(s) of the Transferor Company including all the debts, liabilities, duties and obligations, including those arising on account of taxation laws and other allied laws, of the Transferor Company of every description and also including, without limitation, all the movable and immovable properties and assets (whether tangible or intangible) of the Transferor Company comprising, amongst others, all investments, furniture and fixtures, computers/ data processing, office equipment, electrical installations, telephones, telex, facsimile and other communication facilities and business licenses, permits, authorisations, approvals, lease, tenancy rights, permissions, incentives, if any, and all other rights, patents, know-how, trademark, service mark, trade secret or other intellectual property rights, proprietary right, title, interest, contracts, consent, bank accounts, approvals and rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals, shall, under the provisions of Sections 230 and 232 of the Companies Act, 2013, and pursuant to the orders of the NCLT sanctioning this Scheme and without further act, instrument or deed, be transferred and/or deemed to be transferred to and vested in the Transferee Company so as to become the debts, liabilities, duties, obligations, properties, assets, rights, business and undertaking(s) of the Transferee Company.
  - With effect from the Appointed Date, all debts, liabilities, duties and obligations of the 4.2 Transferor Company as on the Appointed Date whether provided for or not in the books of accounts of the Transferor Company and all other liabilities which may accrue or arise after the Appointed Date but which relate to the period on or up to the day of the Appointed Date shall be the debts, liabilities, duties and obligations of the Transferee Company including any encumbrance on the assets of the Transferor Company or on any income earned from those assets.
  - With effect from the Appointed Date, all movable, immovable properties and assets 4.3 (whether tangible or intangible) of the Transferor Company as on the Appointed Date whether provided for or not in the books of accounts of the Transferor Company and all

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other assets which may accrue or arise after the Appointed Date but which relate to the period on or up to the day of the Appointed Date shall be the assets of the Transferee Company.

- With effect from the Appointed Date, balances of accounts arising from inter party 4.4 transactions amongst the Transferor Company and the Transferee Company whether due and payable or receivable shall stand cancelled.
- With effect from the Appointed Date, all the loans, advances and other obligations 4.5 (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 amongst the Transferor Company and the Transferee Company shall, ipso facto, stand discharged and come to an end and there shall be no liability in that behalf on any party and appropriate effect shall be given in the books of accounts and records of the Transferee Company. It is hereby clarified that there will be no accrual of interest or other charges in respect of any inter-company loans, advances and other obligations amongst the Transferor Company and the Transferee Company with effect from the Appointed Date.
  - All the existing securities, mortgages, charges, encumbrances or liens, if any, as on the 4.6 Appointed Date and created by the Transferor Company after the Appointed Date, over the assets comprised in the undertaking or any part thereof transferred to the Transferee Company by virtue of this Scheme and in so far as such securities, mortgages, charges, encumbrances or liens secure or relate to liabilities of the Transferor Company, the same shall, after the Appointed Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Appointed Date and as are transferred to the Transferee Company, and such securities, mortgages, charges, encumbrances or liens shall not relate or attach to any of the other assets of the Transferee Company, provided however that no encumbrances shall have been created by the Transferor Company over its assets after the date of filing of the Scheme without the prior written consent of the Board of Directors of the Transferee Company.
  - All the existing encumbrances, if any, over the assets and properties of the Transferee 4.7 Company or any part thereof which relate to the liabilities and obligations of the Transferee Company prior to the Appointed Date shall continue to relate only to such assets and properties and shall not extend or attach to any of the assets and properties of the Transferor Company transferred to and vested in the Transferee Company by virtue of this Scheme.

- 4.8 It is expressly provided that, save as herein provided, no other term or condition of the liabilities transferred to the Transferee Company is modified by virtue of this Scheme except to the extent that such amendment is required statutorily or by necessary implication.
- With effect from the Appointed Date, all statutory licences, registrations, permissions, 4.9 incentives, tax deferrals and benefits, carry-forward of tax losses, tax credits including MAT credit, tax refunds, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, permissions, approvals or consents to carry on the operations of the Transferor Company, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Transferor Company and all rights and benefits that have accrued or which may accrue to the Transferor Company, whether before or after the Appointed Date shall stand vested in or transferred to the Transferee Company, pursuant to the Scheme, without any further act or deed and shall remain valid, effective and enforceable on the same terms and conditions and shall be appropriately mutated by the statutory authorities concerned in favour of the Transferee Company upon the vesting and transfer of the entire business and undertaking of the Transferor Company pursuant to this Scheme. The benefit of all statutory and regulatory permissions and approvals, factory licences, environmental approvals and consents, if any, tax registrations or other licences and consents shall vest in and become available to the Transferee Company pursuant to this Scheme.
- 4.10 The amalgamation of the Transferor Company with the Transferee Company, pursuant to and in accordance with this Scheme, shall take place with effect from the Appointed Date and shall be in accordance with Section 2(1B) of the Income tax Act, 1961.

## 5 CONSIDERATION

5.1 Upon the amalgamation of the Transferor Company with the Transferee Company in terms of this Scheme, the Transferee Company shall, without any application or deed, issue and allot Equity Shares, credited as fully paid up, to the extent indicated below, to the shareholders of the Transferor Company holding fully paid-up Equity Shares in the Transferor Company and whose names appear in the Register of Members of the Transferor Company to the extent the shares are not held by the Transferee Company, on the Appointed Date, or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Directors of the Transferor Company in the following proportion viz.:

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" 34 (Thirty Four) fully paid-up Equity Share of INR 10 each, at a premium of INR 2,925 per share of the Transferee Company shall be issued and allotted for every 10 (Ten) fully paid-up Equity Share of INR 100 each held in the Transferor Company."

(the new Equity Shares in the Transferee Company issued to the shareholders of the Transferor Company hereinafter shall be collectively referred to as "New Equity Shares")

- 5.2 The New Equity Shares to be issued to the shareholders of the Transferor Company under Clause 5.1 shall be subject to the Memorandum and Articles of Association of the Transferee Company and shall rank *pari passu* with the existing Equity Shares of the Transferee Company in all respects.
- 5.3 The New Equity Shares to be issued to the shareholders of the Transferor Company shall be in the multiple of 1. Any issue of fractional shares shall be rounded-off to the nearest whole number.
- 5.4 The Transferee Company shall, to the extent required, suitably increase its authorised share capital for allotment of shares to the shareholders of the Transferor Company after giving effect to Clause 12 of this Scheme.
- 5.5 The increase in authorized share capital and issue and allotment of the aforementioned New Equity Shares as provided in Clause 5.1, is an integral part hereof and shall be deemed to have been carried out under the orders passed by the NCLT without requiring any further act on the part of the Transferee Company or its shareholders and as if the procedure laid down under Sections 13, 14, 42 and 62 of the Companies Act, 2013 and such other applicable provisions of the Act were duly complied with.
- The shares held by the Transferee Company in the Transferor Company, if any, as on the Appointed Date shall stand cancelled or shall be deemed to have been cancelled without any further act or deed.
- 5.7 The shares or the share certificates of the Transferor Company, in relation to the shares held by its shareholders, shall without any further application, act, instrument or deed be deemed to have been automatically cancelled and be of no effect on and from the Appointed Date.

## 6 LEGAL PROCEEDINGS

6.1 Any suit, appeal or other proceedings of whatever nature by or against the Transferor Company if pending as on the Appointed Date, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this

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Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against the Transferee Company, as the case may be, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company as if this Scheme had not been made.

- 6.2 In case of any litigation, suits, recovery proceedings which are to be initiated or may be initiated against the Transferor Company after the Appointed Date, the Transferee Company shall be made party thereto and any payment and expenses made thereto shall be the liability of the Transferee Company.
- On and from the Appointed Date, the Transferee Company may, if required, initiate or defend any legal proceedings in relation to the rights, title, interest, obligations or liabilities of any nature whatsoever, whether under contract or law or otherwise, of the Transferor Company and to the same extent as would or might have been initiated by or defended by the Transferor Company.
- All cheques and other negotiable instruments and payment orders received in the name of the Transferor Company after the Appointed Date shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company. Similarly, the banker of the Transferee Company shall honour cheques issued by the Transferor Company for payment on or after the Appointed Date.

# CONTRACTS, DEEDS AND OTHER INSTRUMENTS

- 7.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, insurance, letters of intent, arrangements, policies, agreements and other instruments, if any, of whatsoever nature pertaining to the Transferor Company and to which the Transferor Company is a party and subsisting or having effect on the Appointed Date, including all rights, duties, interests and obligations thereunder, shall be in full force and effect against or in favour of the Transferee Company, as the case may be, and may be enforced by or against the Transferee Company as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party thereto.
- 7.2 The Transferee Company shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novation, to which the Transferor Company will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required or becomes necessary. The Transferee Company shall be deemed to be authorised to execute any such deeds, writings or

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confirmations on behalf of the Transferor Company and to implement or carry out all formalities required on the part of the Transferor Company to give effect to the provisions of this Scheme.

#### STAFF AND EMPLOYEES OF THE TRANSFEROR COMPANY 8.

- On the Scheme becoming effective, all staff and employees of the Transferor Company in 8.1 service on the Appointed Date shall be deemed to have become staff, workmen and employees of the Transferee Company with effect from the Appointed Date or date of joining of the respective staff, workmen and employees, whichever is later, without any break or interruption in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Transferee Company (i.e. Cost to company basis, in monetary terms) shall not be less favourable than those applicable to them with reference to their employment with the Transferor Company on the Appointed Date.
- It is expressly provided that, on the Scheme becoming effective, the provident fund, 8.2 gratuity fund, superannuation fund or any other special fund or trusts, if any, created or existing for the benefit of the staff, workmen and employees of the Transferor Company shall become trusts/ funds of the Transferee Company for all purposes whatsoever in relation to the administration or operation of such fund or funds or in relation to the obligation to make contributions to the said fund or funds in accordance with the provisions thereof as per the terms provided in the respective trust deeds, if any, to the end and intent that all rights, duties, powers and obligations of the Transferor Company in relation to such fund or funds shall become those of the Transferee Company. It is clarified that, for the purpose of the said fund or funds, the services of the staff, workmen and employees of the Transferor Company will be treated as having been continuous with the Transferee Company from the date of employment as reflected in the records of the Transferor Company.

#### TAXATION MATTERS 9.

All taxes paid or payable by the Transferor Company in respect of the operations and/or 9.1. the profits before the Appointed Date under applicable laws, shall be on account of the Transferor Company and, in so far it relates to the tax payment (whether by way of deduction at source, advance tax or otherwise howsoever) by the Transferor Company in respect of the profits made from and after the Appointed Date, the same shall be deemed to be the tax paid by the Transferee Company, and shall, in all proceedings, be dealt with accordingly.

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- All taxes of any nature, duties, cesses or any other like payments or deductions made by 9.2. the Transferor Company or any of its agents to any statutory authorities such as Income tax, Goods and Service tax, or any tax deduction/ collection at source, tax credits under tax laws, relating to the period after the Appointed Date shall be deemed to have been on account of or paid by the Transferee Company, and the relevant authorities shall be bound to transfer to the account of and give credit for the same to the Transferee Company upon the sanction of the Scheme and upon relevant proof and documents being provided to the said authorities.
- The Transferee Company shall be allowed to carry-forward unexpired tax holiday benefits, 9.3. incentives, tax losses etc. of the Transferor Company for the remaining period, subject to fulfilment of conditions provided under the relevant tax laws.
- With effect from the Appointed Date and upon the sanction of the Scheme, any tax credits, 9.4. tax receivables, advances/prepaid taxes, taxes deducted at source and losses of the Transferor Company shall be treated as the tax credits, tax receivables, advances/prepaid taxes, taxes deducted at source and losses of the Transferee Company as on the Appointed Date and the Transferee Company shall be entitled to claim in tax returns or in the statutorily prescribed manner the tax credits, tax receivables, advances, prepaid taxes, taxes deducted at source and set-off/ carry forward the losses of the Transferor Company and to revise its tax returns and including loss, related tax deduction certificates and to claim refund, advance tax credits, tax receivables, etc. accordingly.

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## PART C

# ACCOUNTING TREATMENT FOR THE AMALGAMATION IN THE BOOKS OF THE TRANSFEREE COMPANY AND COMBINING THE AUTHORISED SHARE CAPITAL

#### ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEREE COMPANY 10.

- Upon the Scheme becoming effective, the Transferee Company shall account for the 10.1 amalgamation in its books of accounts as under:
  - a) The accounting shall be on the basis of "Purchase Method" for the purpose of amalgamation as stated in the applicable Accounting Standard (AS) as notified under Section 133 of the Companies Act, 2013.
  - b) All assets, including intangible assets, if any, whether or not recorded in the books of Transferor Company and liabilities of Transferor Company shall be recorded in the books of accounts of Transferee Company at their respective fair values and in same form except to ensure uniformity of accounting policies.
  - c) Upon coming into effect of this Scheme, to the extent that there are inter-company loans, advances, deposits, balances or other obligations between the Transferor Company and the Transferee Company, the obligation in respect thereof will come to an end and corresponding effect shall be given in the books of accounts and records of the Transferee Company for reductions of any assets or liabilities as the case may be and there would be no accrual of interest or any other charges in respect of such intercompany loans, deposits or balances, with effect from the Appointed date.
  - d) The difference, if any, between (a) the amounts of assets and liabilities recorded as per Clause 10.1(b), subject to adjustments under Clause 10.1(c), and (b) the sum of share capital of the Transferee Company issued as consideration under Clause 5.1, shall be credited as general reserves or capital reserves in the books of account of the Transferee Company. In the event the result is negative, it will be recognized as goodwill in accordance with Accounting Standard 14 (Accounting for Amalgamations).
  - e) The intangible assets transferred (if any) on Amalgamation, as aforesaid, shall be amortized in the books of the Transferee Company over its useful life. Goodwill (if any) arising on Amalgamation, as aforesaid, shall be amortized to income systematically over a period of 5 years or such lesser number of years, if and as may be decided by Board of Directors periodically.
  - f) In case of any difference in the accounting policies of the Transferor Company and the Transferee Company, the accounting policy of the Transferee Company shall prevail.
  - g) Notwithstanding anything above, the Board of Directors of the Transferee Company is authorized to account for any of the aforementioned transactions or any matter not

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dealt with in this Clause 10 in accordance with the applicable Accounting Standards and generally accepted accounting principles.

#### TRANSACTIONS FROM APPOINTED DATE 11.

With effect from the Appointed Date:

- 11.1 The Transferor Company shall carry on and be deemed to have carried on their business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of their entire business and undertaking for and on account of and in trust for the Transferee Company;
- 11.2 The Transferor Company shall not do or cause to do any act or deed whatsoever which may be detrimental or adversely affect the business interests of the Transferee Company pre and post amalgamation;
- 11.3 The Transferor Company shall carry on its business and activities in the ordinary course of business with reasonable diligence and business prudence;
- All the profits or income accruing or arising to the Transferor Company or expenditure or 11.4 losses arising or incurred by the Transferor Company shall for all intent and purposes be treated and deemed to be and accrue as the profits or income or expenditure or losses (as the case may be) of the Transferee Company; and
- The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to 11.5 the Central Government and all other agencies, departments and authorities concerned as are necessary under any law for the time being in force such consents, approvals and sanctions which the Transferee Company may require to carry on the businesses of the Transferor Company.

#### COMBINATION OF THE AUTHORIZED SHARE CAPITAL 12.

Upon the Scheme becoming effective, the authorized share capital of the Transferor 12.1 Company shall stand combined with the authorized share capital of the Transferee Company. Filing fees and stamp duty, if any, paid by the Transferor Company on its authorized share capital, shall be deemed to have been so paid by the Transferee Company on the combined authorized share capital and accordingly, the Transferee Company shall not be required to pay any fee/ stamp duty for its increased authorized share capital except for differential fees and stamp duty, if any.

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- 12.2 The authorized capital of the Transferee Company shall stand increased to INR 5,70,00,000 (Five Crores and Seventy Lakhs only) divided into 57,00,000 (Fifty Seven Lakhs) Equity Shares of INR 10 each.
- 12.3 Accordingly, Clause V of the Memorandum of Association of the Transferee Company will read as follows:
  - "V. The Authorised Share Capital of the Company is INR 5,70,00,000 (Five Crores and Seventy Lakhs only) divided into 57,00,000 (Fifty Seven Lakhs) Equity Shares of INR 10 each."
- 12.4 The approval of this Scheme by the shareholders of the Transferee Company, whether at a meeting or otherwise, shall be deemed to have the approval under the relevant provisions of the Act and any other consents and approvals required in this regard.

# 13. SAVING OF CONCLUDED TRANSACTIONS

The transfer of properties and liabilities under Clause 4 above and the continuance of proceedings by or against the Transferor Company under Clause 6 above shall not affect any transaction or proceedings already concluded by the Transferor Company on or after the Appointed Date till the sanction of the Scheme by the competent authority, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto as done and executed on behalf of the Transferee Company.

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## PART D

# DISSOLUTION OF THE TRANSFEROR COMPANY WITHOUT WINDING UP AND THE GENERAL TERMS AND CONDITIONS APPLICABLE TO THIS SCHEME

# 14. DISSOLUTION OF THE TRANSFEROR COMPANY WITHOUT WINDING UP

On the Scheme becoming effective, the Transferor Company shall without any further act or deed, stand dissolved without being wound up.

## 15. APPLICATION TO NCLT

The registered office of the Transferor Company and the Transferee Company are located in Bangalore. The Transferee Company and the Transferor Company shall, with all reasonable dispatch, make applications to the NCLT, within whose jurisdiction the registered offices of the Transferor Company and the Transferee Company are situated, for sanctioning the Scheme with or without modifications under Sections 230 and 232 and other provisions of the Act, and for dissolution of the Transferor Company without being wound up.

## 16. MODIFICATION OR AMENDMENTS TO THE SCHEME

The Transferee Company and the Transferor Company by their respective Board of Directors, or any person(s) or committee authorised/ appointed by them, may carry out or assent to any modifications/ amendments to the Scheme or to any conditions or limitations that the NCLT and/ or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them (i.e., the Board of Directors or the person(s)/ committee). The Transferee Company and the Transferor Company by their respective Board of Directors, or any person(s) or committee authorised shall be authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whatsoever for carrying on the Scheme into effect, whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/ or any matter concerned or connected therewith.

## 17. CONDITIONALITY OF THE SCHEME

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

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17.1 The Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective members and/or creditors of the Transferor Company and the Transferee Company as may be directed by the NCLT.

17.2 Sanctions and Orders under the provisions of Sections 230 and 232 of the Act, being

obtained by the Transferor Company and the Transferee Company from the NCLT.

17.3 All other sanctions and approvals as may be required by law in respect of this Scheme

being obtained.

17.4 The certified / authenticated copies of the order under Sections 230 and 232 of the Act is

duly filed with the Registrar of Companies, Bangalore by the Transferor Company and the

Transferee Company.

18. EFFECT OF NON-RECEIPT OF APPROVALS

18.1 In the event any of the approvals or conditions enumerated in the Scheme not being

obtained or complied with, or for any other reason, the Scheme cannot be implemented,

the Board of Directors of the Transferee Company and the Transferor Company shall

mutually waive such conditions as they consider appropriate to give effect, as far as

possible, to this Scheme and failing such mutual agreement, or in case the Scheme is not

sanctioned by the NCLT, the Scheme shall become null and void and each party shall bear and pay their respective costs, charges and expenses in connection with the Scheme.

18.2 Further, in case of the non-receipt of approvals to the Scheme, no rights and liabilities

whatsoever shall accrue to or be incurred inter se by the Transferor Company or the

Transferee Company or their shareholders or creditors or employees or any other person.

19. COSTS, CHARGES AND EXPENSES

All costs, charges, taxes including duties, levies and all other expenses, (including stamp

duty if any) (save as expressly otherwise agreed) of the Transferor Company and the

Transferee Company arising out of or incurred in carrying out and implementing this

Scheme and matters incidental thereto shall be borne by the Transferee Company.

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