

**NATIONAL COMPANY LAW TRIBUNAL  
CHANDIGARH BENCH  
CORPORATE BHAWAN, PLOT NO. 4-B  
GROUND FLOOR, SECTOR 27-B, MADHYA MARG,  
CHANDIGARH-160019**

No.NCLT/Reg./FO/2019/1094.....

Date. 1-4-19.....

To

CP(CAA) No. 16/Chd/Pb/2018

1. **Prakash Industries Limited**  
having its registered office at  
15Km Stone Delhi Road,  
Hissar-125044(Haryana)  
PAN: AABCP6765H

..... Petitioner Company No.1/  
Demerged Company

And

2. **Prakash Pipes Limited**  
having its registered office at  
Darjiyan Wali Gali, Rayya  
Teh -Baba Bakala, Amritsar  
143112 (Punjab)  
PAN: AAJCP2761K

..... Petitioner Company No.2/  
Resulting Company

Please find enclosed herewith formal order as per Form No. CAA 7 of Companies (Compromises, Arrangements and Amalgamation) Rules, 2016 containing the directions of the Hon'ble National Company Law Tribunal, Chandigarh, for compliance in terms of order dated 14.03.2019

(M.S.Gill)

Designated Registrar



**FORM No. CAA.7**

**(Pursuant to section 232 and rule 20)  
Before the National Company Law Tribunal,  
Chandigarh Bench, Chandigarh**

**CP(CAA) No. 16/Chd/Pb/2018**

**Under Sections 230 to 232 of  
the Companies Act, 2013**

**In the matter of the Scheme of Arrangement / Demerger between:**

1. **Prakash Industries Limited**  
having its registered office at  
15Km Stone Delhi Road,  
Hissar-125044(Haryana)  
PAN: AABCP6765H

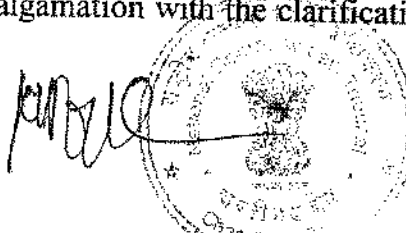
..... Petitioner Company No.1/  
Demerged Company

**And**

2. **Prakash Pipes Limited**  
having its registered office at  
Darjiyan Wali Gali, Rayya  
Teh -Baba Bakala, Amritsar  
143112 (Punjab)  
PAN: AAJCP2761K

..... Petitioner Company No.2/  
Resulting Company

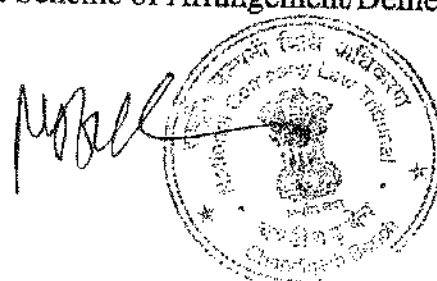
Upon the above petition coming up for hearing on 14<sup>th</sup> March, 2019 and upon reading the said petition, reports submitted by the Registrar of Companies, Punjab and Chandigarh and the Regional Director, Northern Region, Ministry of Corporate Affairs, New Delhi as well as report of Income Tax Department, compliance affidavit submitted by the Counsel for the petitioner companies and hearing Ms. Munisha Gandhi, Sr. Advocate and Mr. Vaibhav Sahni, Advocate learned counsel for the petitioner companies, Mr. Afsar Ali, Assistant Registrar of Companies, Punjab & Chandigarh also representing the Regional Director, Northern Region, Ministry of Corporate Affairs, New Delhi and Mr. Yogesh Putney, Advocate representing the Income Tax Department and carefully perusing the records, the National company Law Tribunal approved the 'scheme' of amalgamation with the clarification that this order



should not be construed as an order in any way granting exemption from payment of any stamp duty, taxes, or any other charges, if any, and payment in accordance with law or in respect of any permission/compliance with any other requirement which may be specifically required under any law. With the sanction of the Scheme, the Demerged Undertaking of the Demerged Company shall be transferred to the Resulting Company. Notwithstanding the above, if there is any deficiency found, or violation committed qua any enactment, statutory rule or regulation, the sanction granted by this Tribunal will not come in the way of action being taken, albeit, in accordance with law, against the concerned persons, directors and officials of the petitioners as well as the petitioners.

**THIS TRIBUNAL DO FURTHER ORDER:**

- i) That all the property, rights and powers of the 'Demerged Undertaking' be transferred, without further act or deed, to the Resulting Company and accordingly, the same shall, pursuant to Section 230 to 232 of the Companies Act, 2013 be transferred to and vest in the Resulting Company for all estate and interest of the Demerged Undertaking therein but subject nevertheless to all charges now affecting the same; and
- ii) That all the liabilities and duties of the Demerged Undertaking be transferred without further act or deed, to the Resulting Company and accordingly, the same shall, pursuant to Section 230 to 232 of the Act, be transferred to and become the liabilities of the Resulting Company; and
- iii) That all the proceedings now pending by or against the Demerged Undertaking be continued by or against the Resulting Company; and
- iv) That all the employees of the Demerged Undertaking shall be transferred to the Resulting Company in terms of the 'Scheme'; and
- v) The authorized share capital and issued and paid up share capital of the Resulting Company shall stand increased and that of Demerged Undertaking shall stand reduced as provided in the Scheme; and
- vi) That the Resulting Company do, without further application, allot to the members of the Demerged Company, shares of the Resulting Company to which they are entitled under the said Scheme of Arrangement/Demerger; and



- vii) That the fee, if any, paid by the Demerged Undertaking on its authorized capital shall be set off against any fees payable by the Resulting Company on its authorized capital subsequent to the sanction of the 'Scheme'; and
- viii) That the Resulting Company shall deposit an amount of ₹1,00,000/- (Rupees One Lac only) with the Pay & Accounts Officer in respect of the Regional Director, Northern Region, Ministry of Corporate Affairs and ₹40,000/- (Rupees Forty Thousand only), in favour of "The Company Law Tribunal Bar Association" Chandigarh within a period of three weeks from the receipt of the certified copy of this order.
- xi) That any person interested shall be at liberty to apply to the Tribunal in the above matter for any directions that may be necessary, and

**Dated: 14.03.2019**  
**(By the Tribunal)**

  
**(M.S. Gill)**  
**Designated Registrar**  
**National Company Law Tribunal,**  
**Chandigarh Bench**



#### **SCHEDULE**

**(attached as supplied by the Transferor Company)**

FREE OF COST COPY

No. 1451  
Date of Presentation  
of application for Copy 25-3-19  
No. of Pages 3+8+28 = 39  
Copying Fee NIL  
Registration & Filing Fee NIL  
Total ₹ NIL  
Date of Receipt  
Date of Preparation of Copy 29-3-19  
Date of Delivery of Copy 4-4-19

*MSU* 1.4.19

DD / DR / AR / Court Officer  
National Company Law Tribunal  
Chandigarh Bench, Chandigarh

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**Before the National Company Law Tribunal,  
Chandigarh Bench  
Corporate Bhawan, Plot No.4B, Sector 27-B, Madhya Marg,  
Chandigarh.**

No: NCLT/CHD/Reg/913

Date: 15-3-19

CP (CAA) No. 16/Chd/Pb/2018  
Under Saction 230 to 232 of  
The Companies Act, 2013

**IN THE MATTER OF SCHEME OF ARRANGEMENT/DEMERGER BETWEEN:**

Prakash Industries limited

...Petitioner Company No. 1/ Demerged Company

And

Prakash Pipes limited

... Petitioner Company No. 2/ Resulting Company


To

Prakash Pipes limited

Darjiyan Wali Gali, Rayya

The- Baba Bakala, Amritsar 143112 (Punjab)

Please find enclosed herewith a certified copy of order dated 14.03.19, for your information and necessary action.

  
Asstt. Registrar  
for Registrar  
NCLT, Chandigarh Bench

In the National Company Law Tribunal,  
"Chandigarh Bench, Chandigarh"

CP(CAA) No. 16/Chd/Pb/2018

Under Section 230 to 232 of  
the Companies Act, 2013

In the matter of Scheme of Arrangement/Demerger Between:

**Prakash Industries Limited**  
having its registered office at  
15Km Stone Delhi Road,  
Hissar-125044(Haryana).  
PAN: AABCP6765H

.....Petitioner Company No.1/Demerged Company.

**AND**

**Prakash Pipes Limited**  
having its registered office at  
Darjiyan Wali Gali, Rayya  
Teh -Baba Bakala,  
Amritsar 143112 (Punjab).  
PAN: AAJCP2761K

.....Petitioner Company No.2/Resulting Company.

Judgment delivered on 14.03.2019.

**Coram: Hon'ble Mr.Justice R.P.Nagrath, Member (Judicial)**  
**Hon'ble Mr.Pradeep R.Sethi, Member (Technical)**

For the Petitioner

- : (1). Ms. Munisha Gandhi, Sr. Advocate
- (2). Mr. Vaibhav Sahni, Advocate and
- (3). Mr. Abhishek Nahata, Chartered Accountant

For Registrar of Companies,  
Punjab and Chandigarh and  
Regional Director, Northern  
Region, Ministry of Corporate  
Affairs, New Delhi.

Mr. Afsar Ali, Assistant Registrar of  
Companies, Punjab and Chandigarh

For Income Tax Department

: Mr. Yogesh Putney, Advocate



CP(CAA) No. 16/Chd/Pb/2018

Per: Justice R.P.Nagrath, Member (Judicial)

### JUDGEMENT

This is a joint second motion petition under Sections 230 to 232 of the Companies Act, 2013 (for short the 'Act') filed by the Petitioner Companies in terms of Rule 15 of Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (for brevity, the 'Rules') for the sanction of Scheme of Arrangement Annexure P-1 (for brevity 'Scheme') of PVC unit of Prakash Industries Limited, Petitioner Company No.1 (Demerged Company) with Prakash Pipes Limited (Petitioner Company No.2 (Resulting Company).

2. As per the Scheme of arrangement/demerger, Petitioner No. 1 is a Public Limited Company which is a listed company, is engaged in the business in (i) steel; (ii) Power and (iii) PVC Pipes. The scheme envisages the PVC Pipes Undertaking (for short to be referred as 'Demerged Undertaking') of the Petitioner Company No. 1 (demerged company) to be amalgamated into Petitioner Company No.2 (Resulting Company). The remaining business and all the assets, liabilities etc., pertaining to P-1 Company shall continue to belong to and be vested in and be managed by P-1 (Demerged Company).

3. The Petitioner Companies filed First Motion Application bearing CA (CAA) No.7/Chd/Pb/2018 before this Tribunal for seeking directions to convene the meetings of equity shareholders, secured and unsecured creditors of the Petitioner Company No.1 and for seeking dispensation of the meetings of equity shareholders, secured and unsecured creditors of the Petitioner Company No.2; for dispensing with the requirement of sending notice of meeting to stock exchanges and SEBI since the Petitioner Company No.1 had already obtained



CP(CAA) No. 16/Chd/Pb/2018



approval of the stock exchanges and SEBI and pass any other order as the Tribunal may deem fit.

4. The First Motion Application was disposed of vide order dated 11.04.2018 with a direction to hold the meetings of equity shareholders, secured and unsecured creditors of the Petitioner Company No.1 on 02.06.2018. Further, meetings of the equity shareholders, secured and unsecured creditors of the Petitioner Company No.2 were dispensed with along with other necessary directions as mentioned in the order dated 11.04.2018 attached at Annexure P-2. It was observed in the order dated 11.04.2018 that there are no secured or unsecured creditors of Transferee Company (P-1 Company).

5. The affidavits dated 23.05.2018 of Mr. P.L. Gupta and Mr. Kanha Agarwal, Directors of the respective Petitioner Companies with regard to compliance of all the directions given in the order dated 11.04.2018 was filed vide Diary No.1794 dated 25.05.2018 along with newspaper publications in 'Statesman' (English) Haryana Edition and 'Jansatta' (Hindi), Haryana Edition both dated 01.05.2018 and notices were sent to Statutory Authorities including Income Tax Department and to regulatory authorities namely Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), National Stock Exchange of India (NSE) and Bombay Stock Exchange (BSE). The certificates of dispatch issued by Net-Air Express Pvt. Ltd. certifying the dispatch of notices to 82519 shareholders, 16 secured creditors, 1702 unsecured creditors and other statutory authorities are also attached at Annexures A, B (Colly) and D respectively.

6. Report dated 5.06.2018 of the Chairperson along with the report of the Scrutinizer in respect of the meetings of equity shareholders, secured and



unsecured creditors of the Petitioner Company No.1 was filed by Diary No.2007 dated 05.06.2018.

7. The Chairperson has reported that the equity shareholders, secured and unsecured creditors of the Petitioner Company No.1 have approved the Scheme with the requisite majority. Thereupon, the instant petition was filed for approval of the Scheme in terms of Rule 15 of the Rules.

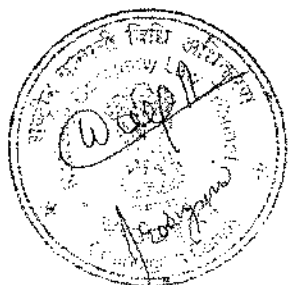
8. The main objects, date of incorporation, authorized and paid-up share capital and rationale of the Scheme were already discussed in detail in First Motion order dated 11.04.2018 passed by this Tribunal.

9. The learned Senior Counsel for the petitioner-companies submitted that the interest of the employees has been taken care of in Clause 9 of the 'Scheme' which is as under:-

*"Upon the coming into effect of this Scheme, all the employees relating to the PVC pipes undertaking that were employed by PIL, immediately before the Effective Date, shall become the employees of PPL without any break or interruption of service and with the benefit of continuity of service on terms and conditions which are not less favourable than the terms and conditions as were applicable to such employees relating to the PVC pipes undertaking of PIL immediately prior to the demerger of the PVC pipes undertaking." etc.*

10. The audited financials of the Petitioner Companies as on 31.03.2018 has been annexed as Annexure-P3 and Annexure-P6 respectively filed vide diary No. 2130 dated 12.06.2018 and which was refiled vide diary No. 2358 dated 09.07.2018.

11. As per the Scheme, the Appointed Date is April 1, 2018 or such other date as may be approved by the Tribunal. The Scheme provides for the manner in respect of share exchange ratio for which share exchange report and fairness report were filed. The share exchange ratio under the 'Scheme' has



been determined in accordance with the report on share entitlement dated 24.08.2017 of Price Waterhouse & Co. LLP. Chartered Accountants attached as Annexure-P7. According to the share entitlement report, the share exchange ratio is as follows:-

*"1 fully paid up equity share having face value of INR 10/- each of the Resulting Company for 8 fully paid up equity share of INR 10/- each in PIL."*

12. It is stated in Para 14 of the Scheme which is reproduced as under:-

*"14. REDUCTION OF SHARE CAPITAL OF PPL and PIL*

*4.1. REDUCTION OF SHARE CAPITAL OF PPL*

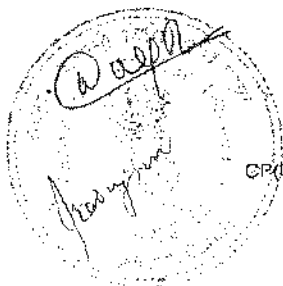
*a) With the issue and allotment of the new equity shares by PPL to the equity shareholders of PIL in accordance with clauses 12 of the Scheme, in the books of PPL, all the equity shares issued by PPL to PIL and held by PIL shall stand cancelled, extinguished and annulled on and from the Effective Date.*

*b) The cancellation, as aforesaid, which amounts to reduction of share capital of PPL, shall be effected as an integral part of this Scheme itself in accordance with the provisions of section 66 of the Act and the order of the Tribunal sanctioning the Scheme shall be deemed to be also the order under Section 66 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital."*

13. When the petition was listed on 13.07.2018, the following directions were issued:-

*"The petition be listed for hearing on 11.09.2018. Notice of hearing be advertised by the petitioner company No.1 in the same newspapers as mentioned in the first motion petition i.e. 'Statesman' (English) Haryana Edition and Jansatta (Hindi), Haryana Edition not less than 10 days before the aforesaid date fixed for hearing. Notice of hearing be advertised by the petitioner company No.2 in the newspapers India Express (English), Punjab Edition and Akali Patrika (Punjabi) Punjab Edition not less than 10 days before the aforesaid date fixed for hearing.*

*Notice be also served upon the Objector(s) or their representatives as contemplated under sub-section (4)*



of Section 230 of the Act who may have made representation and have desired to be heard in their representation along with a copy of the petition and the annexures filed therewith at least 15 days before the date fixed for hearing. It be specified in the notices that the objections, if any, to the Scheme contemplated by the authorities to whom notice has been given on or before the date of hearing fixed herein may be filed within thirty days from the date of the receipt of the notice, failing which it will be considered that there is no objection to the approval of the Scheme.

In addition to the above public notice, each of the petitioner companies shall serve the notice of the petition on the following Authorities namely, (a) Central Government through the office of the Regional Director (Northern Region), Ministry of Corporate Affairs (b) Registrar of Companies, NCT of Delhi and Haryana (c) Registrar of Companies, Punjab and Chandigarh, (d) Income Tax Department through the Nodal Officer-Principal Chief Commissioner of Income Tax, NWR Aaykar Bhawan, Sector 17-E, Chandigarh by mentioning PAN of the companies (e) NSE (f) BSE (g) SEBI (h) Reserve Bank of India (i) Official Liquidator Punjab, Haryana and Chandigarh along with copy of this petition by speed post immediately and to such other Sectoral Regulator(s) who may govern the working of the respective companies involved in the Scheme.

The petitioner-companies are directed to file specific affidavits of the authorized representative to the effect that there is no sectoral regulator governing the business of the petitioner-companies and the petitioner companies shall also file the affidavit at least two days before the date fixed to the effect that no objections to the Scheme have been received by the petitioner-companies.

Both the petitioners shall at least 7 days before the date of hearing of the petition file an affidavit of service regarding paper publication as well as service of notices on the authorities specified above including the sectoral regulator as well as to objectors, if any.

The petitioner companies shall individually comply with proviso to sub-section (3) of section 232 or proviso to sub-section (7) of Section 230, as may be applicable under the circumstances on or before the date fixed for hearing by filing the certificate of company's auditor. Registry shall also report before the date fixed as to

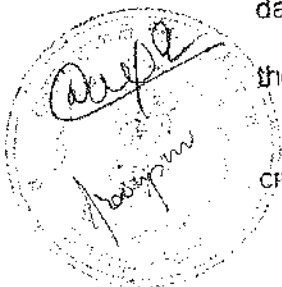


*whether any objection has been received to the proposed Scheme in the registry."*

14. The certificates of M/s Chaturvedi & Co. dated 24.08.2017, Chartered Accountants for Petitioner Company No. 1 and the certificate dated 15.02.2018 of M/s G.R. Keswani and Co., Chartered Accountants for Petitioner Company No. 2 stating therein that the accounting treatment provided in the scheme is in compliance with all applicable accounting standards notified by the Central Government under Section 133 of the Companies Act, 2013 which are attached as Annexure D and Annexure H with the affidavits dated 30.08.2018 filed by diary No.3282 dated 31.08.2018. In the certificate Annexure D it is certified that based on the examination and according to the information and explanations furnished, the accounting treatment contained in the scheme is in compliance with SEBI (listing obligations and Disclosure Requirements), Regulations, 2015 and circulars issued thereunder and all applicable Accounting Standards notified by the Central Government under the Companies Act, 2013.

15. The learned counsel for the petitioner companies filed compliance affidavits of the authorized representatives dated 30.08.2018 (diary No.3282 dated 31.08.2018) alongwith copies of newspaper publications in 'Statesman' (English) Haryana Edition, Jansatta (Hindi), Haryana Edition, India Express (English), Punjab Edition and Akali Patrika (Punjabi) Punjab Edition, all dated 24.08.2018 annexed as Annexure-B, Annexure-C, Annexure-F and Annexure-G respectively. The registry also reported on 10.09.2018 that no objections have been received against the scheme in this Tribunal.

16. It is also stated in the affidavit dated 30.08.2018 (diary No. 3282, dated 31.08.2018) that individual notices were sent by the petitioner-companies to the Regional Director (Northern Region), Ministry of Corporate Affairs; Registrar of



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Companies, NCT of Delhi and Haryana; Registrar of Companies, Punjab and Chandigarh, Principal Chief Commissioner of Income Tax, Chandigarh; NSE; BSE; SEBI; Reserve Bank of India and Official Liquidator Punjab, Haryana and Chandigarh. Further, it is stated that the petitioner companies do not have any other sectoral regulator or authorities apart from the above mentioned authorities. The postal receipts of the notices sent to the statutory authorities are attached as Annexure-A and Annexure-E of the said affidavits.

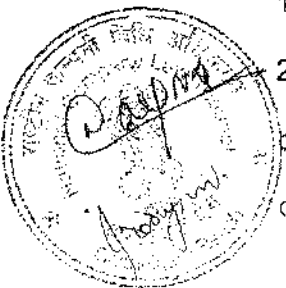
17. It is also stated in the affidavits of the petitioners filed vide diary No. 3283 dated 31.08.2018 of their respective Directors stating therein that no objection to the proposed scheme of arrangement has been received from any person/party interested in the scheme as contemplated under Section 230(4) of the Companies Act, 2013.

18. We have heard the learned Senior Counsel for the petitioners, Mr. Afsar Ali, Assistant Registrar of Companies, Chandigarh and Punjab and learned counsel for the Income Tax Department and perused the records carefully.

19. The Registrar of Companies, NCT of Delhi and Haryana filed its report dated 03.07.2018 (diary No.928 dated 09.07.2018) wherein it is stated that vide its e-mail dated 20.04.2018, Centralized Scrutiny and Prosecution Mechanism (CSPM) for compliance of CSR provisions of the Companies Act, 2013 (Act) has been set up in the CSR Cell of the Ministry of Corporate Affairs (MCA) and the Demerged Company is presently under scrutiny for violation of section 135 r/w section 134 (3)(o) of Companies Act, 2013. As per report of the ROC, the company has filed the Annual Returns and balance Sheets upto 2016-17. There is no investigation pending nor any proceedings under Sections 210 to

227 of the Companies Act, 2013. It is also observed that there are no adverse observations to the extent of proposed Scheme.

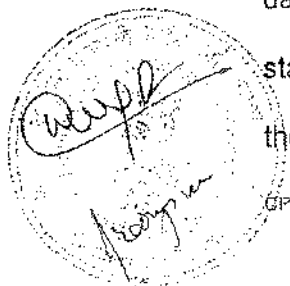
CP(CAA) No. 16/Chd/Pb/2018



20. The report of Registrar of Companies, Punjab and Chandigarh is attached with the report of the Regional Director. It is stated that there are no proceedings pending against any of the company and it has no adverse observations with regard to the proposed Scheme of Amalgamation.

21. The Regional Director, Northern Region, Ministry of Corporate Affairs filed its report by way of affidavit of Dr. Raj Singh, Regional Director dated 05.09.2018 (diary No.3430 dated 11.09.2018) in which he has made certain observations. It has been stated in Para 12 of the report that the Petitioner Company No. 1 may be directed to give an undertaking to comply with Section 135 read with Section 134(3)(o) along with other provisions of the Companies Act, 2013 for compliance of Corporate Social Responsibility. Further, it has been stated in Para 13 of the report that the petitioner companies may be directed to give an undertaking to pay the stamp duty as may be applicable upon transfer of assets due to the arrangement/ demerger of undertaking/assets. It has been stated in para 8 of the report that as per reply of petitioner companies, post Demerger the Authorized Share Capital of the Resulting Company shall stand increased from 1,00,000 to 25,00,00,000 assuming Record Date as 03.06.2018. Therefore, the Petitioner Companies may be directed to furnish an undertaking for payment of prescribed fee and stamp duty on its increased Authorized Share Capital.

22. In response to the observations of the Regional Director, the petitioner companies filed reply by way of affidavits dated 07.09.2018 of the authorized representatives of the respective petitioner Companies (diary No.3399 dated 10.09.2018) wherein the petitioner companies have undertaken to pay the stamp duty as may be applicable consequent upon the transfer of assets due to the arrangement/demerger of undertaking/assets and also Petitioner Company



No. 2 has undertaken to pay the prescribed fee and stamp duty on its increased authorised share capital. Further, Petitioner Company No.1 has undertaken that the company has complied with the requirements of Section 135 read with Section 134 and other relevant provisions of the Companies Act, 2013 in respect of Corporate Social Responsibility.

23. BSE filed its report dated 24.08.2018 (diary No.1226 dated 30.08.2018) wherein it was stated that the Petitioner Company No. 1 may be directed to amend/modify the Scheme by incorporating certain provisions in the Scheme as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated 10.03.2017 and as per Para 4(iv) of the observation letter dated 15.01.2018. A copy of the observation letter is attached as Annexure A of this affidavit.

24. In reply to the report of the Bombay Stock Exchange, the petitioner companies filed affidavits dated 27.08.2018 (diary No. 3207 dated 28.08.2018) alongwith the amended scheme incorporating the clause as required by BSE in its Observation Letter. It is also stated in respect of Petitioner Company No. 2 that *"there shall be no change in the shareholding pattern of Petitioner Company No. 2 between the record date and the listing which may affect the status of this approval"*. It is further stated by the petitioner companies that the declaration required by BSE has been incorporated under Clause 12.13 of the Scheme. A copy of the amended Scheme has been enclosed as Annexure – 1 and Board Resolution of the Petitioner Companies dated 24.08.2017 in this regard are attached as Annexure 2 and 3 respectively of the affidavits. Thereafter, the BSE vide another letter dated 05.09.2018 stated that the company has amended the Scheme and added the abovesaid clause in the Scheme and therefore, requested the Tribunal to take the same on record and consider the representation of the Exchange.

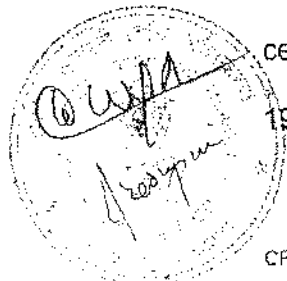




25. Mr. Raj Kishore, Asstt. Commissioner of Income Tax, Central Circle-30, New Delhi has filed his report dated 25.10.2018 through Mr. Yogesh Putney, the standing counsel on 11.12.2018 in respect of the Petitioner Company No. 1. It is stated in the report that at present, there is no demand outstanding against the Petitioner Company No.1. However, the assessment proceedings for the AY 2006-07, 2007-08, 2008-09, 2009-10, 2011- 12 and 2016-17 are pending in the case of the Petitioner Company No. 1 and the resultant demand at this stage cannot be determined till the assessment is completed. It is further submitted that matter needs examination/analysis of the condition to be fulfilled as per section 2 (19AA) and section 72A(5) and other related provisions of the Income Tax Act and other concerning issues. Therefore, it is requested that the report may be treated as interim report and that the final report will be sent at the earliest.

26. Mr. Rajesh Gupta, Income Tax Officer, Ward 4(4), Amritsar has filed his report dated 25/26.10.2018 through Mr. Yogesh Putney, the standing counsel on 11.12.2018 in respect of Petitioner Company No.2 stating therein that they have no objection with respect to the proposed demerger.

27. Further, the learned counsel for the petitioner companies filed affidavit of Mr. Vikram Agarwal, authorised signatory of Petitioner Company No. 1 dated 27.10.2018 (diary no 4203 dated 29.10.2018) stating therein the details of the assessment proceedings pending with Assistant Commissioner of Income Tax, Central Circle 30, New Delhi. It is also stated that there is no demand outstanding against Petitioner Company No.1 and demand arising, if any, shall be paid by Petitioner Company No.1. Further, the Petitioner Company No.1 has also certified that the requirement of Section (19AA) and 72A(5) of the Income Tax Act, 1961 has been fully satisfied. These undertakings are taken on record.

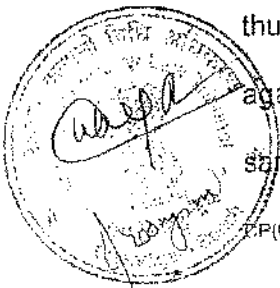


28. When the matter was listed on 29.01.2019, the petitioner companies were directed to place all the material facts as mentioned in clause (a) of sub-section (2) of Section 232 of the Companies Act, 2013 and also the pendency of any investigation or proceedings against the company.

29. The learned counsel for the petitioner companies filed affidavits vide Diary No.524 dated 01.02.2019 of the authorized signatories of the respective petitioner companies stating therein that there are no investigations or proceedings under Section 235 or 250A or any other relevant provisions of the Companies Act, 1956 or under Section 210 or 226 or under any other relevant provisions of the Companies Act, 2013 pending against the companies.

30. On 25.02.2019, the learned Senior Counsel sought an adjournment for filing additional affidavit alongwith documents in terms of clause (a) of sub-section (2) of Section 230 of the Act.

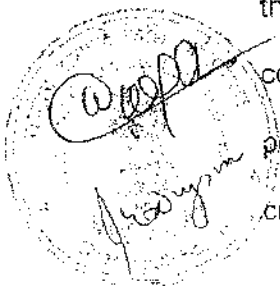
31. In compliance of the above mentioned order, the petitioner companies filed additional affidavit dated 26.02.2019 of their authorized signatories vide Diary No. 998 dated 27.02.2019 stating therein that an investigation was initiated against the Demerged Company by the Enforcement Directorate but it does not pertain to the Demerged Undertaking of the Demerged Company. The proceedings pertain to the 'steel division' of the Demerged Company which shall not be transferred pursuant to the demerger. It is also stated that the Demerged Company is not being wound up pursuant to this Scheme of Arrangement and the remaining two divisions i.e. the Steel Division and the Power Division shall continue to be a part of the Demerged Company and thus, any proceedings by or against the Demerged Company shall continue against the Demerged Company itself, which shall continue to exist post the sanction of this Scheme of Arrangement and would thus remain the entity



responsible for actions under investigation. These undertakings are also taken on record.

32. The Demerged Company further submits that apart from the above there are no other investigations pending against the Demerged Company as on date. Regarding the statutory proceedings pending against the Demerged Company relating to income tax, excise duty and other related matters, the company undertakes to discharge its liabilities, if any, upon final adjudication, subject to its right to appeal.

33. In view of the above discussion, we conclude that the objections/observations to the Scheme received from ROC, RD, BSE and IT Department have been adequately replied by the Petitioner Companies and hence, there is no impediment in the sanction of the Scheme. The Amended Scheme (Annexure-1 of diary no. 3207 dated 28.08.2018) is approved and we hereby declare the same to be binding on all the shareholders and creditors of the Petitioner Companies and on all concerned. While approving the Scheme, it is clarified that this order should not be construed as an order in any way granting exemption from payment of any stamp duty, taxes, or any other charges, if any, and payment in accordance with law or in respect of any permission/compliance with any other requirement which may be specifically required under any law. With the sanction of the Scheme, the Demerged Undertaking of the Demerged Company shall be transferred to the Resulting Company. Notwithstanding the above, if there is any deficiency found, or violation committed qua any enactment, statutory rule or regulation, the sanction granted by this Tribunal will not come in the way of action being taken, albeit, in accordance with law, against the concerned persons, directors and officials of the petitioners as well as the petitioners.



**THIS TRIBUNAL DO FURTHER ORDER:**

- i) That all the property, rights and powers of the 'Demerged Undertaking' be transferred, without further act or deed, to the Resulting Company and accordingly, the same shall, pursuant to Section 230 to 232 of the Companies Act, 2013 be transferred to and vest in the Resulting Company for all estate and interest of the Demerged Undertaking therein but subject nevertheless to all charges now affecting the same; and
- ii) That all the liabilities and duties of the Demerged Undertaking be transferred without further act or deed, to the Resulting Company and accordingly, the same shall, pursuant to Section 230 to 232 of the Act, be transferred to and become the liabilities of the Resulting Company; and
- iii) That all the proceedings now pending by or against the Demerged Undertaking be continued by or against the Resulting Company; and
- iv) That all the employees of the Demerged Undertaking shall be transferred to the Resulting Company in terms of the 'Scheme'; and
- v) The authorized share capital and issued and paid up share capital of the Resulting Company shall stand increased and that of Demerged Undertaking shall stand reduced as provided in the Scheme; and
- vi) That the Resulting Company do, without further application, allot to the members of the Demerged Company, shares of the



Resulting Company to which they are entitled under the said Scheme of Arrangement/Demerger; and

- vii) That the fee, if any, paid by the Demerged Undertaking on its authorized capital shall be set off against any fees payable by the Resulting Company on its authorized capital subsequent to the sanction of the 'Scheme'; and
- viii) That the Resulting Company shall deposit an amount of ₹1,00,000/- (Rupees One Lac only) with the Pay & Accounts Officer in respect of the Regional Director, Northern Region, Ministry of Corporate Affairs and ₹40,000/- (Rupees Forty Thousand only), in favour of "The Company Law Tribunal Bar Association" Chandigarh within a period of three weeks from the receipt of the certified copy of this order.
- ix) That any person interested shall be at liberty to apply to the Tribunal in the above matter for any directions that may be necessary, and

34. As per the above directions and Form No. CAA.7 of Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, formal orders be issued on the petitioners filing the schedule of properties i.e. (i) freehold property of the Demerged Company and (ii) leasehold property of the Demerged Company by way of affidavit.

— Sd —  
(Pradeep R. Sethi)  
Member (Technical)

March, 14 2019  
Yashpal

CP(CAA) No. 16/Chd/Pb/2018

*Renounced by  
open court*



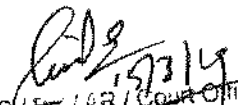
— Sd —  
(Justice R.P. Nagrath)  
Member (Judicial)

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DEPUTY / AR / CLERK / Officer  
National Company Law Tribunal  
Chandigarh Bench, Chandigarh

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL  
CHANDIGARH

COMPANY PETITION NO. \_\_\_\_\_ OF 2018  
CONNECTED WITH  
CP (CAA) No. 07/CHD/PB/2018

In the matter of the  
Companies Act, 2013;

And

In the matter of Sections  
230 to 232 and other  
relevant provisions of the  
Companies Act, 2013;

And

In the matter of Scheme  
of Arrangement of Prakash  
Industries Limited and  
Prakash Pipes Limited and  
their respective  
shareholders and creditors

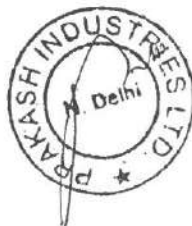
**Prakash Industries Limited**

-----Petitioner-1/  
Demerged Company

**AND**

**Prakash Pipes Limited**

-----Petitioner-2/  
Resulting Company



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39 35  
ANNEXURE-PH  
A

SCHEME OF ARRANGEMENT

BETWEEN

PRAKASH INDUSTRIES LIMITED (DEMERGED COMPANY)

AND

PRAKASH PIPES LIMITED (RESULTING COMPANY)

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

UNDER SECTIONS 230 TO 232 OF THE COMPANIES ACT, 2013 READ  
WITH SECTION 66 OF THE COMPANIES ACT, 2013

For Prakash Pipes Limited

*Kaushal*  
Director



For PRAKASH INDUSTRIES LTD

*[Signature]*  
DIRECTOR



*[Signature]*



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## PREAMBLE

This Scheme (hereinafter defined) is presented under Section 230 to 232 of the 2013 Act (hereinafter defined) read with section 66 of the Act, and other relevant provisions of the Act, as applicable from time to time, for the transfer and vesting of PVC Pipes Undertaking (hereinafter defined) of PIL (hereinafter defined) to PPL with effect from the Appointed Date (hereinafter defined), and upon the occurrence of the Effective Date (hereinafter defined). In addition, this scheme of arrangement also provides for various other matters consequential or otherwise integrally connected herewith.

## A. Background

1. Prakash Industries Limited ("PIL" or the "Demerged Company") is a public limited company incorporated under the provisions of Companies Act, 1956 on July 31, 1980 bearing Corporate Identification Number L27109HR1980PLC010724. The registered office of PIL is situated at 15 Km Stone Delhi Road, Hissar – 125044 (Haryana). The correspondence email address of PIL is pilho@prakash.com. The equity shares of PIL are listed on Bombay Stock Exchange Limited ("BSE") & National Stock Exchange of India Limited ("NSE").

PIL is primarily engaged in the following businesses:

- a) Steel;
- b) Power ; and
- c) PVC pipes

2. Prakash Pipes Limited ("PPL" or the Resulting Company) is a public limited company incorporated under the provisions of the Companies Act, 2013 on June 29, 2017 bearing Corporate Identification Number U25209PB2017PLC046660. The registered office of PPL is situated at Darjiyan Wali Gali, Rayya Teh-Baba Bakala, Amritsar-143112 (Punjab). The correspondence email address of PPL is pplho@prakash.com. The equity shares of PPL are not listed on any stock exchange.

PIL is the holding company of PPL. As on the date of filing of the Scheme, PIL along with its nominees holds 100% equity share capital of PPL.

## B. Rationale for the Scheme of Arrangement

The arrangement is aimed at demerger of "PVC pipes undertaking" (hereinafter defined) of PIL into PPL to segregate the said business. The transfer and vesting by way of a demerger shall achieve the following benefits for PIL and PPL :

- a) The PVC pipes undertaking carried on by PIL has significant potential for growth. The nature of risk, competition, challenges, opportunities and business methods for the PVC pipes undertaking is separate and distinct from the other businesses of the Company. The PVC pipes undertaking would become capable of attracting a different set of investors, strategic partners, lenders and other stakeholders.



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- b) PIL as well as PPL would have its own management teams, Board of Directors, who can chart out their own independent strategies to maximize value creation for their respective stakeholders. Demerger shall enable enhanced focus to the operations of the PVC pipes undertaking by PPL and the remaining business by PIL.
- c) The demerger will permit increased focus by PIL and PPL on their respective businesses in order to better meet their respective customers' needs and priorities, develop their own network of alliances and talent models that are critical to success.

There is no adverse effect of Scheme on any directors, key management personnel, promoters, non-promoter members, creditors and employees of PPL. The Scheme would be in the best interest of all stakeholders in PIL.

The transfer and vesting of the PVC pipes undertaking (hereinafter defined) into PPL would be in the best interests of the shareholders, creditors and employees of PIL and PPL, respectively, as it would result in enhanced value for the shareholders and allow focused strategy in operation of the PVC pipes undertaking and the remaining business of the PIL. Pursuant to this Scheme all the shareholders of the PIL will get shares in PPL and there would be no change in the economic interest for any of the shareholders of PIL pre and post implementation of the Scheme. Holders of FCCB of PIL shall be eligible to receive shares of PPL upon conversion of FCCB subject to and in accordance with the Scheme.

There is no adverse effect of Scheme on any directors, key management personnel, promoters, non-promoter members, creditors and employees of PIL. The Scheme would be in the best interest of all stakeholders in PPL.

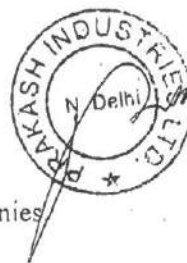
In view of the above rationale, the Board recommended a Scheme of Arrangement whereby the PVC pipes undertaking of PIL will be demerged into PPL as a going concern with effect from the Appointed Date (hereinafter defined). Accordingly, the Board of Directors of PIL and PPL have decided to make requisite applications and/or petitions before the Tribunal (hereinafter defined) as the case may be, as applicable under Sections 230 to 232 of the Act (hereinafter defined) read with section 66 of the Act, and other applicable provisions for the sanction of this Scheme.

#### C. Treatment of Scheme for the purposes of Income-Tax Act, 1961

The provisions of this Scheme have been drawn up to comply with the conditions relating to "Demerger" as defined under Section 2(19AA) of the Income-tax Act, 1961 ("IT Act"). If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the IT Act shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the IT Act. Such modifications will however not affect the other provisions of the Scheme.

#### D. The Scheme is divided into the following parts:

PART A deals with Definition and share capital of the companies



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PART B deals with the transfer and vesting of the PVC Pipes Undertaking (hereinafter defined) of PIL to and with PPL in accordance with section 230 to 232 of the Act (hereinafter defined) read with section 66 of the Act, other applicable provisions of the Act and/ or the 1956 Act (hereinafter defined), and in accordance with section 2(19AA) of the IT Act.

PART C deals with General terms and conditions that would be applicable to the Scheme.



## 1. DEFINITIONS

In this Scheme, unless inconsistent with the subject, the following expressions shall have the meanings respectively assigned against them:

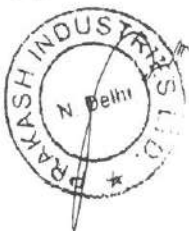
- 1.1 **"2013 Act" or "the Act"** means the Companies Act, 2013, as notified, and ordinances, rules and regulations made thereunder and shall include any statutory modification, re-enactment or amendments thereof.
- 1.2 **"1956 Act"** means the Companies Act, 1956 (as applicable) and ordinances, rules and regulations made thereunder and shall include any statutory modification, re-enactment or amendments thereof.
- 1.3 **"Appointed Date"** means 1<sup>st</sup> April, 2018 or such other date as may be decided by the Board of the Demerged Company and the Resulting Company with the consent or as per the direction by the Tribunal.
- 1.4 **"Board of Directors" or "Board"** means and includes the respective Boards of Directors of the Demerged Company and the Resulting Company or any committee constituted by such Board of Directors for the purposes of the Scheme.
- 1.5 **"PVC pipes business of PIL" or "PVC pipes undertaking"** means all, the businesses, undertakings, activities, properties and liabilities, whatsoever nature and kind and wheresoever situated, of PIL pertaining to the PVC pipes business, including specifically the following:
  - 1.5.1 all immovable properties i.e. land together with the buildings and structures standing thereon (whether freehold, leasehold, leave and licensed, right of way, tenancies or otherwise) including assets situated at Sarbarkhera, Gangapur Rakba, Kudaiyonwala, District- Udham Singh Nagar (Uttarakhand) and Industrial Area No. 3, Tehsil- Dhar, Pithampur (M.P.), offices, structures, warehouses, workshop, sheds, stores, DG Room, roads, laboratory, boundary walls, soil filling works, benefits of any rental agreement for use of premises, marketing offices, share of any joint assets, etc., which immovable properties are currently being used for the purpose of and in relation to the PVC pipes business and all documents (including panchnamas, declarations, receipts) of title, rights and easements in relation thereto and all rights, covenants, continuing rights, title and interest in connection with the said immovable properties;
  - 1.5.2 all assets, as are movable in nature pertaining to and in relation to the PVC pipes business, whether present or future or contingent, tangible or intangible, in possession or reversion, corporeal or incorporeal (including plant and machinery, capital work in progress, stores under progress, electrical fittings, furniture, fixtures, appliances, accessories, power lines, office equipments, computers, communication facilities,



/s/

installations, vehicles, inventory and tools and plants), stock-in-trade, stock-in-transit, raw materials, finished good packaging items, actionable claims, current assets, earnest monies and sundry debtors, financial assets, outstanding loans and advances, recoverable in cash or in kind or for value to be received, provisions, receivables, funds, cash and bank balances and deposits including accrued interest thereto with Government, semi-Government, local and other authorities and bodies, banks, customers and other, persons, insurances, the benefits of any bank guarantees, performance guarantees and letters of credit, and tax related assets, including but not limited to service tax input credits, CENVAT credits, value added/sales tax/entry tax credits or set-off, advance tax, minimum alternate tax credit, deferred tax assets/liabilities, tax deducted at source and tax refunds;

- 1.5.3 all permits, licenses, permissions including municipal permissions, right of way, approvals, clearances, consents, benefits, registrations, rights, entitlements, credits, certificates, awards, sanctions, allotments, quotas, no objection certificates, exemptions, concessions, subsidies, liberties and advantages (including consent/authorisation granted by relevant Pollution Control Boards and other licenses/permits granted/issued/ given by any governmental, statutory or regulatory or local or administrative bodies for the purpose of carrying on the PVC pipes business or in connection therewith) including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereto that pertain exclusively to the PVC pipes business;
- 1.5.4 all contracts, agreements, purchase orders/service orders, operation and maintenance contracts, memoranda of understanding, memoranda of undertakings, memoranda of agreements, memoranda of agreed points, minutes of meetings, bids, tenders, expression of interest, letter of intent, hire and purchase arrangements, lease/licence agreements, tenancy rights, agreements/panchnamas for right of way, equipment purchase agreements, agreement with customers, purchase and other agreements with the supplier/manufacture of goods/service providers, other arrangements, undertakings, deeds, bonds, schemes, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise and all rights, title, interests, claims and benefits thereunder pertaining to the PVC pipes business;
- 1.5.5 all applications (including hardware, software, licenses, source codes, parameterization and scripts), registrations, licenses, trade names, service marks, trademarks, copyrights, patents, domain names, designs, intellectual property rights (whether owned, licensed or otherwise, and whether registered or unregistered), trade secrets, research and studies, technical knowhow, confidential information and all such rights of whatsoever description and nature that pertain exclusively to the PVC pipes business;
- 1.5.6 all rights to use and avail telephones, telexes, facsimile, email, Internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interests held in trusts, registrations, contracts, engagements, arrangements of all kind, privileges and all

other rights, easements, liberties and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in control of or vested in or granted in favour of or enjoyed by PIL pertaining to or in connection with or relating to the PVC pipes business and all other interests of whatsoever nature belonging to or in the ownership, power, possession or control of or vested in or granted in favour of or held for the benefit of or enjoyed by PIL and pertaining to the PVC pipes business;

1.5.7 all books, records, files, papers, engineering- and process information, software licenses (whether proprietary or otherwise), test reports, computer programmes, drawings, manuals, data, databases including databases for procurement, commercial and management, catalogues, quotations, sales and advertising materials, product registrations, dossiers, product master cards, lists of present and former customers and suppliers including service providers, other customer information, customer credit information, customer/supplier pricing information, and all other books and records, whether in physical or electronic form that pertain to the PVC pipes business;

1.5.8 all debts, liabilities including contingent liabilities, duties, taxes and obligations of PIL pertaining to the PVC pipes business and/or arising out of and/or relatable to the PVC pipes business including:

- a) the debts, liabilities, duties and obligations of PIL which arises out of the activities or operations of the PVC pipes business;
- b) specific loans and borrowings raised, incurred and utilized solely for the activities or operations of or pertaining to the PVC pipes Business; and
- c) liabilities other than those referred to in sub-clauses a) and b) above and not directly relatable to the Remaining Business of PIL, being the amounts of general and multipurpose borrowings of PIL shall be allocated to the PVC pipes undertaking in the same proportion which the value of assets transferred under this Scheme bears to the total value of PIL immediately before giving effect to Part II of the Scheme.

It is clarified that other than working capital borrowing, all other loans/ borrowings/ FCCBs/ debts have been raised and utilized solely for Steel & Power business.

1.5.9 all employees of PIL employed/engaged in the PVC pipes business as on the Effective Date; and

1.5.10 all legal or other proceedings of whatsoever nature that pertain to the PVC pipes business.

1.6 "Demerged Company": means Prakash Industries Limited (or "PIL").

1.7 "Effective Date" means the date on which the last of the conditions mentioned in Clause 18 of Part C of the Scheme is fulfilled. 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.





- 1.8 "National Company Law Tribunal" or "NCLT" or "Tribunal" means the National Company Law Tribunal, Chandigarh Bench.
- 1.9 "Record Date" means the date fixed by the Board of Directors of the Resulting Company or any committee thereof in consultation with the Demerged Company, for the purpose of determining names of the equity shareholders of the Demerged Company, who shall be entitled to receive the equity shares in the Resulting Company pursuant to Clause 12.1 of the Scheme, upon coming into effect of this Scheme.
- 1.10 "Remaining Business" means all assets, liabilities, businesses, activities and operations of the Demerged Company other than the Demerged Undertaking.
- 1.11 "Resulting Company" means Prakash Pipes Limited (or "PPL").
- 1.12 "RoC" means Registrar of Companies, Punjab and Chandigarh, and Registrar of Companies, Delhi and Haryana.
- 1.13 "Scheme" or "the Scheme" or "this Scheme" means this Scheme of Arrangement among the Demerged Company, the Resulting Company and their respective shareholders and creditors pursuant to the provisions of Sections 230 to 232 of the Act read with section 66 of the Act, and other applicable provisions of the Act or the 1956 Act, as the case may be, in its present form or with any modification(s) made under Clause 17 of the Scheme by the Board of Directors of the Demerged Company and the Resulting Company, and/ or as approved or directed by the Tribunal, as the case may be.
- 1.14 "SEBI" means Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992.
- 1.15 "SEBI Circulars" means Circular No. CFD/DIL3/CIR/CMD/2017/21 dated March 10, 2017, issued by SEBI and as amended from time to time or any other circulars issued by SEBI applicable to a scheme of arrangement.
- 1.16 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, the Securities Contract Regulation Act, 1956, the Depositories Act, 1996, SEBI Circulars and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or reenactment thereof from time to time.

## 2. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) and amendments(s) made under Clause 17 of the Scheme, approved or imposed or directed by the Tribunal as the case may be, as applicable, shall be effective from the Appointed Date, as the case may be, but shall be made operative from the Effective Date.

## 3. CAPITAL STRUCTURE OF THE COMPANIES

- 3.1. The share capital of PPL as at March 31, 2017 is as under:



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Particulars	Amount (INR)
<b>Authorized Share Capital</b>	
17,00,00,000 Equity Shares of INR 10 each	1,70,00,00,000
<b>Total</b>	<b>1,70,00,00,000</b>
<b>Issued, Subscribed and Paid Up Share Capital</b>	
13,90,46,331 Equity Shares of INR 10 each fully paid up	1,39,04,63,310
<b>Total</b>	<b>1,39,04,63,310</b>

Since March 31, 2017 and as on the date of filing of this Scheme, there has been a change in the capital structure of PIL. Post March 31, 2017 PIL has allotted 1,34,61,466 Equity Shares upon conversion of FCCBs as detailed below:

Date of allotment of Equity Shares	No. of Equity Shares allotted on conversion of FCCB
03.04.2017	34,97,861
18.04.2017	13,77,945
26.04.2017	10,59,958
07.06.2017	37,09,853
24.06.2017	2,64,989
10.07.2017	5,29,979
02.08.2017	30,20,881
<b>Total</b>	<b>1,34,61,466</b>

Accordingly, the share capital of PIL as at 24<sup>th</sup> August 2017 is as under:

Particulars	Amount (INR)
<b>Authorized Share Capital</b>	
20,00,00,000 Equity Shares of INR 10 each	2,00,00,00,000
<b>Total</b>	<b>2,00,00,00,000</b>
<b>Issued, Subscribed and Paid Up Share Capital</b>	
15,25,07,797 Equity Shares of INR 10 each fully paid up	1,52,50,77,970
<b>Total</b>	<b>1,52,50,77,970</b>



The Company's remaining outstanding FCCBs have an option to convert into equity shares





which may result in an increase in the issued and paid up capital of PIL.

3.2. The share capital of PPL as at June 29, 2017 (date of incorporation) is as under:

Particulars	Amount (INR)
<b>Authorized Share Capital</b>	
10,000 Equity Shares of INR 10 each	1,00,000
<b>Total</b>	<b>1,00,000</b>
<b>Issued, Subscribed and Paid Up Share Capital</b>	
10,000 Equity Shares of INR 10 each fully paid up	1,00,000
<b>Total</b>	<b>1,00,000</b>

Since June, 29, 2017 (i.e. from the date of incorporation of PPL) and as on the date of filing of this Scheme, there has been no change in the capital structure of PPL.

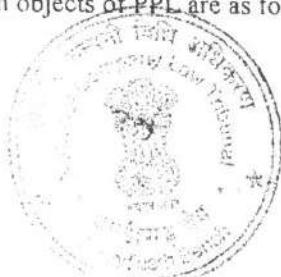
The entire shareholding of PPL is held by PIL and its nominees.

#### 4. MAIN OBJECTS

4.1. The main objects of PIL are as follows:

1. To manufacture, produce, process, design, buy, sell, import, export or otherwise deal in all kinds of tubes, pipes, pipes fittings, components, accessories and all kinds of hardware items whether made of steel, alloys, stainless steel, P.V.C., plastics, or any other metal (ferrous or non-ferrous) or substance or material, to act as and/or carry on the business of galvanisers, jappaners, re-rollers, annealers, enamellers, electroplators and to manufacture, produce, process, design, repair, convert, buy, sell, import export, or otherwise deal in such products, their bye-products and commodities, raw-materials, stores, packing materials tools, plant and machineries whether in India or abroad either on its own account or on account of its constituents and either solely or in conjunction with others.
2. To carry on business, whether in India or abroad, either on its own account or on account of constituents solely or in conjunction with others as manufacturers, producers, processors, dealers, importers, exporters, buyers, sellers, distributors, stockists, agents and/or suppliers of tubes and pipes and poles made partly or wholly of steel, P.V.C. plastic; any other metal, cement, concrete, stones, clay, timber, teak, board, Fibre, Fibreglass, Ferrous, Nonferrous Alloys, Strips, Sheets, paper, glass, rubber, any other natural or synthetic substance or compound and various types of fittings, accessories, gadgets, parts, machinery, plants, tools, packing materials, compounds, chemicals, formulations and other items required for or used with such pipes and tubes and tubular structures and furniture made of pipes or tubes.

4.2. The main objects of PPL are as follows:



1/1/1

1. To establish, own, run, manage and to carry on the business as manufacturers, producers, developers, traders, buyers, sellers, exporters, importers, operators, engineers, fabricators, contractors, sub contractors, brokers, assemblers, packers, re-packers, jobbers, designers, laminators, merchants, resellers, dealers, distributors, converters, recyclers of all kinds of goods used for the purpose of irrigation, water transportation, sanitary systems, drainage system, cable ducting, or for any other purpose wherein it can be used conveniently such as pipes, tubes, hoses, sprinklers, polyethylene pipes for sprinkler irrigation system, drippers, accessories, fittings HDPE, PP, LLDPE, plastic resins, plastic granules, polymers, monomers, polypropylene, thermoplastics, foam, adhesive, synthetic resins, emulsions, fibre glass, PVC compound, PVC Dryblend, PVC premix and the like whatever name called or their derivatives/ mixtures and to do all incidental acts and things necessary for the attainment of the above project.
2. To construct, build, develop, maintain, operate, own, and transfer, infrastructure facilities including water supply projects, irrigation projects, inland waterways and inland ports, water treatment system, solid waste management system, sanitation and sewerage system, or any other public facilities of a similar nature; any projects for providing telecommunications services.
3. To manufacturing, spinning, processing, weaving, selling, buying, importing, exporting or otherwise to deal in low and high density polythene, polypropylene high molecular, high density polythene films, sacks, Woven sacks, bags, HDPE bags, sheeting, laying off flat tubing and to convert, any of the polythene polypropylene HM/HDPE products into any size or shape for use in packing and wrapping of all varieties of goods and to print all plastics, high density/ low density polythene, polypropylene HM/HDPE products whether rigid or flexible for packing, wrapping, and for use as stationary articles, publicity and display and for daily domestics or commercial/industrial use.
4. To carry on the business as manufacturers, imports, exporters, dealers, (both wholesaler and retailer) processors, stockists, agents, distributors, traders, in all kind of PVC, HDPE, LLDPE, PLB, Cable, Duct pipe, Hose pipe, PVC pipe fittings, sanitary items, tiles made from granite, marbles, ceramics, partition, panel rods, plywood doors, windows made from aluminium, PVC wood, rails, grills, door closures, mirrors, fitting glasses, sanitary fittings, basin, shower, commode, pipe fittings, tap fittings, geysers, water filters, electric fittings and accessories, fans, lamps, security items, and sanitary items.



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## PART B - TRANSFER AND VESTING OF PVC PIPES UNDERTAKING FROM PIL TO PPL

## 5. TRANSFER AND VESTING OF PVC PIPES UNDERTAKING FROM DEMERGED COMPANY TO RESULTING COMPANY

- 5.1. Upon the coming into effect of this Scheme and with effect from the Appointed Date, the PVC pipes undertaking (including all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances of the PVC pipes undertaking) shall, without any further act, instrument, deed, matter or thing, be demerged from PIL and transferred to and vested in PPL or be deemed to have been demerged from PIL, and transferred to and vested in PPL as a going concern, so as to become as and from the Appointed Date, the estate, assets, rights, claims, title, interests and authorities of PPL, pursuant to Section 232 of the Act.
- 5.2. In respect of such of the assets of the PVC pipes undertaking as are movable in nature and/or otherwise capable of transfer by manual or constructive delivery of possession and/or by endorsement and delivery, the same shall be so transferred by PIL to PPL upon the coming into effect of this Scheme pursuant to the provisions of Section 232 of the Act without requiring any deed or instrument of conveyance for transfer of the same, and shall become the property of PPL as an integral part of the PVC pipes undertaking.
- 5.3. In respect of the movable assets other than those dealt with in clause 5.2 above, including but not limited to sundry debts, actionable claims, earnest monies, receivables, bills, credits, loans, advances and deposits with the Government, semi-Government, local and any other authorities and bodies and/or customers, if any, whether recoverable in cash or in kind or for value to be received, bank balances, etc. the same shall stand transferred to and vested in PPL without any notice or other intimation to any person in pursuance of the provisions of Sections 230 to 232 read with other relevant provisions of the Act to the end and intent that the right of PIL to recover or realize the same stands transferred to PPL. PPL shall, at its sole discretion but without being obliged, give notice in such form as it may deem fit and proper, to such person, as the case may be, that the said debt, receivable, bill, credit, loan, advance or deposit stands transferred to and vested in PPL and that appropriate modification should be made in their respective books/records to reflect the aforesaid changes.
- 5.4. In respect of such of the assets belonging to the PVC pipes undertaking other than those referred to in clause 5.2 and 5.3 above, the same shall, as more particularly provided in clause 5.1 above, without any further act, instrument or deed, be demerged from PIL and transferred to and vested in and/or be deemed to be demerged from PIL and transferred to and vested in PPL upon the coming into effect of this Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 230-232 of the Act.
- 5.5. All assets, rights, title, interests and investments of PIL in relation to the PVC pipes undertaking shall also without any further act, instrument or deed stand transferred to and vested in and be deemed to have been transferred to and vested in PPL upon the coming into effect of this Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 230-232 of the Act.



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- 5.6. Without prejudice to the generality of the foregoing, upon the coming into effect of this Scheme, all the rights, title, interest and claims of PIL in any leasehold/leave and licence/right of way properties of PIL in relation to the PVC pipes undertaking, shall, pursuant to Section 232 of the Act, without any further act or deed, be transferred to and vested in or be deemed to have been transferred to or vested in PPL automatically and on the same terms and conditions.
- 5.7. For the avoidance of doubt and without prejudice to the generality of the foregoing, it is expressly clarified that upon the coming into effect of this Scheme, all permits, licenses, permissions, right of way, approvals, clearances, consents, benefits, registrations, entitlements, credits, certificates, awards, sanctions, allotments, quotas, no objection certificates, exemptions, concessions, issued to or granted to or executed in favour of PIL, and the rights and benefits under the same, in so far as they relate to the PVC pipes undertaking and all quality certifications and approvals, trademarks, trade names, service marks, copy rights, domain names, designs, trade secrets, research and studies, technical knowhow and other intellectual properties (whether owned, licensed or otherwise, and whether registered or unregistered) and all other interests relating to the goods or services being dealt with by the PVC pipes undertaking and the benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses, and consents acquired by PIL, in relation to the PVC pipes undertaking shall be transferred to and vested in PPL and the concerned licensors and granters of such approvals, clearances, permissions, etc., shall endorse, where necessary, and record, in accordance with law, the name of PPL on such approvals, clearances, permissions and facilitate the approval and vesting of the same as part of the PVC pipes undertaking and continuation of operations pertaining to the PVC pipes undertaking in PPL without hindrance and that such approvals, clearances and permissions shall remain in full force and effect in favour of or against PPL, as the case may be, and may be enforced as fully and effectually as if, instead of PIL, PPL had been a party or beneficiary or obligee thereto.
- It is further clarified that PPL shall be entitled to use the corporate/ master brand name 'Prakash' and its related trademark/ Logo upon coming into effect of this Scheme as per the terms mutually agreed upon by the board of PIL and PPL.
- 5.8. In so far as various incentives, subsidies, exemptions, special status, service tax benefits, income tax holiday/benefit/losses and other benefits or exemptions or privileges enjoyed, granted by any Government body, regulatory authority, local authority or by any other person, or availed of by PIL are concerned, the same shall, without any further act or deed, in so far as they relate to the PVC pipes undertaking, vest with and be available to PPL on the same terms and conditions, as if the same had been allotted and/or granted and/or sanctioned and/or allowed to PPL.
- 5.9. Any claims due to PIL from its customers or otherwise and which have not been received by PIL as on the date immediately preceding the Effective Date as the case may be, in relation to or in connection with the PVC pipes undertaking, shall also belong to and be received by PPL.
- 5.10. All assets, estate, rights, title, interest and authorities acquired by PIL after the Appointed





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Date and prior to the Effective Date for operation of the PVC pipes undertaking shall also stand transferred to and vested in PPL upon the coming into effect of this Scheme.

- 5.11. Upon the coming into effect of this Scheme, all debts, duties, obligations and liabilities (including contingent liabilities) of PIL relating to the PVC pipes undertaking shall without any further act, instrument or deed be and stand transferred to PPL and shall thereupon become the debts, duties, obligations and liabilities of PPL, which it undertakes to meet, discharge and satisfy to the exclusion of PIL and to keep PIL indemnified at all times from and against all such debts, duties, obligations and liabilities and from and against all actions, demands and proceedings in respect thereto. It shall not be necessary to obtain the consent of any third party or other person, who is a party to an act or arrangement by virtue of which such debts, obligations, duties and liabilities have arisen in order to give effect to the provisions of this clause.
- 5.12. Upon the Scheme coming into effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations, secured or unsecured, relating to the PVC Pipes Undertaking, whether provided for or not in the books of accounts of PIL or disclosed in the balance sheet of such PVC Pipes Undertaking, including general and multipurpose borrowings, if any, dealt with in accordance with Section 2(19AA) of the IT Act, shall become and be deemed to be, the debts, liabilities, contingent liabilities, duties and obligations of PPL, without any further act, instrument or deed required by either PIL or PPL. PPL undertakes to meet, discharge and satisfy the same to the exclusion of the PIL. 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 sub-clause. However, PIL and PPL shall, if required, file appropriate forms with the RoC accompanied by the sanction order of the Court or a certified copy thereof and execute necessary deeds or documents in relation to creation/satisfaction/modification of charges to the satisfaction of the lenders, in relation to the assets being transferred to PPL as part of the PVC Pipes Undertaking and/or in relation to the assets remaining in PIL after the demerger and vesting of PVC Pipes Undertaking in PPL pursuant to this Scheme becoming effective in accordance with the terms hereof. Where any of the loans, liabilities and obligations attributed to PVC Pipes Undertaking have been discharged by PIL on behalf of PPL after the Appointed Date, such discharge shall be deemed to have been done by PIL for and on behalf of PPL.
- 5.13. Subject to clause 5.12 above, from the Effective Date, PPL alone shall be liable to perform all obligations in respect of the liabilities of the PVC pipes undertaking as the borrower/issuer thereof, and PIL shall not have any obligations in respect of the said liabilities.
- 5.14. Where any of the liabilities and obligations of PIL as on the Appointed Date deemed to be transferred to PPL, have been discharged by PIL after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of PPL and all liabilities and obligations incurred by PIL for the operations of the PVC pipes undertaking after the Appointed Date and prior to the Effective Date shall be deemed to have been incurred for and on behalf of PPL and to the extent of their outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to PPL and shall become



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the liabilities and obligations of PPL, which shall meet, discharge and satisfy the same.

- 5.15. Any claims, liabilities or demands arising on account of the PVC pipes undertaking of PIL which relates to the period prior to the Appointed Date but arises at any time after the Effective Date shall be entirely borne by PPL. In the event that such liability is incurred by or such claim or demand is made upon PIL, then PPL shall indemnify PIL for any payments made in relation to the same.
- 5.16. Subject to the other provisions of this Scheme, in so far as the assets of the PVC pipes undertaking are concerned, the security, pledge, existing charges and mortgages, over such assets, to the extent they relate to any loans or borrowings of the Remaining Business of PIL shall, without any further act, instrument or deed be released and discharged from the same and shall no longer be available as security, pledge, charges and mortgages in relation to those liabilities of PIL which are not transferred to PPL.
- 5.17. As per the terms and conditions as set out in the Offering Circulars dated April 26, 2010, September 30, 2015 and August, 2017 issued in respect of the FCCBs ("Offering Circular") for issue of FCCBs, by PPL, upon the coming into effect of this Scheme and subject to applicable law, PPL shall guarantee the due payment of all sums expressed to be payable by PIL to the outstanding FCCB holders and in this regard shall enter into such deed or document, as may be required, with the trustee of the outstanding FCCB holders to give effect to the aforesaid. In case of payment of any outstanding sum to the outstanding FCCB holder by PPL, as per the terms and conditions set out in the Offering Circular, PIL shall, without any further act, instrument, deed, matter or thing, make the payment to PPL within such period as may be mutually decided between PIL and PPL.
- 5.18. In so far as the assets of the Remaining Business of PIL are concerned, the security, pledge, existing charges and mortgages over such assets, to the extent they relate to any loans or borrowings of the PVC pipes undertaking shall, without any further act, instrument or deed be released and discharged from such security, pledge, charges and mortgages. The absence of any formal amendment which may be required by a bank and/or financial institution in order to affect such release shall not affect the operation of this clause.
- 5.19. In so far as the existing security in respect of the loans and other liabilities relating to the Remaining Business of PIL are concerned, such security shall, without any further act, instrument or deed be continued with PIL only on the assets which are remaining with PIL.
- 5.20. Without any prejudice to the provisions of the foregoing clauses and upon the Scheme being effective, PIL, and PPL shall execute any instrument(s) and/or document(s) and/or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the Registrar of Companies, Punjab and Chandigarh to give formal effect to the provisions of this clause and foregoing clauses, if required.
- 5.21. Upon the coming into effect of this Scheme, PIL alone shall be liable to perform all obligations in respect of all debts, liabilities, duties and obligations pertaining to the Remaining Business of PIL and PPL shall not have any obligations in respect of the Remaining Business of PIL.

The foregoing provisions shall operate, notwithstanding anything to the contrary contained in



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any instrument, deed or writing or the terms of sanction or issue or any security documents, all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.

- 5.23. On and from the Effective Date, and thereafter, PPL shall be entitled to operate all bank accounts of PIL, in relation to or in connection with the PVC pipes undertaking, and realize all monies and complete and enforce all pending contracts and transactions and to accept stock returns and issue credit notes in respect of PIL, in relation to or in connection with the PVC pipes undertaking, in the name of PPL in so far as may be necessary until the transfer of rights and obligations of the PVC pipes undertaking to PPL under this Scheme have been formally given effect to under such contracts and transactions.
- 5.24. For avoidance of doubt and without prejudice to the generality of the applicable provisions of the Scheme, it is clarified that with effect from the Effective Date and till such time that the name of bank accounts of PIL, in relation to or in connection with the PVC pipes undertaking, have been replaced with that of PPL, PPL shall be entitled to operate the bank accounts of PIL, in relation to or in connection with the PVC pipes undertaking, in the name of PIL in so far as may be necessary. All cheques and other negotiable instruments, payment orders received or presented for encashment, which are in the name of PIL in relation to or in connection with the PVC pipes undertaking, after the Effective Date shall be accepted by the bankers of PPL and credited to the account of PPL, if presented by PPL. PPL shall be allowed to maintain bank accounts in the name of PIL for such time as may be determined to be necessary by PPL for presentation and deposition of cheques and pay orders that have been issued in the name of PIL, in relation to or in connection with the PVC pipes undertaking. It is hereby expressly clarified that any legal proceedings by or against PIL, in relation to or in connection with the PVC pipes undertaking, in relation to the cheques and other negotiable instruments, payment orders received or presented for encashment, which are in the name of PIL shall be instituted, or as the case may be, continued by or against PPL after the coming into effect of this Scheme.
- 5.25. It is clarified that in order to ensure the smooth transition and sales of products and inventory of PIL, in relation to or in connection with the PVC pipes undertaking, manufactured and/or branded and/or labelled and/or packed in the name of PIL prior to the Effective Date, PPL shall have the right to own, use, market, sell, exhaust or to in any manner deal with any such products and inventory (including packing material) pertaining to the PVC pipes undertaking at manufacturing locations or warehouses or retail stores or elsewhere, without making any modifications whatsoever to such products and/or their branding, packing or labelling. All invoices/payment related documents pertaining to such products and inventory (including packing material) shall be raised in the name of PPL after the Effective Date.
- 5.26. It is hereby clarified that all assets and liabilities of the PVC pipes undertaking, which are set forth in the closing balance sheet of PIL as on the close of business hours on the date immediately preceding the Appointed Date, shall be transferred at values appearing in the books of account of PIL as on the Appointed Date.



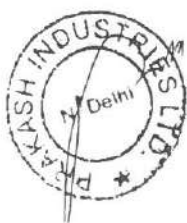
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6. LEGAL PROCEEDINGS

- 6.1. (Upon the coming into effect of this Scheme, all legal or other proceedings (including before any statutory or quasi-judicial authority or tribunal) by or against PIL, under any statute, whether pending on the Appointed Date, or which may be instituted any time in the future and in each relating to the PVC pipes undertaking shall be continued and enforced by or against PPL after the Effective Date. In the event that the legal proceedings referred to herein require PIL and PPL to be jointly treated as parties thereto, PPL shall be added as a party to such proceedings and shall prosecute and defend such proceedings in co-operation with PIL. In the event of any difference or difficulty in determining as to whether any specific legal or other proceedings relate to the PVC pipes undertaking or not, a decision jointly taken by the Board of Directors of PIL and PPL in this regard, shall be conclusive evidence of the matter.
- 6.2. If proceedings are taken against PIL in respect of the matters referred to in clause 6.1 above, it shall defend the same in accordance with the advice of PPL and at the cost of PPL, and the latter shall reimburse and indemnify PIL against all the liabilities and obligations incurred by PIL in respect thereof.)
- 6.3. PPL shall have all legal or other proceedings initiated by or against PIL with respect to the PVC pipes undertaking, transferred into its name and to have the same continued, prosecuted and enforced by or against PPL to the exclusion of PIL.

7. CONTRACTS, DEEDS, ETC.

- 7.1. Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the PVC pipes undertaking to which PIL is a party or to the benefit of which PIL may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall be in full force and effect by or against or in favour of PPL, as the case may be, and may be enforced as fully and effectually as if, instead of PIL, PPL had been a party or beneficiary or obligee thereto.
- 7.2. Notwithstanding the fact that vesting of the PVC pipes undertaking occurs by virtue of this Scheme itself, PPL may, at any time after the coming into effect of this Scheme, in accordance with the provisions hereof, if so required, take such actions and execute such deeds (including deeds of adherence), confirmations or other Writings or tripartitents with any party to any contract or arrangement to which PIL is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. PPL will, if necessary, also be a party to the above. PPL shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of PIL and to carry out or perform all, such formalities or compliances referred to above on the part of PIL to be carried out or performed.
- 7.3. Without prejudice to the aforesaid, it is clarified that if any assets (estate, claims, rights, title, interests in or authorities relating to such assets) or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the PVC pipes undertaking which PIL own or to which PIL is a party to, cannot be transferred to PPL for any reason whatsoever, PIL shall hold such asset or contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of





PPL, in so far as it is permissible so to do, till such time as the transfer is effected.

#### 8. SAVING OF CONCLUDED TRANSACTIONS

- 8.1. The transfer and the vesting of the assets, liabilities and obligations of the PVC pipes undertaking under clause 5 hereof and the continuance of proceedings by or against PPL under clause 6 hereof shall not affect any transaction or proceedings already completed by PIL on or after the Appointed Date, to the end and intent that PPL accepts all acts, deeds and things done and executed by and/or on behalf of PIL as acts, deeds and things made, done and executed by and on behalf of PPL.

#### 9. STAFF, EMPLOYEES & WORKMEN

- 9.1. Upon the coming into effect of this Scheme, all the employees relating to the PVC pipes undertaking that were employed by PIL, immediately before the Effective Date, shall become the employees of PPL without any break or interruption of service and with the benefit of continuity of service on terms and conditions which are not less favourable than the terms and conditions as were applicable to such employees relating to the PVC pipes undertaking of PIL immediately prior to the demerger of the PVC pipes undertaking. )a1
- 9.2. PPL agrees that the service of all employees pertaining to the PVC pipes undertaking with PIL up to the Effective Date shall be taken into account for the purpose of all retirement benefits to which they may be eligible in PIL up to the Effective Date. PPL further agrees that for the purpose of payment of any retrenchment compensation, gratuity or other terminal benefits, such past service with PIL, shall also be taken into account and agrees and undertakes to pay the same as and when payable.
- 9.3. Upon the coming into effect of this Scheme, PPL shall make all the necessary contributions for such transferred employees relating to the PVC pipes undertaking, and deposit the same in provident fund, gratuity fund or superannuation fund or any other special fund or staff welfare scheme or any other special scheme. PPL will also file relevant intimations in respect of the PVC pipes undertaking to the statutory authorities concerned who shall take the same on record and substitute the name of PPL for PIL.
- 9.4. In so far as the existing provident fund, gratuity fund and pension and /or superannuation fund/trusts, retirement funds or employees state insurance schemes or pension scheme or employee deposit linked insurance scheme or any other benefits, if any, created by PIL for employees of the PVC pipes undertaking are concerned, such proportion of the funds, contributions to the funds or the scheme or the investments made into the funds relatable to the employees pertaining to the PVC pipes undertaking as on the Effective Date, who are being transferred along with the PVC pipes undertaking in terms of the Scheme, upon the coming into effect of this Scheme, shall be transferred to the necessary funds, schemes or trusts of PPL and till the time such necessary funds, schemes or trusts are created by PPL, all contribution shall continue to be made to the existing funds, schemes or trusts of PIL.



## 10. CONDUCT OF BUSINESS

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

- a) PIL undertakes to carry on and shall be deemed to carry on all businesses and activities and stand possessed of the properties and assets of the PVC pipes undertaking, for and on account of and in trust for PPL.
- b) All profits accruing to the PIL and all taxes thereon or losses arising or incurred by it with respect to the PVC pipes undertaking shall, for all purposes, be treated as and deemed to be the profits, taxes or losses, as the case may be, of PPL.
- c) All accretions and depletions in relation to the PVC pipes undertaking shall be for and on account of the PPL.

10.2. With effect from the date of approval to the Scheme by the Board of Directors of PIL and PPL, and upto and including the Effective Date:

- a) PIL shall carry on the business of the PVC pipes undertaking with reasonable diligence and business prudence and in the same manner as it had been doing hitherto.
- b) Except with the consent of their respective Board of Directors, PIL and PPL shall not make any change in its respective capital structure either by any increase (by issue of equity shares, bonus shares, convertible debentures or otherwise), decrease, reduction, reclassification, sub-division or consolidation, re-organization, or in any other manner effect the reorganization of capital of PPL.

10.3. PPL shall also be entitled, pending the sanction of the Scheme, to apply to the Central Government, State Government, and all other agencies, departments and statutory authorities concerned, wherever necessary, for such consents, approvals and sanctions which PPL may require including the registration, approvals, exemptions, reliefs, etc., as may be required/ granted under any law for time being in force for carrying on business of PVC pipes undertaking.

10.4. From the date of filing of this Scheme with the Tribunal and upto and including the Effective Date, PIL and PPL shall, unless expressly prohibited under this Scheme, carry on their respective business in ordinary course, including payment of any dividend and with the approval of their respective Board any other activity or business as may be deemed necessary or expedient in the opinion of the Board.

## 11. TREATMENT OF TAX

11.1. PPL will be the successor of PIL vis-à-vis the PVC pipes undertaking. Hence, it will be deemed that the benefits of any tax credits whether central, state, or local, availed vis-a-vis the PVC pipes undertaking and the obligations, if any, for payment of taxes on any assets of the PVC pipes undertaking or their erection and/or installation, etc. shall be deemed to have been availed by PPL, or as the case may be deemed to be the obligation of PPL.

11.2. With effect from the Appointed Date and upon the Scheme becoming effective, all taxes,



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duties, cess, receivables/ payables by PIL relating to the PVC pipes undertaking including all or any refunds/ credits/ claims/ tax losses/ unabsorbed depreciation relating thereto shall be treated as the assets/ liability or refund/ credit/ claims/ tax losses/ unabsorbed depreciation, as the case may be, of PPL.

- 11.3. PIL and PPL are expressly permitted to revise their tax returns including tax deducted at source ('TDS') certificates/ returns and to claim refund, advance tax, credits, excise and service tax credits, set off etc. on the basis of the accounts of the PVC pipes undertaking as vested with PPL upon coming into effect of this Scheme.
- 11.4. Any refund, under the Income-tax Act, 1961, Goods & Service Tax, Service Tax laws, Excise Duty laws, Central Sales Tax, applicable State Value Added Tax laws or other applicable laws/ regulations dealing with taxes/ duties/ levies due to PVC pipes undertaking of PIL consequent to the assessment made on PIL and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by PPL upon this Scheme becoming effective.
- 11.5. The tax payments (including, without limitation income tax, Goods & Service Tax, Service Tax, Excise Duty, Central Sales Tax, applicable State Value Added Tax, etc.) whether by way of tax deducted at source, advance tax, all earnest monies, security deposits provisional payments, payment under protest, or otherwise howsoever, by the PIL with respect to the PVC pipes undertaking after the Appointed Date, shall be deemed to be paid by the PPL and shall, in all proceedings, be dealt with accordingly.
- 11.6. Further, any tax deducted at source by PIL / PPL with respect to PVC pipes undertaking on transactions with the PIL/ PPL, if any (from Appointed Date to Effective Date) shall be deemed to be advance tax paid by the PPL and shall, in all proceedings, be dealt with accordingly.
- 11.7. Obligation for deduction of tax at source on any payment made by or to be made by PIL shall be made or deemed to have been made and duly complied with by PPL.
- 11.8. Upon the Scheme becoming effective, all unavailed credits and exemptions, benefit of carried forward losses and other statutory benefits, including in respect of income tax, Goods and Service Tax, Cenvat, Customs, VAT, Sales Tax, Service Tax etc. relating to the PVC pipes undertaking to which PIL is entitled to shall be available to and vest in PPL, without any further act or deed.
- 11.9. The Board of Directors of PIL shall be empowered to determine if any specific tax liability or any tax proceeding relates to the PVC pipes undertaking and whether the same would be transferred to PPL.

## 12. CONSIDERATION

- 12.1. Upon the coming into effect of this Scheme and in consideration of the transfer and vesting of the PVC pipes undertaking of PIL in PPL, PPL shall, without any further act or deed, issue and allot to the equity shareholders of PIL, whose names appear in the Register of Members of PIL, on a date (hereinafter referred to as "Record Date") to be fixed in that behalf by the Board of Directors of PIL, in consultation with PPL, for the purpose of reckoning the names of



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the equity shareholders of PIL, in consideration for the transfer of the PVC pipes undertaking in the following proportion namely,:

*"for every 8 equity share of face value of INR10/- (Rupees Ten only) each held in PIL as on the Record Date, the equity shareholders of PIL shall be issued 1 equity share of face value INR10/- (Rupees Ten only) each credited as fully paid-up in PPL"*

- 12.2. In issue and allotment of such shares as aforesaid, the fractional entitlements of shares of any shareholders of PIL shall not be taken into account, but such shares representing fractional entitlements shall be allotted to Company Secretary of PPL upon trust/ or separate trustee nominated by PPL, who will sell them on the date of listing of PPL or within such period of listing of PPL as may be decided by the Board of Directors of PPL, and distribute their sale proceeds (less expenses, if any) to the shareholders of PIL, who are entitled to such fractional shares.
- 12.3. The new equity shares issued, pursuant to clauses 12.1 above, shall be issued and allotted in a dematerialized form to those equity shareholders who hold equity shares in PIL in dematerialized form, into the account with the depository participant in which the equity shares of PIL are held or such other account with the depository participant as is intimated by the equity shareholders of PIL to PPL before the Record Date. All those equity shareholders of PIL who hold equity shares of PIL in physical form shall also have the option to receive the new equity shares, as the case may be, in dematerialized form, provided the details of their account with the depository participant are intimated in writing to PPL before the Record Date. In the event that PPL has received notice from any equity shareholder of PIL that equity shares are to be issued in physical form or if any equity shareholder has not provided the requisite details relating to his/her/its account with a depository participant or other confirmations as may be required or if the details furnished by any equity shareholder do not permit electronic credit of the shares of PPL, then PPL shall issue new equity shares of PPL in accordance with clauses 12.1 above, as the case may be, in physical form to such equity shareholder.
- 12.4. The new equity shares of PPL to be issued to the shareholders of PIL in terms of this scheme, shall be subject to the provisions of the Memorandum of Association and Articles of Association of PPL and shall rank pari-passu, in all respects with the then existing equity shares in PPL in all respects including dividends.
- 12.5. Where the new equity shares of PPL are to be allotted, pursuant to this scheme, to heirs, executors or administrators or, as the case may be, to successors of deceased equity shareholders of PIL, the concerned heirs, executors, administrators or successors shall be obliged to produce evidence of title satisfactory to the Board of Directors of PPL.
- 12.6. The new equity shares to be issued by PPL, pursuant to this scheme, in respect of any equity shares of PIL, which are held in abeyance under the provisions of Section 126 of the Act or otherwise shall, pending allotment or settlement of dispute by order of court or otherwise, be held in abeyance by PPL.

- 12.7. FCCB holders that exercise the option of conversion ("Converting FCCB Holder") after the record date, PPL shall issue corresponding number of equity shares, as per the share entitlement ratio mentioned in clauses 12.1 above, to such Converting FCCB Holders upon



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allotment of equity shares of PIL.

- 12.8. The equity shares allotted by PPL to the Converting FCCB Holder in terms of clause 12.7 above, will be listed and admitted to trading on the BSE and NSE in terms of the provisions of applicable law.
- 12.9. The approval of this Scheme shall be deemed to be due compliance of the provisions of section 62 of the Act and other relevant and the Act and applicable provisions of the Act, for the issue and allotment of new equity shares by PPL to the shareholders and Converting FCCB Holder, as provided in this Scheme.
- 12.10. In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholders of PIL, the Board of Directors of PIL shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer in PIL as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to PIL or PPL of equity shares in PPL issued by PPL upon the coming into effect of this Scheme.
- 12.11. PPL shall, if and to the extent required to, apply for and/or intimate and/or obtain any approvals from the concerned regulatory authorities. PPL shall comply with the relevant and applicable rules and regulations including the provisions of Foreign Exchange Management Act, 1999, if any, to enable PPL to issue and allot new equity shares to the non-residents, if any.
- 12.12. The new equity shares to be issued by PPL, in terms of this Scheme, will be listed and/or admitted to trading on the BSE and NSE, where the equity shares of PIL are listed and/or admitted to trading in terms of the provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and other applicable regulations. PPL shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the aforesaid stock exchanges. On such formalities being fulfilled the said stock exchanges shall list and /or admit such new equity shares also for the purpose of trading. The new equity shares allotted by PPL, pursuant to this scheme, shall remain frozen in the depositories system till the listing/trading permission is given by the BSE and NSE.

### 13. ACCOUNTING TREATMENT

#### Accounting treatment in the books of the PIL

On effectiveness of the Scheme and with effect from the Appointed Date, PIL shall account for Demerger of the PVC Pipes undertaking in its books of account in accordance with the Indian Accounting Standard (IND AS) prescribed under Section 133 of the Companies Act, 2013, as notified under the Companies (Indian Accounting Standard) Rules, 2015 and generally accepted accounted principles, as may be amended from time to time, as under:

- 13.1. All the Assets and the liabilities of the PVC pipes undertaking shall be reduced at their Book Value.





- 13.2. The difference between the book value of assets and book value of liabilities of the PVC pipes undertaking shall be adjusted first against the Capital Reserve and balance against the Securities Premium Reserve may be decided by the Board of Directors of PIL.
- 13.3. Upon the Scheme being effective, the investment of PIL in PPL shall stand cancelled. Upon cancellation, PIL shall credit its investment in PPL, the value of investment held by PIL in PPL, which stands cancelled and the same shall be debited to the reserves of PIL.
- 13.4. If considered appropriate for compliance with Accounting Standards, PIL may make suitable adjustment to the accounting treatment and adjust the effect thereof in the manner determined by the Board of Directors of PIL.

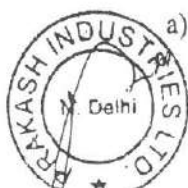
#### Accounting treatment in the books of PPL

On effectiveness of the Scheme and with effect from the Appointed Date, since the transaction involves entities which are ultimately controlled by the same party before and after the transaction, the Resulting Company, shall account for Demerger of the Demerged Undertaking in its books of account in accordance with Appendix C 'Business combinations of entities under common control' of the Indian Accounting Standard (IND AS) 103 for Business Combination prescribed under Section 133 of the Companies Act, 2013, as notified under the Companies (Indian Accounting Standard) Rules, 2015 and generally accepted accounted principles, as may be amended from time to time, as under:

- 13.5. PPL shall record the assets and liabilities of the PVC pipes undertaking vested in it pursuant to this Scheme at the respective Book Values thereof.
- 13.6. PPL shall credit its share capital account with the aggregate face value of the new equity shares issued by it to the members of PIL pursuant to Clause 12 of this Scheme.
- 13.7. In respect of cancellation of shares held by PIL, PPL shall debit to its Equity Share Capital Account, the aggregate face value of existing equity shares held by PIL in PPL with a corresponding credit to the Capital Reserves of PPL.
- 13.8. The difference between clause 13.5 and clause 13.6 above shall be recorded as capital reserve.
- 13.9. For issue of equity shares to the Converting FCCB Holder after the record date, PPL shall credit its Equity Share Capital Account the aggregate face value of the equity shares issued and allotted to the Converting FCCB Holder with a corresponding debit to the Capital Reserves of PPL.
- 13.10. If considered appropriate for the purpose of application of uniform accounting policies and method or for compliance with the applicable Accounting Standards, PPL may make suitable adjustment and adjust the effect thereof in the manner determined by the Board of Directors of PPL.

#### 14. REDUCTION OF SHARE CAPITAL OF PPL and PIL

##### 14.1. REDUCTION OF SHARE CAPITAL OF PPL



a) With the issue and allotment of the new equity shares by PPL to the equity shareholders of PIL in accordance with Clause 12 of the Scheme, in the books of



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PPL, all the equity shares issued by PPL to PIL and held by PIL shall stand cancelled, extinguished and annulled on and from the Effective Date.

- b) The cancellation, as aforesaid, which amounts to reduction of share capital of PPL, shall be effected as an integral part of this Scheme itself in accordance with the provisions of section 66 of the Act and the order of the Tribunal sanctioning the Scheme shall be deemed to be also the order under Section 66 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital.
- c) Notwithstanding the reduction as mentioned above, PPL shall not be required to add "and reduced" as suffix to its name and PPL shall continue in its existing name.

#### 14.2. REDUCTION OF SHARE CAPITAL OF PIL

- a) The reduction under Clause 13 in the capital reserve and securities premium account of PIL shall be effected as an integral part of the Scheme in accordance with the provisions of Sections 66 of the Act and the order of the Tribunal, as the case may be, as applicable sanctioning the Scheme shall be deemed to be also the order under Section 66 of the Act for the purpose of confirming the reduction. The approval granted by the shareholders to the Scheme shall be deemed to be the approval for the purpose of Section 66 and other relevant provisions of the Act. PIL and PPL shall not be obliged or required to call for a separate meeting of its shareholders/ creditors for obtaining their approval for sanctioning the reduction in capital reserves and / or securities premium account. The reduction does not involve either a diminution of liability in respect of unpaid share capital or payment of paid up share capital under the provisions of Section 66 of the Act.
- b) Notwithstanding the reduction as mentioned above, PIL shall not be required to add "and reduced" as suffix to its name and PIL shall continue in its existing name.

#### 15. REMAINING BUSINESS TO CONTINUE WITH PIL

- 15.1 The Remaining Business and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by PIL subject to the provisions of the Scheme.
- 15.2 All legal or other proceedings by or against PIL, under any statute, whether pending on the Appointed Date or which may be instituted in future whether or not in respect of any matter arising before the Effective Date and relating to the Remaining Business (including those relating to any property, right, power, liability, obligation or duties of PIL in respect of the Remaining Business) shall be continued and enforced by or against PIL. PPL shall in no event be responsible or liable in relation to any such legal or other proceedings by or against PIL.

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

- a) PIL shall carry on and shall be deemed to have been carrying on all business and

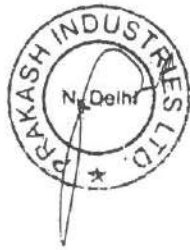


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activities relating to the Remaining Business for and on its own behalf;

- b) all profits and income accruing or arising to PIL, and any cost, charges, losses and expenditure arising or incurred by it (including taxes, if any, accruing or paid in relation to any profits or income) relating to the Remaining Business shall, for all purposes, be treated as and be deemed to be the profits income, losses or expenditure, as the case may be, of PIL; and
- c) all employees relatable to the Remaining Business shall continue to be employed by PIL and PPL shall not in any event be liable or responsible for any claims whatsoever regarding such employees.





## PART C - GENERAL TERMS &amp; CONDITIONS

## 16. APPLICATION TO TRIBUNAL

The Companies shall, with all reasonable dispatch, make necessary applications/petitions under Sections 230 to 232 of the Act read with section 66 of the Act, and other applicable provisions of the Act to the Tribunal for seeking sanction of this Scheme.

## 17. MODIFICATION OR AMENDMENTS TO THE SCHEME

17.1. PIL and PPL, by their respective Boards of Directors (the "Board", which term shall include committee thereof and/or person(s) authorized by the Board or the committee), may assent to/make and/or consent to any modifications/amendments of any kind to the Scheme or to any conditions or limitations that the Tribunal, as the case may be, as applicable and/or any other authority (including SEBI and stock exchanges) under 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).

17.2. PIL and PPL by their respective Board are authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whatsoever for carrying the Scheme into effect, whether by reason of any directive or order 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.

## 18. CONDITIONALITY OF THE SCHEME

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

18.1. The requisite consent, approval or permission from BSE and NSE and/or SEBI under Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, which by law or otherwise may be necessary for the implementation of this Scheme in compliance with the provisions of SEBI Circular;

18.2. The approval of the Scheme by the respective requisite majorities of the shareholders and/or creditors (where applicable) of the Companies in accordance with Section 230 to 232 of the Act read with section 66 of the Act;

18.3. The Scheme being sanctioned by the Tribunal in terms of Sections 230 to 232 read with section 66 of the Act and other relevant provisions of the Act and the requisite orders of the Tribunal;

18.4. Such other approvals and sanctions including from government authorities or contracting party as may be required by law or contract for the Scheme.

18.5. Certified copies of the orders of the Tribunal sanctioning this Scheme being filed with the RoC by PIL and PPL as per the provisions of the Act;



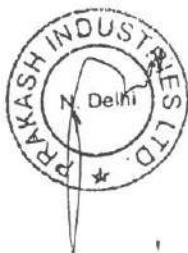
19. **EFFECT OF NON-RECEIPT OF APPROVALS**

In the event of any of the approvals or conditions enumerated in the Scheme not being obtained or complied with, or for any other reason, this Scheme cannot be implemented, then the Board of Directors of the Companies shall mutually waive such conditions as they may consider appropriate to give effect, as far as possible, to this Scheme and failing such mutual agreement the Scheme shall become null and void and each party shall bear and pay their respective costs, charges and expenses in connection with this Scheme.

If any part of this Scheme is found to be unworkable or unviable for any reason whatsoever, the same shall not, subject to the decision of the Board of Directors of the Companies affect the validity or implementation of the other parts and/or provisions of this Scheme.

20. **COSTS, CHARGES AND EXPENSES**

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



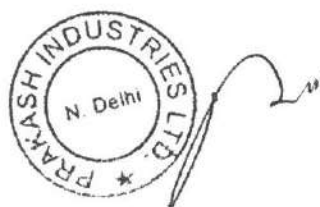
**SCHEDULE OF PROPERTY**  
**PART I**  
**(Description of Freehold Property)**

Sl No.	Particulars	State	Location of Land	Acre	Book Value as on 01/04/2018 (Appointed date) In Rs.
1.	Freehold land at 5km stone Moradabad Road, Kashipur, Udham Singh Nagar, Uttarakhand-244713	Uttarakhand	Khasra No. 732, Village Sarver Kheda, Kashipur	3.00	2,74,290
			Khasra No. 725, Village Sarver Kheda, Kashipur	6.00	5,48,580
			Khasra No. 725, Village Sarver Kheda, Kashipur	2.55	3,98,055
			Khasra No. 725, Village Sarver Kheda, Kashipur	2.45	3,82,445
			Khasra No. 732,733,725, Village Sarver Kheda, Kashipur	4.00	3,57,750
			Khasra No. 732, Village Sarver, Kheda, Kashipur	2.00	3,12,200
			Khasra No. 732, Village Sarver Kheda, Kashipur	1.00	1,56,100
			Khasra No. 725, Village Sarver Kheda, Kashipur	1.00	91,430
			Khasra No. 1 MTR, 4 MTR, Village- Gangapurakha va, Th.	4.00	4,96,698



INDUSTRIE 2

			Kashipur, Nainital		
			Khasra No. 4 MTR, Village- Gangapurakha va, Th. Kashipur, Nainital	10.00	7,60,576
			Khsara No. 96,99,100,97,9 8, Village- Kudriowala, Th. Kashipur, Nainital	10.16	8,60,488
			Khsara No. 96,98,99, 100, Village- Kudriowala, Th. Kashipur, Nainital	10.00	8,06,143
			Khasra No. 108, 109, Village- Kudriowala, Th. Kashipur, Nainital	0.50	28,625
			Khasra No. 106, Village- Kudriowala, Th. Kashipur, Nainital	2.00	1,57,000
			Khasra No. 106, 107, Village- Kudriowala, Th. Kashipur, Nainital	1.84	1,44,440
			Development expenses		2,93,270
		<b>Total</b>			<b>60,68,090</b>



**PART II**  
**(Description of the Leasehold Property)**

Sl No.	Particulars	State	Location of Land	Lease (in Years)	Acre	Book Value as on 01/04/2018 (Appointed date) In Rs
1.	Leasehold land	Madhya Pradesh	Industrial Area No. 3, Pithampur, District- Dhar (M.P.)	99	28.50	46,44,200

**DETAILS OF OTHER FIXED ASSETS**

Sl No.	Particulars	State	Location of Land	Book Value as on 01/04/2018 (Appointed date) In Rs
1.	Building	Uttarakhand	5km stone Moradabad Road, Kashipur, Udham Singh Nagar, Uttarakhand-244713	1,68,78,483
		Madhya Pradesh	Industrial Area No. 3, Pithampur, District -Dhar (M.P)	1,89,58,472
		<b>Total</b>		<b>3,58,36,955</b>
2.	Movable- Other Assets	Uttarakhand	5km stone Moradabad Road, Kashipur, Udham Singh Nagar, Uttarakhand-244713	19,71,00,194
		Madhya Pradesh	Industrial Area No. 3, Pithampur, District Dhar (M.P)	-
3.	Capital Work In Progress	Uttarakhand	5km stone Moradabad Road, Kashipur, Udham Singh Nagar, Uttarakhand-244713	1,73,40,558

**BANK ACCOUNT DETAILS**

Sl No.	Name of bank	Branch Address	Account No.	IFSC Code
1.	Punjab National Bank	Mata Madir Road, Kashipur	0262002100017968	PUNB0026200
2.	Punjab National Bank	Mata Madir Road, Kashipur	3417002100009330	PUNB0026200



3.	Punjab National Bank	Mata Madir Road, Kashipur	023500210054746	PUNB0026200
4.	IDBI Bank	Kator Tal Road, Kashipur	2421022189	IBKL0000242
5.	IDBI Bank	Mahipalpur, Delhi	07502000008518	IBKL0000075
6.	Kotak Mahindra Bank	Saket, Delhi	01872010000165	KKBK0000187

**DETAIL OF OTHER ASSETS AS ON 1ST APRIL, 2018(APPOINTED DATE)**

Particulars	Amount (in Rs)
<b>Non Current Assets</b>	
Long Term Loans and Advances	3,48,99,085
Deferred Tax Assets (Incl. MAT Credit Entitlement)	22,42,97,487
<b>Current Assets, Loans &amp; Advances</b>	
Inventories	19,75,50,896
Trade Receivables(Net of Doubtful Debts)	28,43,65,805
Cash & Cash Equivalents	33,52,076
Short Term Loans & Advances	3,64,36,724
Other Current Assets	6,48,710

For Prakash Industries Limited

Authorised Signatory

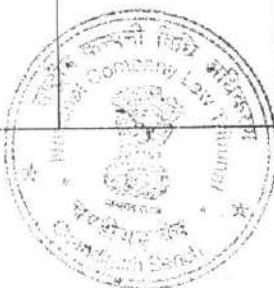


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23 MAR 2019

**SCHEDULE OF PROPERTY**  
**PART I**  
**(Description of Freehold Property)**

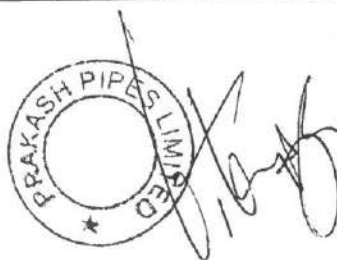
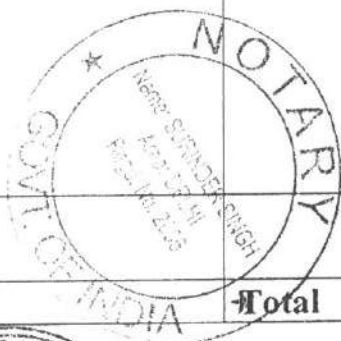
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SH PIPES



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			Development expenses		2,93,270
		<b>Total</b>			<b>60,68,090</b>





**PART II**  
**(Description of the Leasehold Property)**

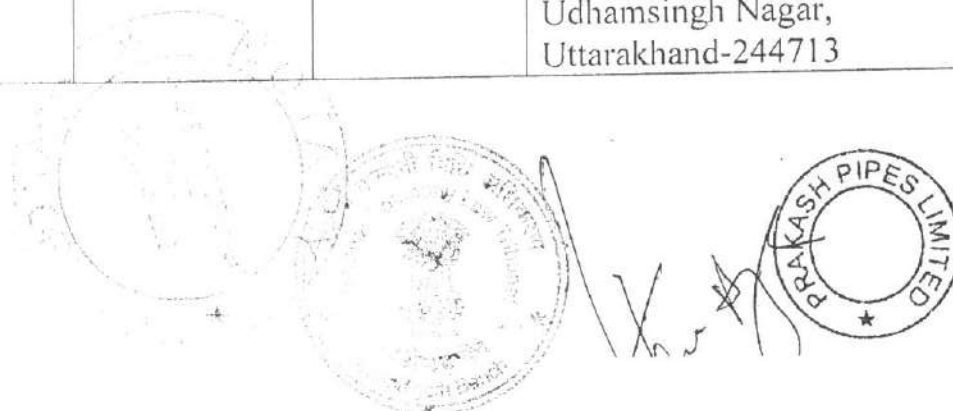
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		Madhya Pradesh	Industrial Area No. 3, Pithampur, District Dhar (M.P)	-
3.	Capital Work In Progress	Uttarakhand	5km stone Moradabad Road, Kashipur, Udham Singh Nagar, Uttarakhand-244713	1,73,40,558

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## BANK ACCOUNT DETAILS

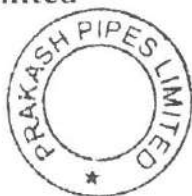
Sl No.	Name of bank	Branch Address	Account No.	IFSC Code
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2.	Punjab National Bank	Mata Madir Road, Kashipur	3417002100009330	PUNB0026200
3.	Punjab National Bank	Mata Madir Road, Kashipur	023500210054746	PUNB0026200
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For Prakash Pipes Limited

Authorised Signatory



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