

SCHEME OF AMALGAMATION

OF

PALCO RECYCLE INDUSTRIES LIMITED

("Transferor Company")

WITH

PALCO METALS LIMITED

("Transferee Company")

AND

THEIR RESPECTIVE SHAREHOLDERS

UNDER SECTIONS 230 and 232 of the Companies Act, 2013

AND

OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013



Transferor Company

(Sign & Stamp on each page)



Transferee Company

(Sign & Stamp on each page)

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SCHEDULE I



1. PREAMBLE

This scheme of amalgamation ("Scheme" as defined hereinafter) provides for the amalgamation of the Transferor Company (as defined hereinafter) with the Transferee Company (as defined hereinafter) with effect from the Appointed Date (as defined here after) under the provisions of Sections 230, 232 and other applicable provisions of the Act (as defined hereinafter) read with Regulation 37 of SEBI (LODR) Regulations, 2015 and also read with Section 2(1B) and other applicable provisions of the Income Tax Act 1961 and rules framed there under, to the extent applicable and other applicable laws.

2. DESCRIPTION OF COMPANIES

Palco Recycle Industries Limited ("Transferor Company") is a company incorporated on 28/09/2007 under the provisions of the Companies Act, 1956 having CIN: U27209GJ2007PLC051853 and Registered Office situated at RS No. 72,73,75 Opp. Super British Alloys Nr. Jalaram Mandir, Ankhol, TA-Kadi, Dist-Mahesana-382715, Gujarat, India.

The Transferor Company was incorporated to carry on the business of manufacturing of Aluminum Wire & Aluminum Deoxidant (Ingot, Notch bar, Cubes, Shots, Alloys) and trading and selling of the same. The Company has integrated facility to manufacture wire rods of various grades, Deoxidant in the form of Aluminum substance, notch bar and cables and has laboratory to test all types of wire rod and cables.

The Transferor Company is the Amalgamating Company, which is a wholly owned subsidiary of the Transferee Company.

Palco Metals Limited (Transferee Company") is a company incorporated on 21/11/1960 under the provisions of Companies Act, 1956 having CIN: L27310GJ1960PLC000998, and having its Registered Office at 1715, Saiprasad Industrial Park-II, Besides Ramol Police Station, CTM-Ramol Road, Ramol, Ahmedabad, Gujarat, India, 382449. The Transferee Company is inter alia engaged in the business of manufacturing and selling of Aluminum Deoxidant.

The equity shares of the Transferee Company are listed on the Bombay Stock Exchange.

3. RATIONALE

The Board of Directors (defined herein) of Transferor Company, and Transferee Company believes that the following benefits will accrue, pursuant to the amalgamation of the Transferor Company into the Transferee Company:

a) Streamlining of the corporate structure and consolidation of assets and liabilities of the



- Transferor Company within the Transferee Company;
- b) Availing easier financial support for the businesses of the Transferor Company;
 - c) More efficient utilization of capital for enhanced development and growth of the consolidated business in one entity;
 - d) Maximizing shareholder value;
 - e) Easier implementation of corporate actions through simplified compliance structure;
 - f) Improve management oversight and bring in operational efficiencies;
 - g) Cost savings through legal entity rationalization and consolidation of support functions;
 - h) business processes, elimination of duplicate expenses, etc.; and
 - i) Reduction of administrative responsibilities, multiplicity of records and legal & regulatory compliances.

The Scheme being in the interest of the Transferor Company, the Transferee Company, their respective shareholders and all other stakeholders of the companies, the Board of Directors of the Transferee Company and the Board of Directors of the Transferor Company have considered the Scheme, where under, the entire Undertaking (defined herein) and business of the Transferor Company would be transferred and vested with and into the Transferee Company pursuant to Sections 230 and 232 of the Companies Act, 2013.

4. PARTS OF THE SCHEME

The Scheme is divided into the following parts:

PART - I

This part of the Scheme deals with the definitions, share capital and date of taking effect and implementation of this Scheme;

PART - II

This part of the Scheme deals with the amalgamation of the Transferor Company with the Transferee Company and other related matters; and

PART - III

This part of the Scheme deals with the general terms and conditions applicable to this Scheme.



PART I
DEFINITIONS AND SHARE CAPITAL

5. DEFINITIONS

In this Scheme, unless inconsistent with the subject or context thereof

- a) capitalized terms defined by inclusion in quotations and/or parenthesis shall have the meanings so ascribed; and
- b) the following expressions shall have the meanings ascribed hereunder:

- i. "Accounting Standards" means the applicable accounting standards in force in India from time to time, consistently applied during the relevant period, including the generally accepted accounting principles and standards specified under Section 133 of the Companies Act, 2013, read with relevant rules thereunder and all pronouncements including the guidance notes and other authoritative statements of the Institute of Chartered Accountants of India.
- ii. "Act" means the Companies Act, 2013 and the rules and regulations made thereunder, and includes any alterations, modifications and amendments made thereto and/or any reenactment thereof;
- iii. "Appointed Date" means 1st April, 2025, or such other date as may be fixed or approved by Hon'ble National Company Law Tribunal Ahmedabad Bench.
- iv. "Appropriate Authority" or "NCLT" means National Company Law Tribunal North Western Region Ahmedabad Bench, having jurisdiction over the Transferor Company and Transferee Company, to whom the Central Government delegated powers under Sections 230 and 232 of the Act;
- v. "Board" or "board of directors" in relation to the Parties, means the board of directors of such Party, and shall include a committee of directors or any person authorized by such board of directors or such committee of directors duly constituted and authorized for the matters pertaining to this Scheme or any other matter relating hereto;
- vi. "BSE" means BSE Limited;
- vii. "Clause" means the clause of this scheme;
- viii. "Central Government" means the Government of India.
- ix. "Effective Date" means the date on which certified copy of the order sanctioning the scheme, passed by the Appropriate Authority under Section 230 or 232 of this Act, is filed with the Registrar of Companies, Gujarat by



the Transferor Companies and Transferee Company, after obtaining requisite consent, approvals, permissions, resolutions and sanctions necessary thereof.

It is further clarified that the amalgamation shall be effective only with respect to the Appointed Date, subject to provision of Section 232(6) of Companies Act, 2013.

- x. "Employee" means any person (other than an apprentice) employed on wages by any of the companies to do any skilled, semi-skilled or unskilled, manual, operational, supervisory, managerial, administrative, technical, clerical or any other work, whether the terms of employment be express or implied;
- xi. "Encumbrance" means (a) any charge, lien (statutory or other), or mortgage, any easement, encroachment, right of way, right of first refusal or other encumbrance or security interest securing any obligation of any Person; (b) pre-emption right, option, right to acquire, right to set off or other third party right or claim of any kind, including any restriction on use, voting, transfer, receipt of income or exercise; or (c) any hypothecation, title retention, restriction, power of sale or other preferential arrangement; or (d) any agreement to create any of the above; and the term "Encumber" shall be construed accordingly;
- xii. "IT Act" means the Income-tax Act, 1961;
- xiii. "INR" or "Rupee(s)" means Indian Rupee, the lawful currency of the Republic of India;
- xiv. "LODR Regulations" means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and any amendments thereof;
- xv. "Official Liquidator" means the Official Liquidator, High Court of Gujarat having jurisdiction over the Transferor Company.
- xvi. "Parties" means the Transferor Company and the Transferee Company, collectively and "Party" shall mean each of them; individually;
- xvii. "Permits" means all consents, licenses, permits, certificates, permissions, authorizations, clarifications, approvals, clearances, confirmations, declarations, waivers, exemptions, registrations, filings, no objections, whether governmental, statutory, regulatory or otherwise as required under Applicable Law;
- xviii. "Person" means an individual, a partnership, a corporation, a limited liability



partnership, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or an Appropriate Authority;

- xix. "RoC" means Registrar of Companies having jurisdiction over the Transferor Company and Transferee Company under the Act;
- xx. "Regional Director" means "North-Western Region, Ministry of Corporate Affairs, at Ahmedabad"
- xxi. "Scheme" or "the Scheme" or "this Scheme" means this scheme of amalgamation, as may be modified by Appropriate Authority while approving;
- xxii. "SEBI" means the Securities and Exchange Board of India;
- xxiii. "SEBI Circular" means the circulars issued by the SEBI, being SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 and any amendments thereof, and modifications issued pursuant to regulations 11, 37 and 94 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- xxiv. "Tax Laws" means all applicable laws dealing with Taxes including but not limited to income-tax, wealth tax, sales tax/ value added tax, service tax, goods and service tax, excise duty, customs duty or any other levy of similar nature;
- xxv. "Taxation" or "Tax" or "Taxes" means all forms of taxes (including foreign taxes) and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions and levies, whether levied by reference to income, profits, book profits, gains, net wealth, asset values, turnover, added value, goods and services or otherwise and shall further include payments in respect of or on account of Tax, whether by way of deduction at source, collection at source, dividend distribution tax, buyback distribution tax, equalization levy, advance tax, minimum alternate tax, goods and services tax or otherwise or attributable directly or primarily to the Transferor Company and the Transferee Company, as the case may be, or any other Person and all penalties, charges, costs and interest relating thereto;
- xxvi. "Transferee Company" means Palco Metals Limited, a company incorporated under the provisions of Companies Act, 1956, having its corporate identification number L27310GJ1960PLC000998 and registered



office situated at 1715, Saiprasad Industrial Park-II, Besides Ramol Police Station, CTM-Ramol Road, Ramol, Ahmedabad, Gujarat, India, 382449;

xxvii. "Transferor Company" means Palco Recycle Industries Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its corporate identification number U27209GJ2007PLC051853 and registered office situated at RS No. 72,73,75 Opp. Super British Alloys Nr. Jalaram Mandir, Ankhol, TA-Kadi, Dist-Mahesana-382715, Gujarat, India;

xxviii. "**Undertaking**" shall mean and include the whole of the Undertaking of the Transferor Company, as a going concern, including its entire business, immovable properties, all secured and unsecured debts, liabilities, losses including accumulated losses, profits including accumulated profits, unabsorbed depreciation, duties and obligations and all the assets, properties, rights, titles and benefits, whether movable or immovable, real or personal possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent, including but without being limited to all fixed and movable plant and machinery, vehicles, fixed assets, work in progress, current assets, investments, funds, licenses, registrations, marketing authorization, copyrights, patents, trade names, trademarks, marketing rights and other rights and licenses in respect thereof, applications for copyrights, patents, trade names, trademarks, marketing intangibles, leases: tenancy rights, premises, hire purchase and lease arrangements, lending arrangements, benefits of security arrangements, computers, office equipment, telephones, telexes, facsimile connections, internet connections, communication facilities, equipment and installations and utilities, electricity, water and other service connections, benefits of agreements, contracts and arrangements (including but not limited to contracts entered into with vendors, customers and service providers), powers, authorities, permits, allotments, approvals, consents, privileges, liberties, easements and all the right, title, interest, goodwill, benefit 'and advantage, reserves, provisions, advances,-receivables, deposits, funds, cash, bank balances, accounts and all other rights, benefits of all agreements, subsidies, grants, tax credits (including but not limited to credits in respect of, income tax, goods and services tax, sales tax, value added tax, service tax, etc.), tax refunds, MAT credit entitlement, if any, software license, domain/ websites etc., in connection/ relating to the Transferor Company and other claims and



powers, of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or enjoyed by the Transferor Company, as on the Appointed Date.

c) Interpretation

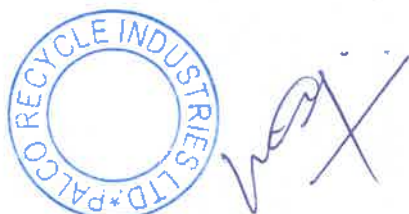
In this Scheme, unless the context otherwise requires:

- i. words denoting the singular shall include the plural and vice versa;
- ii. headings, sub-headings, titles, sub-titles to clauses, sub-clauses and paragraphs are for information and convenience only and shall be ignored in construing the same;
- iii. the words "include" and "including" are to be construed without limitation;
- iv. The terms "hereof", "herein", "hereby", "hereto" and derivative or similar words shall refer to this entire Scheme or specified Clauses of this Scheme, as the case may be.
- v. all terms and words not defined in this Scheme shall unless repugnant or contrary to the context or meaning thereof, have the same meaning as prescribed to them under the Act, Income Tax Act, or any other applicable laws, rules, regulations, bye laws, as the case may be including any statutory modification or re-enactment thereof from time to time; and reference to any law or legislation or regulation shall include amendment(s), circulars, notifications, clarifications or supplement(s) to, or replacement, re-enactment, restatement or amendment of, that law or legislation or regulation and shall include the rules and regulations thereunder;

6. SHARE CAPITAL

- a) The share capital structure of the Transferor Company as on the date of approval of this Scheme by the Board of the Transferor Company is as follows:

Authorised Share Capital	Amount Rs.
2,00,00,000 equity shares of INR 10 each	20,00,00,000
Total	20,00,00,000
Issued Subscribed and Paid-up Capital	Amount Rs.
80,70,000 equity shares of INR 10 each	8,07,00,000
Total	8,07,00,000



Subsequent to March 31, 2025 and till the date of approval of this Scheme by Board of Directors, there has been no change in the capital structure of the Transferor Company.

- b) The share capital structure of the Transferee Company as on the date of approval of this Scheme by the Board of the Transferee Company is as follows:

Authorized share capital

Authorised Share Capital	Amount Rs.
100,00,000 equity shares of INR 10 each	10,00,00,000
Total	10,00,00,000
Issued Subscribed and Paid-up Capital	Amount Rs.
40,00,000 equity shares of INR 10 each fully paid up	4,00,00,000
Total	4,00,00,000

Subsequent to March 31, 2025 and till the date of approval of this Scheme by Board of Directors, there has been change in the capital structure of the Transferee Company. Before Change it was as follows:

7. DATE OF TAKING EFFECT AND IMPLEMENTATION OF THIS SCHEME

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the Appropriate Authority shall take effect on the Appointed Date and shall be operative as of the Effective Date.



PART II

AMALGAMATION OF THE TRANSFEROR COMPANY WITH THE TRANSFEREE COMPANY AND OTHER RELATED MATTERS

8. TRANSFER AND VESTING OF UNDERTAKING AND BUSINESS OF TRANSFEROR COMPANY AS PER PROVISION OF SECTION 233(9)(a)(b) & (c) OF COMPANIES ACT, 2013

- a) Subject to the provisions of this Scheme as specified hereinafter and with effect from the Appointed Date, the entire business and Undertaking of the Transferor Company, including all the debts, liabilities, losses including accumulated losses and unabsorbed depreciation, duties and obligations, including those arising on account of taxation laws and other allied laws, of the Transferor Company of every description and also including, without limitation, all the profits including accumulated profit, movable and immovable properties (if any) and assets (whether tangible or intangible) of the Transferor Company comprising, amongst others, all freehold lands, leasehold lands, buildings, plants, investments, motor vehicles, receivables, actionable claims, furniture and fixtures, computers, office equipment, electrical installations, generators, facsimile and other communication facilities and business licenses, permits, deposits, authorizations, approvals, insurance cover of every description, lease, tenancy rights, permissions, incentives, if any, and all other rights, patents, know-hows, trademarks, service marks, trade secrets, brands, registrations, product licenses, marketing authorizations and other intellectual property rights and intangibles, proprietary rights, marketing rights, title, interest, contracts including but not limited to contracts entered into with customers, vendors and service providers, consents, approvals and rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals, shall, under the provisions of Sections 230 and 232 of the Act and other applicable provisions of the Act and Section 2(1B) of the Income Tax Act and any other Applicable Law, and pursuant to the order of the Appropriate Authority, sanctioning this Scheme and without further act, instrument or deed, but subject to the charges affecting the same as on the Effective Date, be transferred and/or deemed to be transferred to and vested in the Transferee Company, so as to become the properties, assets, rights, business and Undertaking(s) of the Transferee Company.



- b) Without prejudice to the generality of Clause 8 (a) above, in respect of the assets of the Transferor Company, including cash and bank balances, as are movable in nature or are otherwise capable of transfer by manual delivery, by paying over or by endorsement and delivery or otherwise, the same shall be so transferred by the Transferor Company to the Transferee Company, without requiring any deed or instrument of conveyance for the same and shall become the property of the Transferee Company as an integral part of the assets of the Transferee Company, with effect from the Appointed Date.
- c) Without prejudice to the generality of Clause 8 (a) above, with effect from the Appointed Date whether provided for or not in the books of account of the Transferor Company and all debts, liabilities, duties and obligations of the Transferor Company as on the Appointed Date and all other liabilities which may accrue or arise after the Appointed Date but which relate to the period on or up to the day of the Appointed Date, shall be the debts, liabilities, duties and obligations of the Transferee Company including any encumbrance on the assets of the Transferor Company or on any income earned from those assets.
- d) For the avoidance of doubt and without prejudice to the generality of Clause 8 (a) above, it is clarified that, with respect to the immovable properties of the Transferor Company in the nature of land, the Transferee Company shall register the true copy of the order of the Appropriate Authority approving the Scheme with the offices of the relevant Sub-registrar of Assurances or similar registering authority having jurisdiction over the location of such immovable property and shall also execute and register, as required, such other documents as may be necessary in this regard. For the avoidance of doubt, it is clarified that any document executed pursuant to this Clause will be for the limited purpose of meeting regulatory requirements and shall not be deemed to be a document under which the transfer of any property of the Transferor Company takes place and the assets and liabilities of the Transferor Company shall be transferred solely pursuant to and in terms of this Scheme and the order of the Appropriate Authority sanctioning this Scheme.
- e) With effect from the Appointed Date, all inter-party transactions between the Transferor Company and the Transferee Company shall be considered as intra-party transactions for all purposes from the Appointed Date.
- f) To the extent that there are any loans, outstanding or balances due from the Transferor Company to the Transferee Company or vice versa the obligations in



respect thereof shall be extinguished upon the merger of interest between the creditor and debtor and corresponding effect shall be given in the books of account and records of the Transferee Company.

- g) Loans, advances, trade dues, trade advances and other obligations (including guarantees, letter of credit, letter of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future become due between the Transferor and Transferee Companies shall, ipso facto, stand discharged and come to an end and there shall be no liability in that behalf on any party and appropriate effect shall be given in the books of accounts and records of the Transferee Company. It is hereby clarified that there will be no accrual of interest or other charges in respect of any inter-company loans, advances and other obligations with effect from the Appointed Date.
- h) All existing securities, mortgages, charges, liens or other encumbrances, if any, as on the Appointed Date and created by Transferor Company after the Appointed Date, over the properties and other assets in the Undertaking transferred to the Transferee Company by virtue of this Scheme and in so far as such securities, mortgages, charges, liens or other encumbrances secure or relate to liabilities of the Transferor Company, the same shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to the Transferee Company, and such securities, mortgages, charges, liens or encumbrances shall not relate or attached to any other assets of the Transferee Company, provided however that no encumbrances shall have been created by the Transferor Company over its assets after the date of filing of the Scheme, without the prior written consent of the Board of Directors of the Transferee Company, except for those done in the normal course of business.
- i) The existing encumbrances over the properties and other assets of the Transferee Company or any part thereof which relate to the liabilities and obligations of the Transferee Company prior to the Effective Date shall continue to relate only to such assets and properties and shall not extend or attach to any of the assets and properties of the Transferor Company transferred to and vested in the Transferee Company by virtue of this Scheme. The Transferee Company shall not be liable to create additional charge or encumbrances on its properties for the liabilities and obligations of the Transferor Company as on the Appointed Date and taken over by



the Transferee Company.

- j) All debts, outstanding and receivables of the Transferor Company shall accordingly, on and from the Appointed Date and upon the Scheme becoming effective, stand transferred to Transferee Company without any notice or other intimation to the debtors (though the Transferee Company may if it deems appropriate, give notice to the debtors that the debts stand transferred and vested in the Transferee Company) and the debtors shall be obliged to make payment to the Transferee Company after the Effective Date.
- k) It is expressly provided that, save as herein provided, no other terms or conditions of the liabilities transferred to the Transferee Company is modified by virtue of this Scheme except to the extent that such amendment is required statutorily or by necessary implication.
- l) With effect from the Appointed Date, all statutory licenses, registrations, incentives, tax deferrals and benefits, carry-forward of tax losses including accumulated losses and unabsorbed depreciation, tax credits, tax refunds, MAT credit entitlement, if any, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, permissions, approvals or consents to carry on the operations of the Transferor Company, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Transferor Company and all rights and benefits that have accrued or which may accrue to the Transferor Company, whether before or after the Appointed Date shall stand vested in or transferred to the Transferee Company, pursuant to the Scheme, without any further act or deed and shall remain valid, effective and enforceable on the same terms and conditions and shall be appropriately mutated by the statutory authorities concerned in favour of the Transferee Company upon the vesting and transfer of the Undertaking of the Transferor Company pursuant to this Scheme.
- m) On and from the Effective Date and till such time that the name of the bank accounts of the Transferor Company has been replaced with that of the Transferee Company, the Transferee Company shall be entitled to maintain and operate the bank accounts of the Transferor Company, as may be applicable, and for such time as may be determined to be necessary by the Transferee Company. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company after the Effective Date shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company, if presented by the Transferee Company;



- n) Without prejudice to the provisions as stated above, all trade and service names and marks, patents, copyrights, designs, goodwill which includes the positive reputation that the Transferor Company were enjoying to retain its clients, statutory licenses, infrastructural advantages, overall increase in market share, customer base, skilled employees, business claims, business information, business contracts, trade style and name, marketing and distribution channels, marketing or other commercial rights, customer relationship, trade secrets, information on consumption pattern or habits of the consumers in the territory, technical know-how, client records, KYC (know your customer) records/ POAs (power of attorney), authorisations, client details and other intellectual property rights of any nature whatsoever, books, records, files, papers, engineering and process information, software licenses (whether proprietary or otherwise), drawings, computer programs, manuals, data, catalogues, quotations, sales and advertising material, lists of present and former customers and suppliers, other customer information, customer credit information, customer pricing information and all other records and documents, whether in physical or electronic form relating to business activities and operations of the Transferor Company shall be transferred to the Transferee Company from the Appointed Date, without any further act, instrument or deed;
- o) The amalgamation of the Transferor Company with the Transferee Company, pursuant to and in accordance with this Scheme, shall take place with effect from the Appointed Date and shall be in accordance with Section 2(1B) of the Income-tax Act, 1961.
- p) This Scheme of amalgamation of Transferor's companies with transferee company in its present form with any amendment/modifications as imposed or directed by the Office of Official Liquidator, Registrar of Companies Gujarat and National company Law tribunal Ahmedabad Bench shall be accepted by shareholders, Creditors and Board of Directors of each company involved in the scheme.

9. EMPLOYEES

- a) Upon the effectiveness of this Scheme and with effect from the Effective Date, the Transferee Company undertakes to engage without any interruption in service all the employees of the Transferor Company, if any, on terms and conditions no less favourable than those are which they are engaged by the Transferor Company.
- b) The Transferee Company agrees that the services of all such employees with the Transferor Company prior to the transfer shall be taken into account for the purposes,



of all existing benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other retiral/terminal benefits. The accumulated balances, if any, standing to the credit of and in favour of the employees of the Transferor Company in the existing provident fund, gratuity fund, superannuation fund and any other fund of which they are members, as the case may be, will be transferred to the respective funds of the Transferee Company.

- c) Pending the transfer as aforesaid, the dues of the said employees would continue to be deposited in the existing provident fund, gratuity fund, superannuation fund and other fund respectively of the Transferor Company and such funds shall be held for the benefit of the employees transferred under the Scheme.

10. LEGAL PROCEEDINGS

- a) Suit No. CC/11032/2020 and CC/11042/2020 pending against Directors at Chief Judicial Magistrate Court shall not abate, discontinued or be in any way prejudicially affected by reason of the amalgamation or of anything contained in this Scheme, but the Proceedings against the Transferor Company will be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company as if this Scheme had not been made and that the proceedings against the directors of Transferor Company will be continued as they are also directors in Transferee Company.
- b) If any suit, cause of actions, appeal or other legal, quasi-judicial, arbitral or other administrative proceedings of whatever nature (hereinafter called the "Proceedings of the Transferor Company") by or against the Transferor Company is pending on the Effective date, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the amalgamation or of anything contained in this Scheme, but the Proceedings against the Transferor Company may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company as if this Scheme had not been made. On and from the Effective Date, the Transferee Company may initiate any legal proceeding for and on behalf of the Transferor Company.
- c) From the date of approval of this Scheme by the Board of the Transferor Company and till the Effective Date, the Transferor Company shall defend all legal proceedings,



other than in the ordinary course of business, with the advice and instructions of the Transferee Company.

- d) All cheques and other negotiable instruments and payment orders received in the name of the Transferor Company after the Effective Date shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company. Similarly, the banker of the Transferee Company shall honour cheques issued by the Transferor Company for payment on or after the Appointed Date and presented after the Effective Date.
- e) For the avoidance of all doubt, it is expressly made clear that the dissolution of the Transferor Company without the process of winding up as contemplated hereafter, shall not affect the previous operation of any contract, agreement, joint venture, deed or any instrument or the like to which the Transferor Company is a party or is the beneficiary of (as the case may be) and any reference in such agreements, contracts, deeds and instruments to the Transferor Company shall be construed as reference only to the Transferee Company with effect from the Appointed Date.
- f) The Transferee Company shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novation, to which the Transferor Company will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required. Further, the Transferee Company shall be deemed to be authorized to execute any such deeds, writings or confirmations on behalf of the Transferor Company and to implement or carry out all formalities required on the part of the Transferor Company to give effect to the provisions of this Scheme.

11. TAXES/ DUTIES/ CESS

Upon the effectiveness of the Scheme, by operation of law pursuant to the order of the Appropriate Authority:

- a) Upon the Scheme becoming effective, all taxes payable by the Transferor Company under the Income-tax Act, 1961 or other applicable laws / regulations dealing with taxes/ duties/ levies (hereinafter referred to as "Tax laws") shall be transferred to the account of the Transferee Company, similarly all credits for tax deduction at source on income of the Transferor Company or obligation for deduction of tax at source on any payment made by or to be made by the Transferor Company shall be made or deemed to have been made and duly complied with by the Transferee Company, if so made by



the Transferor Company. Further, the MAT paid by the Transferor Company under Section 115 JB and/ or other provisions (as applicable) of the Income-tax Act, 1961, shall be deemed to have been paid on behalf of the Transferee Company, and the MAT credit (if any) of the Transferor Company as on or accruing after the Appointed Date shall stand transferred to the Transferee Company and such credit would be available for set-off against the tax liabilities of the Transferee Company.

- b) Any refunds under the Tax Laws due to the Transferor Company consequent to the assessments made on the Transferor Company 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 the Transferee Company.
- c) Transferee Company through its Board of Directors or any person(s) or committee authorized / appointed by them, assent to any modifications / amendments to the corporate income tax return, TDS, GST, professional tax or any other return and other documents filed by the Transferor Company for periods falling prior to the Appointed Date if required, in relation to taxation and other allied laws, as are considered appropriate by them. Further, the Transferee Company shall, after the Effective Date, be entitled to revise the relevant returns, if any, filed by the Transferor Company for any year, if so necessitated or consequent to this Scheme, notwithstanding that the time prescribed for such revision may have elapsed;
- d) All taxes of any nature, duties, cesses or any other like payments or deductions made by the Transferor Company or any of its agents to any statutory authorities such as income tax, sales tax, and service tax, or any tax deduction/ collection at source, tax credits under tax laws, relating to the period after the Appointed Date shall be deemed to have been paid by the Transferee Company and the relevant authorities shall be bound to transfer to the account of and give credit for the same to the Transferee Company, upon the Effective Date and upon relevant proof and documents being provided to the said authorities.
- e) Without prejudice to the provisions of this Scheme, with effect from the Appointed Date, all inter-party transactions between the Transferor Company and the Transferee Company and inter se amongst the Transferor Company shall be considered as intra-party transactions for all purposes, from the Appointed Date. Any Taxes (including tax deducted at source or dividend distribution tax) paid in relation to such transaction shall, to the extent permissible by Applicable Law, be claimed as a refund.
- f) Without prejudice to the provisions of this Scheme, the Scheme has been drawn up to comply with the conditions as specified under Section 2(1B) of the Income Tax Act and



other relevant provisions of the Income Tax Act involving as aforesaid, If any of the 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 a retrospective amendment of law or for any other reason whatsoever, till the time the Scheme becomes effective, the provisions of the said section of the Income Tax Act shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the Income Tax Act and other relevant provisions of the Income Tax Act.

12. CONSIDERATION

- a) The Transferor Company is a wholly owned subsidiary of the Transferee Company and therefore, there shall be no issue of shares as consideration for the amalgamation of the Transferor Company with the Transferee Company.
- b) Upon the Scheme becoming effective, all equity shares of the Transferor Company held by the Transferee Company along with its nominees, shall stand cancelled without any further application, act, instrument or deed and be of no effect without any necessity of her being surrendered.
- c) Furthermore, upon the effective implementation of this Scheme, any investments in the Share Capital of the Transferor Company recorded in the books of the Transferee Company, shall also be automatically cancelled without requiring any additional application, act, instrument or deed.

13. ACCOUNTING TREATMENT

Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Transferee Company shall account for the amalgamation in its books as per the applicable accounting principles prescribed under Indian Accounting Standard (Ind AS) 103 business combinations prescribed under Section 133 of the Companies Act, 2013 and the Companies (Indian Accounting Standard) Rules, 2015 read together with the clarification on Common Control Accounting issued by the Ind AS Technical Facilitation Group (ITFG). It would inter alia include the following:

- a) All assets, liabilities and reserves of the Transferor Company shall be recorded in the books of account of the Transferee Company as at the appointed date at their existing carrying amounts as appearing in the consolidated financial statements of the Transferee Company.
- b) The identity of the reserves of the Transferor Company shall be preserved and they



shall appear in the financial statements of the Transferee Company in the same form and manner, in which they appeared in the financial statements of the Transferor Company, prior to this Scheme becoming effective;

- c) The investments in the equity share capital of the Transferor Company as appearing in the books of accounts of the Transferee Company, as on the Effective Date, shall stand cancelled;
- d) Comparative accounting period presented in the financial statements of the Transferee Company shall be restated for the accounting impact of the merger, as if the merger had occurred from the date from which the Transferor Company and the Transferee Company are under common control, in accordance with Appendix C to the Indian Accounting Standard, Ind AS 103, "Business Combinations".
- e) In case of any differences in accounting policy between the Transferor Company and the Transferee Company, the accounting policies followed by the Transferee Company will prevail and the difference shall be adjusted in capital reserves of the Transferee Company, to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.

14. COMBINATION OF AUTHORISED SHARE CAPITAL

- a) Upon the Scheme coming into effect, the authorized share capital of the Transferor Company shall stand combined with and be deemed to be added to the authorized share capital of the Transferee Company. Filing fees and stamp duty, if any, paid by Transferor Company on its authorized share capital, as applicable, shall be deemed to have been so paid by the Transferee Company on the combined authorized share capital and accordingly, the Transferee Company shall not be required to pay any fee/stamp duty for its increased authorized share capital.
- b) The approval of the Scheme by the shareholders of the Transferee Company under Sections 230 and 232 of the Act, shall be deemed to have the approval under Section 13, 61 and other applicable provisions of the Act and any other consents and approvals also required in this regard.
- c) Consequently, existing clause V of the Memorandum of Association of the Transferee Company shall, without any further act, instrument, or deed, be and stand altered, modified and amended pursuant to Sections 61 to 64 and other applicable provisions of the Companies Act, 2013 by substituting the existing Clause with the following:

"The Authorised Share Capital of the Company is Rs. 30,00,00,000 (Rupees Thirty Crore only) divided into 3,00,00,000 (Three Crore only) equity shares of Rs. 10/-



(Rupees Ten) each with such rights, privileges and conditions attached thereto as may be determined by the Board of Directors of the Company. The Company has and shall have always have the power to divide or to consolidate the share capital from time to time into several classes and to increase or reduce its capital from time to time and to vary, modify or abrogate any such rights, privileges or conditions attached to any class of shares in such manner as may for the time being be provided by the regulations of the Company."

It is clarified that the approval of the Appropriate Authority to the Scheme shall be deemed to be consent/ approval of the members of the Transferee Company also to the alteration of the memorandum and articles of association of the Transferee Company as may be required under the Act.

15. NAME CHANGE

Upon the scheme of amalgamation being sanctioned and approved by the Appropriate Authority, the name of the Transferor Company, currently known as Palco Recycle Industries Limited, shall be the name of the Transferee Company. This name change will be effective upon the necessary filings and compliances to effectuate this change in accordance with the relevant legal and regulatory provisions.

16. VALIDITY OF EXISTING RESOLUTIONS, ETC.

Upon this Scheme coming into effect, the resolutions / power of attorneys executed by the Transferor Company, as are considered necessary by the Board of the Transferee Company, and that are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions and power of attorney passed/ executed by the Transferee Company. Further, if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then such limits shall automatically be added to the limits, if any, under like resolutions passed by the Transferee Company and shall constitute the new aggregate limits for each of the subject matters covered under such resolutions/ power of attorneys for the purpose of the Transferee Company without any further act or deed.

17. DISSOLUTION OF THE TRANSFEROR COMPANY

On the Scheme becoming effective, the Transferor Company shall stand dissolved without winding up and the Board and any committees thereof of Transferor Company shall without any further act, instrument or deed be and stand discharged. On and from the Effective Date, the name of the Transferor Company shall be struck off from the records of the ROC.



PART III
GENERAL TERMS & CONDITIONS

18. SAVING OF CONCLUDED TRANSACTIONS

Subject to the terms of this Scheme, the transfer and vesting of the Undertaking of the Transferor Company under Clause 8 of this Scheme shall not affect any transactions or proceedings already concluded by the Transferor Company on or before the Appointed Date or concluded between the Appointed Date and the Effective Date (both days inclusive), to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things made, done and executed by the Transferor Company as acts, deeds and things made, done and executed by or on behalf of the Transferee Company.

19. CONDITIONS PRECEDENT

Unless otherwise decided (or waived) by the Parties, the Scheme is conditional upon and subject to the following conditions precedent:

- a) The Transferor Company and the Transferee Company shall, with reasonable dispatch, apply to the Appropriate Authority for necessary orders or directions for holding meetings of the members, creditors of the Transferor Company and the Transferee Company, for sanctioning this Scheme of Amalgamation under Section 230 and 232 of the Companies Act, 2013 or for dispensing the holding of such meetings and orders under Section 230 of the Companies Act, 2013, for carrying this Scheme into effect and for dissolution of the Transferor Company without winding up.
- b) the certified / authenticated copies of the orders of the Appropriate Authority under Section 230 and 232 of the Act sanctioning the Scheme are filed with the RoC by the Parties as per the Appropriate Authority Order;
- c) Confirmation order of Appropriate Authority sanctioning the scheme being filed within thirty days of receipt of the order of Confirmation in form INC-28 along with fees provided under Companies (Registration offices and fees) Rules, 2014 with Registrar of Companies having jurisdiction over the transferee and Transferor Companies respectively, as per provision of Rule 25(7) of Companies (Compromises, Arrangements and Amalgamations) Rules, 2016;
- d) Each of the Company involved in the scheme shall comply with provision of Rules, 25(2) of Companies (Compromises, Arrangements and Amalgamations) Rules, 2016;
- e) Transferee Company shall comply with provision of Rules, 25(4) (a) and (b) of Companies (Compromises, Arrangements and Amalgamations) Rules, 2016;



- f) Companies involved in the scheme may also implement the scheme by following the procedure as per provision of Rule 25(8) of Companies (Compromises, Arrangements and Amalgamations) Rules, 2016;
- g) The resulting Company shall comply with provision of Section 230 and 232 of Companies Act, 2013
- h) It will comply all the applicable Law and no statutory liabilities shall be absolved on sanction of scheme;
- i) Each Company involved in the scheme with all reasonable diligence shall make an application u/s. 230 and 232 of Companies Act, 2013 and other applicable provisions of Companies Act, 2013 for seeking approval of the Scheme;
- j) It will preserve its books of accounts, papers and records and shall not be disposed of without prior permission of Central Government as per the Provisions of Section 239 of the Companies Act, 2013;
- k) Legal proceeding if any pending before the Transferor company is continue against the Transferee Company as per provisions of Companies Act, 2013 before sanction of Scheme and
- l) the requisite consent, approval or permission of the Appropriate Authority which by Applicable Law or contract, agreement may be necessary for the implementation of this Scheme.

20. BUSINESS UNTIL THE EFFECTIVE DATE

With effect from the date of approval of the Scheme by the respective Board of the parties and up to and including the Effective Date:

- a) the Transferor Company shall carry on its businesses in ordinary course with reasonable diligence and business prudence and in the same manner as the Transferor Company had been doing hitherto;
- b) Further the Transferor Company shall not undertake any additional financial commitments of any nature whatsoever, including borrow any amounts or incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitment either for themselves or on behalf of its respective affiliates or associates or any third party, or sell, transfer, alienate, charge, mortgage or encumber or deal in any of its properties/assets, etc except:
 - i. when the same is expressly provided in this Scheme; or
 - ii. when the same is in the ordinary course of business as carried on, by the



Transferor Company; or

- iii. when written consent of the Transferee Company has been obtained in this regard;
- c) the Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to the Appropriate Authorities concerned as necessary under Applicable Law for such consents, approvals and sanctions which the Transferee Company may be require to carry on the relevant business of the Transferor Company and to give effect to the Scheme;
- d) the Transferor Company with effect from the Appointed Date and up to and including the Effective Date shall be deemed to have been carrying on and shall carry on its businesses and activities and shall hold and stand possessed of the assets for and on account of, and in trust for the Transferee Company;
- e) all profits or income arising or accruing to the Transferor Company and all Taxes paid thereon (including but not limited to advance tax, tax deducted at source, minimum alternate tax, dividend distribution tax, securities transaction tax, Taxes withheld/paid in a foreign country, etc.) or losses arising or incurred by the Transferor Company shall, be treated as and deemed to be the profits or income, taxes or losses of the Transferee Company; and
- f) all loans raised and all liabilities and obligations incurred by the Transferor Company after the Appointed Date and prior to the Effective Date, shall, subject to the terms of this Scheme, be deemed to have been raised, used or incurred for and on behalf of the Transferee Company in which it shall vest in terms of this Scheme and to the extent they are outstanding on the Effective Date, shall also, without any further act, instrument or deed be and be deemed to become the debts, liabilities, duties and obligations of the Transferee Company.

21. PROPERTY IN TRUST

Notwithstanding anything contained in this Scheme, on and after the Effective Date, until any property, asset, license, Permit, contract, agreement and rights and benefits arising therefrom pertaining to the Transferor Company is transferred, vested, recorded, effected and/or perfected, in the records of any Appropriate Authority or otherwise, in favour of the Transferee Company, the Transferee Company is deemed to be authorized to enjoy the property, asset or the rights and benefits arising from the license, Permit, contract or agreement as if it were the owner of the property or asset or as if it were the original party to the license, Permit, contract or agreement. It is clarified that till entry is made in the



records of the Appropriate Authorities, the Transferee Company will continue to hold the property and/or the asset, license, Permit, contract or agreement and rights and benefits arising therefrom in trust for and on behalf of the Transferor Company.

22. FACILITATION PROVISIONS

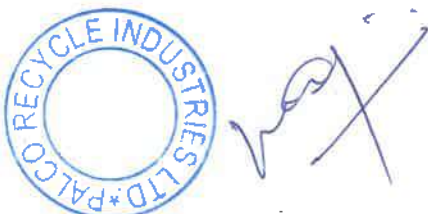
For the purpose of giving effect to the amalgamation order passed under Sections 230, 232 and other applicable provisions of the Act in respect of this Scheme by the Appropriate Authority, the Transferee Company shall, at any time pursuant to the orders approving this Scheme, be entitled to get the recorded of the change in the legal right(s) upon the amalgamation of the Transferor Company, in accordance with the provisions of Sections 230 and 232 of the Act. The Transferee Company is and shall always be deemed to have been authorized to execute any pleadings, applications, forms, etc, as may be required to remove any difficulties and facilitate and carry out any formalities or compliances as are necessary for the implementation of this Scheme.

23. APPLICATIONS / PETITIONS TO THE APPROPRIATE AUTHORITY

Each Company involved in the Scheme shall with all reasonable diligence make and file all applications and petitions under Section 230 and 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 to the Central Government for seeking approval of the Scheme.

24. MODIFICATION OR AMENDMENTS TO THIS SCHEME

- a) The Board of the Parties acting jointly may make any modifications or amendments to this Scheme at any time and for any reason whatsoever, or which may otherwise be considered necessary, desirable or appropriate. The Board of Parties may consent to any conditions or limitations that the Appropriate Authority may impose.
- b) For the purposes of giving effect to this Scheme, the Board may give such directions including directions for settling any question or difficulty that may arise and such directions shall be binding as if the same were specifically incorporated in this Scheme.



25. WITHDRAWAL OF THIS SCHEME, NON-RECEIPT OF APPROVALS AND SEVERABILITY

- a) Parties, acting jointly, shall be at liberty to withdraw the Scheme, any time before the Scheme is effective.
- b) In the event of any of the requisite sanctions and approvals not being obtained on or before such date as may be agreed to by the Parties, this Scheme or relevant part(s) of this Scheme shall become null and void and each Party shall bear and pay its respective costs, charges and expenses for and/or in connection with this Scheme.
- c) In the event the Effective Date does not occur on or before such date as may be agreed by the Parties, this Scheme shall become null and void, and in that event no rights and liabilities whatsoever shall accrue to or be incurred inter se by the Parties or their shareholders or creditors or employees or any other person in terms of this Scheme.
- d) In the event of revocation / withdrawal of the Scheme under this Clause 24, no rights and liabilities whatsoever shall accrue to or be incurred inter se the Parties or their respective shareholders or creditors or employees or any other Person, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or in accordance with Applicable Law and in such case, each Party shall bear its own costs, unless otherwise mutually agreed.

26. COSTS AND EXPENSES

All costs, charges, fees, Taxes, levies and other expenses payable in relation to or in connection with this Scheme and incidental to the completion of the Scheme including stamp duty on the order(s) of the Appropriate Authority, if any, to the extent applicable and payable shall be borne and paid by the Transferee Company.

27. MISCELLANEOUS

In case any doubt or difference or issue shall arise among the Transferor Company and the Transferee Company or any of their shareholders, creditors, employees and/or persons entitled to or claiming any right to any shares in the Transferor Company or the Transferee Company, as to the construction of this Scheme or as to any account, valuation or apportionment to be taken or made in connection herewith or as to any other aspects contained in or relating to or arising out of this Scheme, the same shall be amicably settled



between the Board of Directors of the Transferor and Transferee Company and the decision arrived at therein shall be final and binding on all concerned. If any part of this Scheme hereof is invalid, ruled illegal by the Appropriate Authority or of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the Transferor Company and the Transferee Company that such part shall be separable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party to the Scheme, in which case the parties to the Scheme shall attempt to bring about a modification in the Scheme, as will best preserve for the parties to the Scheme, the benefits and obligations of the Scheme.



SCHEDULE I

DESCRIPTION OF IMMOVABLE PROPERTY OF THE TRANSFEROR COMPANY

A. Immovable property of the Transferor Company as on the date of approval of the Board of the Transferor Company to the Scheme consists of:

1) Land Admeasuring of 19978 Sq. Metre situated at survey no 75, Opp Super British Alloys, Nr. Jalaram Mandir, Ankhoh, Taluka Kadi, Dist. Mehsana, 382715 Gujarat India.

2) Corporate Office admeasuring about 30.25 Sq Metre, situated at Survey No 636/3, Ramol Scheme of S P Square, D/406, S P Square, CTM Ramol Road, Nr. Ramol Police Station, Jantanagar, Ahmedabad – 382449.

B. Any immovable property acquired by the Transferor Company post the date of approval of the Board of the Transferor Company to the Scheme till the Effective Date shall also be transferred to the Transferee Company, pursuant to the Scheme.

