

IN THE NATIONAL COMPANY LAW TRIBUNAL,
MUMBAI BENCH-IV

CP.CAA.NO. 84 OF 2023 WITH
CA (CAA) NO. 16 OF 2022

In the matter of the
Companies Act, 2013

And

In the matter of Sections 230-232 and other
applicable provisions of the Companies
Act, 2013 read with the Companies
(Compromises, Arrangements and
Amalgamations) Rules, 2016

And

In the matter of Composite Scheme of
Arrangement amongst

Synergy Lifestyles Private Limited
("Demerged Company/Petitioner
Company No.1")

And

Yamini Interiors Private Limited
("Resulting Company/Petitioner
Company No.2") and their respective
shareholders ("the Scheme")

Synergy Lifestyles Private Limited

[CIN: U17299MH2001PTC130615]

...Demerged Company
Petitioner Company No. 1



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CA (CAA) /16/MB/2022

Yamini Interiors Private Limited

[CIN: U18101MH1999PTC122882]

...Resulting Company
Petitioner Company No. 2

Order delivered on: 24.11.2023

Coram:

Ms. Anu Jagmohan Singh

Mr. Kishore Vemulapalli

Hon'ble Member (Technical)

Hon'ble Member (Judicial)

Appearances (via videoconferencing):

For the Applicants:

Mr. Ajit Singh Tawar a/w Mr.
Harshad Gada i/b Desai Desai
Carrimjee & Mulla, Advocates.

For the Regional Director:

Mr. Gaurav Jaiswal,
Company Prosecutor, Authorized
Representative for the Office of
the Regional Director, WR,
MCA.

ORDER

1. Heard the learned Counsel for the Petitioners and the representative of the Regional Director Western Region, Ministry of Corporate Affairs, Mumbai. No objector has come before this Tribunal to oppose the Scheme and nor has any party controverted any averments made in the Petition.



2. The sanction of the Tribunal is sought under Sections 230 to 232 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, to the Scheme of Arrangement between Synergy Lifestyles Private Limited (“Demerged Company” or “Petitioner Company No.1”) and Yamini Interiors Private Limited (“Resulting Company” or “Petitioner Company No.2”) and their respective Shareholders.
3. The Counsel for the Petitioner Companies further submits that:
 - a) The **Petitioner Company No. 1** is inter alia engaged in the business of manufacturing of and dealing in textiles and home furnishings.
 - b) The **Petitioner Company No. 2** is incorporated for the purpose of manufacturing and trading of fabric yarns, textiles, rugs, furniture, artefacts etc. has not done any business since the last 4-5 years.
4. The Petitioner Companies have approved the said Scheme of Arrangement by passing the Board Resolutions on September 20, 2021.
5. The Petitions have been filed in consonance with the order dated 10th day of November, 2022, passed by this Tribunal in the connected Company Scheme Application bearing C.A.(CAA)/16/MB/2022.



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6. The Petitioner Companies have complied with all requirements as per directions of this Tribunal and they have filed necessary affidavits of compliance in this Tribunal. Moreover, the Petitioner Companies undertake to comply with all the statutory requirements, if any, as may be required under the Companies Act, 2013 and the Rules made there under. The said undertaking is accepted by the Petitioner Companies.
7. The Learned Counsel for the Petitioner Companies states that, by sanction of this Composite Scheme of Arrangement amongst the Petitioner Companies, will be able to achieve the following rationale:
- i. unlocking the value of the Textile businesses for the shareholders of the Demerged Company as well as the Resulting Company, attracting investors and providing better flexibility for expansion;
 - ii. segregating the core Textile Business from surplus assets so as to have business specific risk and return profiles, and providing potential investors with better flexibility to invest in the Demerged Company and the Resulting Company; and
 - iii. enabling focused growth strategy for Textile business for exploiting opportunities and segregation of non-core assets
8. The Petitioner Company No.2 will issue and allot 1 (One) fully paid-up equity share of Rs.10/- each of the Petitioner Company No.2 to the



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shareholders of the Petitioner Company No.1 for every 1 (One) equity share of Rs. 10/- each held by them in the Petitioner Company No.1.

9. In view of the above, management of the Petitioner Companies have decided and made requisite applications and/or petitions before the National Company Law Tribunal (“NCLT”) under Sections 230 to 232 read with other applicable provisions of the Companies Act, 2013, for the sanction of this Scheme.
10. The Regional Director (Western Region), Ministry of Corporate Affairs, Mumbai has filed its Report dated 24th day of August, 2023, making certain observations. The Petitioner Companies have filed a detailed Affidavit in Reply on 13th day of September, 2023. A comparative chart of the observations of the Regional Director and the Petitioner Companies’ reply thereto is set out below:

Observations	Reply
2. That the observations of the Central Government on the scheme are submitted as under: a) That on examination of the report of the Registrar of Companies, Mumbai dated	The Petitioner Companies state that it is evident from the report of the Registrar of Companies, Maharashtra, that (i) there is no representation regarding the Scheme



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<p>08.08.2023 for Petitioner Companies (Annexed as Annexure A-1) that the Petitioner Companies falls within the jurisdiction of ROC, Mumbai. It is submitted that no representation regarding the proposed scheme of Arrangement has been received in the matter of Petitioner Company. Further, the Petitioner Companies has filed Financial Statements up to 31.03.2022.</p>	<p>has been received by the Registrar of Companies from any third parties</p>
<p>i. That the ROC Mumbai in his report dated 08.08.2023 has also stated that No Inquiry, Inspection, Investigations, Prosecutions, Technical Scrutiny and Complaint under CA, 2013 have been pending against the Petitioner Companies and matter may be decided on merit.</p>	<p>The Registrar of Companies in its report states that there is no inquiry, inspection, investigations, and/or prosecution pending against either of the Petitioner Companies and therefore doesn't require any comments.</p>
<p>ii. Further ROC has mentioned as follows: -</p>	<p>As regards the observation contained in Paragraph 2(a)(ii)(a) of the RD</p>



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<p>a) There are many open charges are pending on the Demerged Company.</p> <p>b) The appointed date as per the scheme is 1st April 2021 for which almost 2 years have been already lapsed.</p> <p>c) Interest of the Creditors should be protected.</p> <p>d) ROC Mumbai in his report dated 08.08.2023 (Copy Enclosed) has pointed out that petitioner company has made some non-compliances of Companies Act 2013 read with applicable rules.</p> <p>Hence, the Petitioner Companies shall undertake to submit detail reply against the observations mentioned above.</p>	<p>Report, it is submitted that the Demerged Company had obtained the no-objection of the Secured Creditors for the Scheme and the same were annexed by the Petitioner Companies as Annexure W to the CA(CAA) No 16 of 2022 filed by the Petitioner Companies before this Hon'ble NCLT.</p> <p>As regards the observation contained in Paragraph 2(a)(ii)(b) of the RD Report, the Petitioner Companies submits that the Petitioner Companies had filed CA(CAA) No. 16 of 2022 on December 17, 2021, which date is clearly within 12 months from the Appointed Date.</p> <p>As regards the observation contained in Paragraph 2(a)(ii)(c) of the RD Report, whilst the Scheme does not affect the rights of the creditors of the Petitioner Companies, the Petitioner Companies undertake to protect the interest of the creditors.</p> <p>As regards the observation contained in Paragraph 2(a)(ii)(d) of the RD</p>
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	<p>Report, it is submitted that the observations of the ROC are set out in paragraph 32 of the ROC Report it is stated as follows:</p> <p>I. In context of observation at point (1) thereof, it is submitted that the Demerged Company had obtained the no-objection of the Secured Creditors for the Scheme and the same were annexed by the Petitioner Companies as Annexure W to the CA(CAA) No 16 of 2022 filed by the Petitioner Companies before this Hon'ble NCLT.</p> <p>II. In context of point (2) thereof, it is submitted that the that the Petitioner Companies had filed CA(CAA) No. 16 of 2022 on December 17, 2021, which date is clearly within 12 months from the Appointed . Date and is in compliance of MCA Circular.</p> <p>III. In context of point (3) thereof, the same is a statement of fact and</p>
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	<p>does not require any reply from the Petitioner Companies.</p> <p>IV. In context of point (4) thereof, it is submitted that whilst the Petitioner Companies have not annexed copies of the Balance Sheets of the Petitioner Companies to the Scheme, the same were duly annexed in CA (CAA) No. 16 of 2022 filed by the Petitioner Companies with this Hon'ble NCLT and the same were served on office of ROC as part of the Form GNL1 and Regional Director on July 10, 2023. The copies of the Form GNL1 and the service of the Application on Regional Director is annexed and marked as Annexure A1 and A2 to Affidavit in Reply to the Report of the Regional Director.</p> <p>V. In context of point (5) & (6) thereof, the financial statements of the Demerged Company along with the auditors report for the</p>
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financial year ended March 31, 2022 and March 31, 2021, of the Demerged Company and the Resulting Company is annexed and marked as **Annexure B1 – B4** to the Affidavit in Reply to the Report of the Regional Director.

VI. In context of point (7) thereof, it is submitted that the same proceeds on the mistaken belief that the present case is of amalgamation/merger, whereas the Scheme before the Hon'ble NCLT is for sanctioning an arrangement of demerger and accordingly, the observations contained therein are not applicable to the present case.

VII. In context of point (8) thereof, it is submitted that whilst the Scheme does not affect the rights of the creditors of the Petitioner Companies, the Petitioner Companies undertake to protect the interest of the creditors.



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<p>b) It is submitted that the petitioner Company has stated that the scheme is in compliance of Section 2 (19AA), in this regard, petitioner company may be directed to place on record that as to how this scheme is in compliance of Section 2 (19AA) of the Income Tax Act, 1961.</p>	<p>In this regard it is submitted that the Scheme postulates that upon the Scheme coming into effect, the Demerged Undertaking shall become the property of the Resulting Company. It is further submitted that under the Scheme, all liabilities pertaining to the Demerged Undertaking shall become liabilities of the Resulting Company. Under paragraph 10.2.1 of the Scheme, the Resulting Company shall record the values of the assets and liabilities of the Demerged Undertaking transferred to it at their respective carrying values as appearing in the books of the Demerged Company. A statement of assets and liabilities forming part of the Demerged Undertaking along with the values thereof as on April 1, 2021, as submitted to the Regional Director, is annexed and marked as Annexure C to the Affidavit in Reply to the Report of the Regional Director. The Scheme under paragraph 9 contemplates issuance of shares to</p>
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	<p>each shareholder of the Demerged Company as a consideration of transfer of the Demerged Undertaking from the Demerged Company to the Resulting Company. Furthermore, under clause 4.1 of the Scheme, the transfer of Demerged Undertaking from the Demerged Company to the Resulting Company is envisaged as a going concern. Accordingly, the Petitioner Companies submit that the Scheme is in compliance of Section 2(19AA) of the Income tax Act, 1961.</p>
<p>c) In compliance of Accounting Standard – 14 or IND – AS 103, as may be applicable, the resultant company shall pass such accounting entries which are necessary in connection with the scheme to comply with other applicable Accounting Standards including AS-5 or IND AS-8 etc.</p>	<p>The Petitioner Companies submit that the accounting treatment to be carried out upon sanctioning of the Scheme is set out in paragraph 10 of the Scheme. The Petitioner Companies further undertake that the same is in compliance with Accounting Standard 14, they shall pass such accounting entries as are necessary in connection with the Scheme to comply with the applicable accounting standards.</p>



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<p>d) The Hon'ble Tribunal may kindly direct the Petitioner Companies to file an affidavit to the extent that the Scheme enclosed to the Company Application and Company Petition are one and same and there is no discrepancy, or no change is made.</p>	<p>The Petitioner Companies do confirm that the Scheme enclosed to the CA(CAA) No. 16 of 2022 and CP(CAA) No. 84 of 2023 are one and the same and there is no discrepancy, or change made thereto.</p>
<p>e) The Petitioner Companies under provisions of section 230 (5) of the Companies Act 2013 have to serve notices to concerned authorities which are likely to be affected by the Amalgamation or arrangement. Further, the approval of the scheme by the Hon'ble tribunal may not deter such authorities to deal with any of the issues arising after giving effect to the scheme. The decision of such authorities shall be binding on the petitioner companies concerned.</p>	<p>The Petitioner Companies have, in terms of the directions given under orders dated 10.11.2022 and 18.05.2023 passed by this Hon'ble Tribunal, given notice of proposed Scheme and the notice of the hearing to the regulatory authorities. The Petitioner Companies have filed requisite Affidavit of Service dated February 13, 2023 and Affidavit of Compliance dated 18.08.2023 in the matters.</p>



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<p>f) As per Definition of the Scheme, “Appointed Date” means opening of business hours of 1st April 2021;</p> <p>“Effective Date” means the day on which the last of the approvals/conditions specified in Clause 21 (Conditionality of Scheme) of this Scheme are obtained or complied with. Reference in this Scheme to the date of “coming into effect of this Scheme” or “effectiveness of this Scheme” shall mean the Effective Date;</p> <p>“Record Date” means the date to be fixed by the Board of the Demerged Company in consultation with the Resulting Company for the purpose of determining the shareholders of the Demerged Company for issue of the equity shares, pursuant to Part II of this Scheme;</p>	<p>The Petitioner Companies submit that the Appointed Date under the Scheme of Arrangement is April 1, 2021. The CA(CAA) No. 16 of 2022 was filed on 17.12.2021, which date is clearly within 12 months of the Appointed Date. Accordingly, the Appointed Date is not ante-dated beyond one year in terms of para 6(c) of the Circular No. F. No. 7/12/2019/CL-I dated 21.08.2019 issued by the Ministry of Corporate Affairs.</p>
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<p>The Petitioner Company shall undertake to modify or amend the appointed date as it is the ante-dated.</p> <p>It is submitted that the Petitioners may be asked to comply with the requirements as clarified vide circular No. F. No. 7/12/2019/CL-I dated 21-08-2019 issued by the Ministry of Corporate Affairs.</p>	
<p>g) Petitioner Companies shall undertake to comply with the directions of Income Tax Department and the GST Authorities, if any</p>	<p>The Petitioner Companies undertake to comply with the directions of Income Tax Department and the GST Authorities, if any.</p>
<p>h) Petitioner Companies shall undertake to comply with the directions of the concerned sectoral Regulatory, if any.</p>	<p>The Petitioner Companies undertake to comply with the directions, if any, of the concerned sectoral Regulatory authority.</p>
<p>i) It is observed from financial statements as on 31.03.2022 of Petitioner Companies has issued shares at Security Premium and collected total premium as follows: -</p>	<p>The Petitioner Company No.1 submits that it had issued 139,760 equity shares having face value of Rs. 10/- each at a premium of Rs. 206.80 per equity share on February 25, 2013. A copy of the Form No.2 (as</p>



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<i>Sr. No.</i>	<i>Name of the Company</i>	<i>Total Amount of Securities Premium Collected.</i>	
1.	<i>Synergy Lifestyles Private Limited.</i>	<i>Rs.2,89,02,368/-</i>	applicable at the relevant time) as filed by the Petitioner Company No. 1 on 27.02.2013 along with the copy of the challan with the relevant SRN is annexed as Annexure D to the Affidavit in Reply to the Report of the Regional Director. The Petitioner Company No.1 further states that it had filed its return of income for Assessment Year 2013-14 relevant for Financial Year 2012-13 on 29.09.2013. The jurisdictional Income tax Officer after scrutinising the return of income of the Petitioner Company No.1 passed an Assessment Order under section 143(3) of the Income tax Act, 1961, on 11.03.2016 after making disallowance in terms of section 14A of the Income tax Act, 1961. It is submitted that no addition to the income of the Petitioner Company No.1 was made under section 68 of the Income tax Act, 1961. A copy of the Assessment Order dated 11.03.2016 is annexed as Annexure

The Company may clarify the status of filing of return of allotment.

Further, the Petitioner Companies shall also satisfy the Hon'ble Bench about assessment of share capital u/s. 68 of the Income Tax Act, 1961, for issue of shares at fair value in order to confirm compliance of Income Tax Laws or Hon'ble NCLT may seek the comments from Income Tax department, if any on this issue.



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	E to the Affidavit in Reply to the Report of the Regional Director.
j) No Form BEN-2 has been filed by any of the Petitioner Company as per records available at MCA21 Portal, hence Petitioner Companies shall undertake to comply with the provisions of Section 90 of Companies Act, 2013 r/w. Companies (Significant Beneficial Owners) Amendment Rules, 2019, thereunder and to file Form BEN-2 for declaring name of the significant beneficial owner with concerned ROC.	The Petitioner Company No. 2 filed the Form No. BEN – 2 as required on 30.09.2019. A copy of the said form as filed by Petitioner Company No. 2 along with the copy of the challan with the relevant SRN is annexed as Annexure F to the Affidavit in Reply to the Report of the Regional Director.

11. Mr. Gaurav Jaiswal, Ld. Counsel from the Office of Regional Director of Western Region, Mumbai appeared on the date of hearing and submits that above explanations and clarifications given by the Petitioner Companies in rejoinder are satisfactory and they have no further objection to the Scheme.

12. From the material on record, the Scheme appears to be fair and reasonable and is not in violation of any provisions of law and is not contrary to public policy.



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13. The Income Tax Department will be at the liberty to examine the aspect of any tax payable because of this scheme and it shall be open to the income tax authorities to take necessary action as possible under the Income Tax Law.
14. The Demerged Undertaking, as a going concern including taxes and charges, if any and duties of the Petitioner Company No.1, shall pursuant to Section 232 of the Companies Act, 2013, be transferred to and become the assets & liabilities, the undertakings and entire businesses and duties of the Petitioner Company No.2.
15. Since all the requisite statutory compliances have been fulfilled, Company Petition bearing C.P.(CAA)/84/MB/2023 filed by the Petitioner Companies is made absolute in terms of prayers clause of the said Company Scheme Petition.
16. The Petitioner Companies are directed to file a certified copy of this Order along with a copy of the Scheme with the concerned Registrar of Companies, electronically, along with e-Form INC-28, within 30 days from the date of receipt of Order, duly certified by the Deputy Registrar or the Assistant Registrar, as the case may be, of this Tribunal.
17. The Petitioner Companies to lodge a certified copy of this order and the Scheme duly authenticated by the Deputy Registrar or the Assistant Registrar, as the case may be, of this Tribunal, with the concerned Superintendent of



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Stamps, for the purpose of adjudication of stamp duty payable, if any, on the same within 60 days from the date of receipt certified copy of the order.

18. All concerned regulatory authorities to act on a copy of this Order duly certified by the Registry of this Tribunal, along with a copy of the Scheme.
19. The Composite Scheme of Arrangement is hereby sanctioned, and the Appointed Date of the Scheme is fixed as 1st day of April, 2021 for Petitioner Companies for the purposes of Section 232(6) of the Companies Act, 2013.
20. Order accordingly.

Sd/-
Anu Jagmohan Singh
Member (Technical)

Suresh/24.11.2023

Sd/-
Kishore Vemulapalli
Member (Judicial)



Certified True Copy _____
Date of Application 04/12/2023
Number of Pages 19
Fee Paid Rs. 95/-
Applicant called for collection copy on 05/12/2023
Copy prepared on 05/12/2023
Copy issued on 05/12/2023

R. S. Srinivasan
Deputy Registrar 05/12/2023
National Company Law Tribunal, Mumbai Bench

COMPOSITE SCHEME OF ARRANGEMENT
AMONGST
SYNERGY LIFESTYLES PRIVATE LIMITED
("DEMERGED COMPANY")
AND
YAMINI INTERIORS PRIVATE LIMITED
("RESULTING COMPANY")
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS
UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE
PROVISIONS OF THE COMPANIES ACT, 2013,
AND RULES FRAMED THEREUNDER, AS
AMENDED FROM TIME TO TIME

TRUE COPY
DESAI DESAI GARRAJEE & MULLA

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Partner



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A. BACKGROUND OF THE COMPANIES

- (i) **Synergy Lifestyles Private Limited**, the “Transferor Company” or “Demerged Company” or “Transferor/ Demerged Company”, is a private limited company incorporated on January 25, 2001, under the provisions of the Companies Act, 1956 bearing CIN : U17299MH2001PTC130615 and PAN : AAFCS1753A and having its registered office at Synergy House, 130 Dinshaw Petit Lane, Kalachowki, Mumbai – 400 033, Maharashtra India. The Transferor/ Demerged Company is engaged in manufacturing, distribution and dealing of Textiles and home furnishings.
- (ii) **Yamini Interiors Private Limited**, the “Resulting Company”, is a private limited company incorporated on December 2, 1999, under the provisions of the Companies Act, 1956, bearing CIN : U18101MH1999PTC122882 and PAN : AAACY1072D and having its registered office at Synergy House, 130 Dinshaw Petit Lane, Kalachowki, Mumbai – 400 033, Maharashtra India. The Resulting Company is also engaged in the business of dealing in home furnishings.

B. RATIONALE FOR THIS SCHEME

- (i) The Transferor/ Demerged Company is engaged in the business of manufacturing of and dealing in textiles and home furnishings.
- (ii) The Resultant Company whilst being incorporated for the purpose of engaging in the business of manufacturing of and dealing in textiles and home furnishings has not done any business since the last 3-4 years.
- (iii) The nature and competition involved in each of the aforementioned businesses is distinct and it is capable of attracting a different set of investors, strategic partners, lenders and other stakeholders de hors the investment made in land and building.



- (iv) The re-organization would help further the growth and expansion potential of the said Textile Business and enable reduction of costs thereby making the Textile Business more competitive and attractive to the investors.
- (v) With a view to reorganise the businesses of the Demerged Company, it is proposed to bring the said Textile Business of the Demerged Company under the aegis of the Resulting Company. This, *inter alia*, would result in the following benefits:
 - (a) unlocking the value of the Textile Businesses for the shareholders of the Transferor/ Demerged Company as well as the Resulting Company, attracting investors and providing better flexibility for expansion;
 - (b) segregating the core Textile Business from surplus assets so as to have business specific risk and return profiles, and providing potential investors with better flexibility to invest in the Demerged Company and the Resulting Company; and
 - (c) enabling focused growth strategy for Textile Business for exploiting opportunities and segregation of non-core assets.

The Scheme (*as defined hereinafter*) is in the best interests of the shareholders, employees and the creditors of each of the Parties (*as defined hereinafter*).

C. OVERVIEW AND OPERATION OF THIS SCHEME

This Scheme provides for the demerger, transfer and vesting of the Demerged Undertaking (*as defined hereinafter*) from the Demerged Company into the Resulting Company on a *going concern* basis, and the consequent issue of shares by the Resulting Company in the manner set out in this Scheme;

D. PARTS OF THIS SCHEME

This Scheme is divided into the following parts:

- (i) **PART I** deals with the definitions, share capital and date of taking effect and

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implementation of this Scheme;

- (ii) **PART II** deals with the transfer and vesting of the Demerged Undertaking (*as defined hereinafter*) from the Demerged Company into the Resulting Company and the consideration thereof; and
- (iii) **PART III** deals with the general terms and conditions that would be applicable to this Scheme.

PART I

DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

- 1.1. In this Scheme, unless inconsistent with the subject or context thereof (i) capitalised terms defined by inclusion in quotations and/ or parenthesis have the meanings so ascribed; (ii) all terms and words not defined in this Scheme shall have the meaning ascribed to them under the relevant Applicable Law (as defined hereinafter); and (iii) the following expressions shall have the meanings ascribed hereunder:

“**Act**” means the Companies Act, 2013;

“**Appointed Date**” means opening of business hours of 1st April 2021;

“**Applicable Law**” means any applicable central, provincial, local or other law including all applicable provisions of all (a) constitutions, decrees, treaties, statutes, laws (including the common law), codes, notifications, rules, regulations, policies, guidelines, circulars, directions, directives, ordinances or orders of any Appropriate Authority, statutory authority, court, tribunal having jurisdiction over the Parties; (b) Permits; and (c) orders, decisions, injunctions, judgments, awards and decrees of or agreements with any Appropriate Authority having jurisdiction over the Parties as may be in force from



time to time;

“Appropriate Authority” means:

- (a) the government of any jurisdiction (including any central, state, municipal or local government or any political or administrative subdivision thereof) and any department, ministry, agency, instrumentality, court, central bank, commission or other authority thereof;
- (b) any public international organisation or supranational body and its institutions, departments, agencies and instrumentalities; and
- (c) any governmental, quasi-governmental or private body or agency lawfully exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, licensing, competition, tax, importing or other governmental or quasi-governmental authority including (without limitation), SEBI (*as defined hereinafter*), RBI (*as defined hereinafter*), the Tribunal (*as defined hereinafter*).

“Board” in relation to each of the Parties, means the board of directors of such company, and shall include a committee of directors or any person authorized by the board of directors or such committee of directors duly constituted and authorized for the purposes of matters pertaining to this Scheme or any other matter relating thereto;

“Demerged Undertaking” shall mean all of the Textile Business and shall include (without limitation):

- (a) all assets and properties, including all movables, leasehold or licensed, tenancy rights, hire purchase and lease arrangements, real or personal corporeal or incorporeal or otherwise, present, future, contingent, tangible or intangible, and associated capital costs, security deposits, capital work in progress, easmentary rights, rights of way, plant and machinery, furniture, fixtures, office equipment, appliances, accessories, vehicles, all stocks, sundry debtors, deposits, provisions, advances, recoverables, receivables, accumulated losses as well as unabsorbed depreciation as per books as well as per Income Tax Act, title, interest, cash and bank balances, bills of exchange, covenants, all earnest monies, security deposits, or other entitlements, funds of the Demerged Company pertaining to

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the Textile Business, all import quotas and other quota rights, right to use and avail of telephones, telex, facsimile, email, internet, leased lines and other communication facilities, connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever and all the rights, title, interests, goodwill, benefits, fiscal incentives, entitlement and advantages, contingent rights or benefits belonging to or in the ownership, power, possession or the control of or vested in or granted in favor of or held for the benefit of or enjoyed by the Demerged Company pertaining to the Textile Business but shall not include the Land and Building owned by the Transferor Company which is identified as non-core to the Textile Business (more specifically defined in Clause 4.4);

- (b) all debts (including debentures), cash flow hedge reserves, liabilities, whether fixed or contingent, matured or unmatured, including indebtedness, employee related, pension, tax and environmental liabilities, of the Demerged Company pertaining to the Textile Business (more specifically defined in Clause 4.6);
- (c) all contracts, agreements, schemes, arrangements and any other instruments for the purpose of carrying of the Demerged Company pertaining to the Textile Business;
- (d) all refunds, reimbursements, claims, concessions, exemptions, benefits including sales tax deferrals, income tax deducted/ collected at source, goods and service tax credit, minimum alternate tax credit, deductions and benefits under the relevant Law or any other taxation statute with respect to the Textile Business;
- (e) all Permits, licences, approvals, registrations, quotas, incentives, powers, authorities, allotments, consents, rights, benefits, advantages, municipal permissions, pertaining to the Textile Business;
- (f) all intellectual property and intellectual property rights (including any applications for the same) of any nature whatsoever, all books, records, files,

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papers, engineering and process information, computer programs, software licenses (whether proprietary or otherwise), drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form in connection with or pertaining to Textile Business; and

- (g) all employees (including graduate trainees) and contract workers employed exclusively in the conduct of the Textile Business.

It is clarified that the question of whether a specified asset or liability pertains to the Demerged Undertaking or arises out of the activities or operations of Demerged Undertakings shall be decided by the Board of the Demerged Company.

“Demerged Company” or “Transferor Company” means Synergy Lifestyles Private Limited, a Private company incorporated under the provisions of the Indian Companies Act, 1956 and having its corporate identification number U17299MH2001PTC130615 and registered office at Synergy House, 130, Dinshaw Petit Lane, Kalachowki, Mumbai-400 033;

“Effective Date” means the day on which the last of the approvals/ conditions specified in Clause 21 (Conditionality of Scheme) of this Scheme are obtained or complied with. Reference in this Scheme to the date of **“coming into effect of this Scheme”** or **“effectiveness of this Scheme”** shall mean the Effective Date;

“Encumbrance” means (i) 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; (ii) 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, selling, assigning, pledging, hypothecating, or creating a security interest in, place in trust (voting or otherwise), receipt of income or exercise; or (iii) any equity, assignments hypothecation, title retention, restriction, power of sale or other type of preferential arrangements; or (iv) any agreement to create any of the

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above; the term "Encumber" shall be construed accordingly;

"INR" means Indian Rupee, the lawful currency of the Republic of India;

"Income Tax Act" means the Income-tax act, 1961 as may be amended or supplemented from time to time and shall include any statutory replacement or re-enactment thereof, read together with all applicable by-laws, rules, regulations, orders, ordinances, policies, directions, supplements issued thereunder;

"Parties" shall mean collectively the, Transferor / Demerged Company and the Resulting Company and "Party" shall mean each of them, individually;

"Permits" means all consents, licences, permits, certificates, permissions, authorisations, rights, clarifications, approvals, clearances, confirmations, declarations, waivers, exemptions, registrations, filings, whether governmental, statutory, regulatory or otherwise as required under Applicable Law;

"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;

"RBI" means the Reserve Bank of India;

"Record Date" means the date to be fixed by the Board of the Demerged Company in consultation with the Resulting Company for the purpose of determining the shareholders of the Demerged Company for issue of the equity shares, pursuant to Part II of this Scheme;

"Remaining Business" means all of the businesses, units, divisions, undertakings, and assets and liabilities of the Demerged Company, including the land and buildings owned by the Demerged Company, other than the Demerged Undertaking;

"Resulting Company" means Yamini Interiors Private Limited, a private limited

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company incorporated under the provisions of the Companies Act, 1956 and having its corporate identity number U18101MH1999PTC122882 and registered office at Synergy House, 130, Dinshaw Petit Lane, Kalachowki, Mumbai – 400 033, India;

"RoC" means the Registrar of Companies having jurisdiction over the Parties;

"Scheme" means this composite scheme of arrangement, with or without any modification(s);

"SEBI" means the Securities and Exchange Board of India;

"Taxation" or "Tax" or "Taxes" includes all forms of taxes and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions and levies and whether levied by reference to income, profits, book profits, gains, net wealth, asset values, turnover, added value or otherwise and shall further include payments in respect of or on account of Tax, whether by way of deduction or collection at source, advance tax, minimum alternate tax or otherwise or attributable directly or primarily to the Demerged Company, the Resulting Company or any other Person and all penalties, charges, costs and interest relating thereto;

"Tax Laws" means all Applicable Laws, acts, rules and regulations dealing with Taxes including but not limited to the income-tax, wealth tax, sales tax / value added tax, service tax, goods and services tax, excise duty, customs duty or any other levy of similar nature;

"Textile Business" means the entire business of the Demerged Company of manufacturing, distributing and selling of Textiles and home-furnishings;

"Tribunal" means the relevant bench of the National Company Law Tribunal having jurisdiction over the Parties.

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



- 1.2.1 words denoting the singular shall include the plural and *vice versa*;
- 1.2.2 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; and
- 1.2.3 the words "include" and "including" are to be construed without limitation.

2. SHARE CAPITAL

- 2.1. The share capital of the Transferor/ Demerged Company as on 1st April 2021 is as follows:

Particulars	INR
Authorised Share Capital	
5,00,000 equity shares of INR 10 each	50,00,000
Total	50,00,000
Issued, Subscribed and Paid Up Capital	
2,77,260 equity shares of INR 10 each, fully paid	27,72,600
Total	27,72,600

Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid up share capital of the Demerged Company till the date of approval of the Scheme by the Board of the Demerged Company.

- 2.2. The share capital of the Resulting Company as on 1st April 2021 is as follows:

Particulars	INR
Authorised Share Capital	
5,00,000 equity shares of INR 10 each	50,00,000
10,00,000 7% Non-Cumulative Redeemable Preference Shares of INR 10 each	1,00,00,000

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Total	1,50,00,000
Issued, Subscribed and Paid-up Capital	
4,40,200 equity shares of INR 10 each	44,02,000
5,00,000 7% Non-Cumulative Redeemable Preference Shares of INR 10 each	50,00,000
Total	94,02,000

Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid up share capital of the Resulting Company till the date of approval of the Scheme by the Board of the Resulting Company.

3. DATE OF TAKING EFFECT AND IMPLEMENTATION OF THIS SCHEME

3.1. This Scheme set out herein in its present form or with any modification(s) and amendment(s) made under Clause 20 of this Scheme duly approved or imposed or directed by the Tribunal shall be effective from the Appointed Date but shall be operative from the Effective Date.

PART II

DEMERGER AND VESTING OF THE DEMERGED UNDERTAKING

4. DEMERGER AND VESTING OF THE DEMERGED UNDERTAKING

4.1. Upon this Scheme becoming effective and with effect from the Appointed Date, and subject to the provisions of this Scheme and pursuant to Sections 230 to 232 of the Act and Section 2(19AA) of the Income Tax Act, the Demerged Undertaking along with all its assets, liabilities, contracts, arrangements, employees, Permits, licences, records, approvals, etc. shall, without any further act, instrument or deed, be demerged from Demerged Company and transferred to and be vested in or be deemed to have been vested in the Resulting Company as a going concern so as to become the assets, liabilities, contracts, arrangements, employees, Permits, licences, records, approvals, etc. of the Resulting Company by virtue of, and in the manner provided in this Scheme,

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on and from the Appointed Date.

- 4.2. In respect of such of the assets and properties forming part of the Demerged Undertaking as are movable in nature or are otherwise capable of transfer by delivery or possession, or by endorsement and/ or delivery, the same shall stand transferred by the Demerged Company upon coming into effect of this Scheme and shall, *ipso facto* and without any other order to this effect, become the assets and properties of the Resulting Company.
- 4.3. Subject to Clause 4.4 below, with respect to the assets of the Demerged Undertaking, other than those referred to in Clause 4.2 above, including all rights, title and interests in the agreements (including agreements for lease or license of the properties), investments in shares, mutual funds, bonds and any other securities, sundry debtors, claims from customers or otherwise, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, whether or not the same is held in the name of the Demerged Company, shall, without any further act, instrument or deed, be transferred to and vested in and/ or be deemed to be transferred to and vested in the Resulting Company, with effect from the Appointed Date by operation of law as transmission or as the case may be in favour of Resulting Company. With regard to the licenses of the properties, the Resulting Company will enter into novation agreements, if it is so required.
- 4.4. The Land and Building owned by the Transferor Company and not forming part of the Demerged Undertaking shall be permitted to be used as per the License Agreement which will be effective from the Appointed Date.
- 4.5. The Demerged Company shall, at its sole discretion but without being obliged, give notice in such form as it may deem fit and proper, to such Persons, as the case may be, that the said debt, receivable, bill, credit, loan, advance or deposit stands transferred to and vested in the Resulting Company and that appropriate modification should be made in their respective books/ records to reflect the aforesaid changes.



4.6. Upon effectiveness of Part II of the Scheme, all debts, liabilities, loans, obligations and duties of the Demerged Company as on the Appointed Date and relating to the Demerged Undertaking (“**Transferred Textile Business Liabilities**”) shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Resulting Company to the extent that they are outstanding as on the Appointed Date and the Resulting Company shall meet, discharge and satisfy the same. The term “**Transferred Textile Business Liabilities**” shall include:

4.6.1. the debts, liabilities obligations incurred and duties of any kind, nature or description (including contingent liabilities) which arise out of the activities or operations of the Demerged Undertaking;

4.6.2. the specific loans or borrowings (including debentures bonds, notes and other debt securities raised, incurred and utilized solely for the activities or operations of the Demerged Undertaking); and

4.6.3. in cases other than those referred to in Clauses 4.6.1 or 4.6.2 above, so much of the amounts of general or multipurpose borrowings, if any, of the Demerged Company, as stand in the same proportion which the value of the assets transferred pursuant to the demerger of the Demerged Undertaking bear to the total value of the assets of the Demerged Company immediately prior to the Appointed Date.

However, the tax liabilities and tax demands or refunds received or to be received by the Demerged Company for a period prior to the Appointed Date in relation to the Demerged Company shall not be transferred as part of the Demerged Undertaking to the Resulting Company.

4.7. In so far as any Encumbrance in respect of Transferred Textile Business Liabilities is concerned, such Encumbrance shall, without any further act, instrument or deed being required to be modified and, if so agreed, shall be extended to and shall operate over the assets of the Resulting Company. For the avoidance of doubt, it is hereby clarified



that in so far as the assets comprising the Remaining Business are concerned, the Encumbrance, if any, over such assets relating to the Transferred Textile Business Liabilities, without any further act, instrument or deed being required, be released and discharged from the obligations and Encumbrances relating to the same. Further, in so far as the assets comprised in the Demerged Undertaking are concerned, the Encumbrance over such assets relating to any loans, borrowings or other debts which are not transferred to the Resulting Company pursuant to this Scheme and which shall continue with the Demerged Company, shall without any further act or deed be released from such Encumbrance and shall no longer be available as security in relation to such liabilities.

- 4.8. Taxes, if any, paid or payable by the Demerged Company after the Appointed Date and specifically pertaining to Demerged Undertaking shall be treated as paid or payable by the Resulting Company and the Resulting Company shall be entitled to claim the credit, refund or adjustment for the same as may be applicable.
- 4.9. If the Demerged Company is entitled to any unutilized credits (including unutilised credits and unabsorbed depreciation, minimum alternate tax credit), balances or advances, benefits under the incentive schemes and policies including tax holiday or concessions relating to the Demerged Undertaking under any Tax Laws or Applicable Laws, the Resulting Company shall be entitled as an integral part of the Scheme to claim such benefit or incentives or unutilised credits, as the case may be, without any specific approval or permission.
- 4.10. Upon the Scheme becoming effective, the Demerged Company and the Resulting Company shall have the right to revise their respective financial statements and returns along with prescribed forms, filings and annexures under the Tax Laws and to claim refunds and/or credit for Taxes paid and for matters incidental thereto, if required, to give effect to the provisions of the Scheme. It is further clarified that the Resulting Company shall be entitled to claim deduction under Section 43B of the Income Tax Act in respect of unpaid liabilities transferred to it as part of the Demerged Undertaking to the extent not claimed by the Demerged Company.

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- 4.11. Subject to Clause 4 and any other provisions of the Scheme, any refunds, benefits, incentives, grants, subsidies in relation to or in connection with the Demerged Undertaking, the Demerged Company shall, if so required by the Resulting Company, issue notices in such forms as the Resulting Company may deem fit and proper stating that pursuant to the Tribunal having sanctioned this Scheme, the relevant refund, benefit, incentive, grant, subsidies, be paid or made good or held on account of the Resulting Company, as the person entitled thereto, to the end and intent that the right of the Demerged Company to recover or realise the same, stands transferred to the Resulting Company and that appropriate entries should be passed in their respective books to record the aforesaid changes.
- 4.12. On and from the Effective Date and till such time that the name of the bank accounts of the Demerged Company, in relation to or in connection with the Demerged Undertaking, have been replaced with that of the Resulting Company, the Resulting Company shall be entitled to maintain and operate the bank accounts of the Demerged Company, in the name of the Demerged Company for such time as may be determined to be necessary by the Resulting Company. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Demerged Company, in relation to or in connection with the Demerged Undertaking, after the Effective Date shall be accepted by the bankers of the Resulting Company and credited to the account of the Resulting Company, if presented by the Resulting Company.
- 4.13. Without prejudice to the provisions of the foregoing sub clauses of this Clause 4, the Demerged Company and the Resulting Company shall be entitled to apply to the Appropriate Authorities as are necessary under any law for such consents, approvals and sanctions which the Resulting Company may require and execute any and all instruments or documents and do all the acts and deeds as may be required, including filing of necessary particulars and/ or modification(s) of charge, with the concerned RoC or filing of necessary applications, notices, intimations or letters with any authority or Person to give effect to the Scheme.

5. PERMITS

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- 5.1. With effect from the Appointed Date, Permits relating to the Demerged Undertaking shall be transferred to and vested in the Resulting Company and the concerned licensor and grantors of such Permits shall endorse where necessary, and record the Resulting Company on such Permits so as to empower and facilitate the approval and vesting of the Demerged Undertaking in the Resulting Company and continuation of operations pertaining to the Demerged Undertaking in the Resulting Company without any hindrance, and shall stand transferred to and vested in and shall be deemed to be transferred to and vested in the Resulting Company without any further act or deed and shall be appropriately mutated by the Appropriate Authorities concerned therewith in favour of the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company and the Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to the Resulting Company.
- 5.2. The benefit of all Permits pertaining to the Demerged Undertaking shall without any other order to this effect, transfer and vest into and become available to the Resulting Company pursuant to the sanction of this Scheme.

6. CONTRACTS

- 6.1. Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments in relation to the Demerged Undertaking, to which the Demerged Company is a party and which is subsisting or having effect on or immediately before the Appointed Date shall remain in full force and effect against or in favour of the Resulting Company and shall be binding on and be enforceable by and against the Resulting Company as fully and effectually as if the Resulting Company had at all material times been a party or beneficiary or obligee thereto. The Resulting Company will, if required, enter into a novation agreement in relation to such contracts, deeds, bonds, agreements, arrangements and other instruments as stated above and, if required, cause such contracts, deeds, bonds, agreements, arrangements and other instruments as stated above to be formally taken on record/ recognised by the Appropriate Authorities.



- 6.2. Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Demerged Undertaking occurs by virtue of this Scheme, the Resulting Company may, at any time after the coming into effect of this Scheme, in accordance with the provisions hereof, if so required under any Applicable Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations, other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary in order to give effect to the provisions of this Scheme. With effect from the Effective Date, the Resulting Company shall under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Demerged Company to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company.

- 6.3. On and from the Effective Date, and thereafter, the Resulting Company shall be entitled to enforce all pending contracts and transactions and to accept stock returns and issue credit notes in respect of the Demerged Company, in relation to or in connection with the Demerged Undertaking, in the name of the Resulting Company in so far as may be necessary until the transfer of rights and obligations of the Demerged Undertaking to the Resulting Company under this Scheme have been given effect to under such contracts and transactions.

7. EMPLOYEES

- 7.1. On Part II of the Scheme becoming effective, all employees of the Demerged Company in service on the Effective Date, engaged in or in relation to the Demerged Undertaking, shall be deemed to have become employees of the Resulting Company, without any interruption in service, on the terms and conditions not less favourable than those on which they are engaged by the Demerged Company. The Resulting Company undertakes to continue to abide by any agreement/ settlement or arrangement, if any, entered into or deemed to have been entered into by the Demerged Company with any of the aforesaid employees or union representing them. The Resulting Company agrees that the services of all such employees with the Demerged Company prior to

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the demerger shall be taken into account for the purposes of alleexisting 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 decision on whether or not an employee is part of the Demerged Undertaking, be decided by the Demerged Company, and shall be final and binding on all concerned.

- 7.2. The accumulated balances, if any, standing to the credit of the aforesaid employees in the existing provident fund, gratuity fund, superannuation fund and/ or any other labour fund of which they are members, as the case may be, will be transferred respectively to such provident fund, gratuity fund and superannuation funds nominated by the Resulting Company and/or such new provident fund, gratuity fund and superannuation fund to be established in accordance with Applicable Law and caused to be recognized by the Appropriate Authorities, by the Resulting Company.

8. LEGAL PROCEEDINGS

- 8.1. Upon coming into effect of this Scheme, all suits, actions, administrative proceedings, tribunals proceedings, show cause notices, demands and legal proceedings of whatsoever nature (except proceedings with respect to Income Tax Act) by or against the Demerged Company pending and/or arising on or before the Appointed Date or which may be instituted any time thereafter and in each case relating to the Demerged Undertaking shall not abate or be discontinued or be in any way prejudicially affected by reason of this Scheme or by anything contained in this Scheme but shall be continued and be enforced by or against the Resulting Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company. Except as otherwise provided herein, the Demerged Company shall in no event be responsible or liable in relation to any such legal or other proceedings that stand transferred to the Resulting Company. The Resulting Company shall be substituted in place of the Demerged Company or added as party to such proceedings and shall prosecute or defend such proceedings at its own cost, in cooperation with the Demerged Company and the liability of the Demerged Company shall consequently stand nullified. The Demerged Company shall in no event be responsible or liable in relation to any such legal or other proceedings in relation to the Demerged Undertaking.

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- 8.2. The Resulting Company undertakes to have all legal and other proceedings (except proceedings with respect to Income Tax Act) initiated by or against the Demerged Company referred to in Clause 8.1 above transferred to its name as soon as is reasonably practicable after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company on priority. Both the concerned Parties shall make relevant applications and take all steps as may be required in this regard. It is clarified that all income tax proceedings in relation to the Demerged Undertaking for a period prior to the Appointed Date shall be enforced against the Demerged Company and pertaining to the period after the Appointed Date shall be enforced against the Resulting Company.
- 8.3. Notwithstanding anything contained hereinabove, if at any time after the Effective Date, the Demerged Company is in receipt of any demand, claim, notice and/ or is impleaded as a party in any proceedings before any Appropriate Authority (except proceedings with respect to Income Tax Act), in each case in relation to the Demerged Undertaking, the Demerged Company shall, in view of the transfer and vesting of the Demerged Undertaking pursuant to this Scheme, take all such steps in the proceedings before the Appropriate Authority to replace the Demerged Company with the Resulting Company. However, if the Demerged Company is unable to get the Resulting Company replaced in such proceedings, the Demerged Company shall defend the same or deal with such demand in accordance with the advice of the Resulting Company and at the cost of the Resulting Company and the latter shall reimburse to the Demerged Company all liabilities and obligations incurred by the Demerged Company in respect thereof.
- 8.4. This Scheme complies with the definition of "demerger" as per Sections 2(19AA), 2(19AAA), 47, 72A and other provisions of the Income Tax Act. If any terms of this Scheme are found to be or interpreted to be inconsistent with provisions of the Income Tax Act, then this Scheme shall stand modified to be in accordance with aforesaid provisions of the Income Tax Act. However, it is clarified here that this shall not have any impact on the accounting treatment prescribed in the Scheme.

9. **CONSIDERATION**

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- 9.1. Upon Part II of the Scheme coming into effect and in consideration of and subject to the provisions of this Scheme, the Resulting Company shall, without any further application, act, deed, consent, acts, instrument or deed, issue and allot, on a proportionate basis to each shareholder of the Demerged Company whose name is recorded in the register of members and records of the depository as members of the Demerged Company as on the Record Date, as under:

1 (One) fully paid up equity share of INR 10/- (Indian Rupees ten) each of the Resulting Company ("**Resulting Company New Equity Shares**"), credited as fully paid up, for 1 (One) equity share of INR 10/- (Indian Rupees ten) each of the Demerged Company.

It is hereby clarified that no shares shall be issued by the Resulting Company in respect of the shares held by the Demerged Company in the Resulting Company.

- 9.2. The Resulting Company New Equity Shares shall be subject to the provisions of the memorandum of association and articles of association of Resulting Company, as the case maybe, and shall rank *pari passu* in all respects with any existing equity shares of Resulting Company, as the case may be, after the Effective Date including with respect to dividend, bonus, right shares, voting rights and other corporate benefits attached to the equity shares of the Resulting Company.
- 9.3. The issue and allotment of Resulting Company New Equity Shares, is an integral part hereof and shall be deemed to have been carried out under the orders passed by the Tribunal without requiring any further act on the part of the Resulting Company or the Demerged Company or their shareholders and as if the procedure laid down under the Act and such other Applicable Laws as may be applicable were duly complied with. It is clarified that the approval of the members and creditors of the Resulting Company and/ or the Demerged Company to this Scheme, shall be deemed to be their consent/ approval for the issue and allotment of Resulting Company New Equity Shares.
- 9.4. For the purpose of the allotment of the Resulting Company New Equity Shares pursuant to this Scheme, in case any shareholder's holding in any of the Demerged Company is



such that the shareholder becomes entitled to a fraction of an equity share of the Resulting Company, the Resulting Company shall not issue fractional shares to such shareholder but shall consolidate all such fractions and round up the aggregate of such fractions to the next wholenumber and issue consolidated equity shares to a trustee (nominated by the Resulting Company in that behalf), who shall hold such equity shares, with all additions or accretions thereto, in trust for the benefit of the respective shareholders to whom they belong for the specific purpose of selling such equity shares in the market at such price or prices and at such time or times as the trustee may, in its sole discretion, decide and distribute the net sale proceeds (after deduction of the expenses incurred and applicable income tax) to the respective shareholders in the same proportion of their fractional entitlements. Any fractional entitlements from such net proceeds shall be rounded off to the next Rupee. It is clarified that any such distribution shall take place only on the sale of all the equity shares of the Resulting Company pertaining to the fractional entitlements.

- 9.5. In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Demerged Company, the Board of the Demerged Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or transferee of equity shares in the Demerged Company, after the effectiveness of this Scheme.
- 9.6. The Resulting Company New Equity Shares to be issued pursuant to this Scheme in respect of any equity shares of the Demerged Company 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 the Resulting Company.
- 9.7. The equity shares to be issued by the Resulting Company *in lieu* of the shares of the Demerged Company held in the unclaimed suspense account shall be issued to a new unclaimed suspense account created for shareholders of the Resulting Company.

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- 9.8. In the event, the Parties restructure their equity share capital by way of share split / consolidation / issue of bonus shares during the pendency of the Scheme, the share exchangeratio, per Clause 9.1 above shall be adjusted accordingly, to consider the effect of any such corporate actions.
- 9.9. The Resulting Company shall, to the extent required, increase its authorized share capital in order to issue Resulting Company New Equity Shares, as per with the applicable provisions of the Act, prior to allotment of Resulting Company New Equity Shares.
10. **ACCOUNTING TREATMENT BY THE DEMERGED COMPANY AND THE RESULTING COMPANY IN RESPECT OF THEIR RESPECTIVE BOOKS OF ACCOUNTS**

The Demerged Company and Resulting Company shall account for the Scheme in their respective books/ financial statements in accordance with applicable Accounting Standards (AS) notified under the Companies (Accounting Standards) Rules, 2006, as amended from time to time including as provided herein below:

10.1. Accounting treatment in the books of the Demerged Company:

- 10.1.1. The book values of the assets comprised in the Undertaking which are transferred out shall be transferred to the debit of an account styled as "Reconstruction Adjustment Account".
- 10.1.2. The book values of the liabilities comprised in the Undertakings which is transferred out shall be transferred to the credit of the foregoing Reconstruction Adjustment Account.
- 10.1.3. The balance, if any, that remains in the Reconstruction Adjustment Account, shall be debited to the Profit and Loss Account or, as the case may be, credited to the Capital Reserve Account appearing in the books of the Demerged Company on the Appointed Date.

10.2. Accounting treatment in the books of the Resulting Company:

Upon the Scheme becoming effective and with effect from the Appointed Date,

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Resulting Company shall account for the transfer of Textile Business Undertaking in its books in accordance with applicable accounting principles as prescribed under the Companies (Accounting Standards) Rules, 2006, as amended from time to time. The accounting treatment is explained below:

10.2.1 The Resulting Company shall record the assets and liabilities (including cash flow hedge reserves) pertaining to the Textile Business Undertaking, transferred to and vested in it pursuant to this Scheme at their respective carrying values as appearing in the books of the Demerged Company;

10.2.2 The Resulting Company shall credit to its Share Capital in its books of account, the aggregate face value of the equity shares issued by it to the members of the Demerged Company pursuant to this Scheme;

10.2.3 The difference between the Net Assets transferred from the Demerged Company pursuant to Clause 10.2.1 and aggregate of share capital issued pursuant to Clause 10.2.2 shall be dealt with as per Accounting Standard - 14.

For the purpose of this Clause, Net Assets would mean difference between the book value of assets and liabilities (including cash flow hedge reserves) as on the Appointed Date.

PART III

GENERAL TERMS & CONDITIONS

11. CHANGE OF NAME OF THE TRANSFEROR COMPANY

11.1. Upon this Scheme becoming effective, the name of the Transferor Company shall stand changed to "Yamini Lifestyles Private Limited" or such other name which is available and approved by the RoC, by simply filing the requisite forms with the Appropriate Authority and no separate act, procedure, instrument, or deed and registration fees shall be required to be followed under the Act.

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- 11.2. Consequently, subject to Clause 11.1 above, Clause I of the memorandum of association of the Transferor Company shall without any act, procedure, instrument or deed be and stand altered, modified and amended pursuant to Sections 13, 232 and other applicable provisions of the Act, and be replaced by the following clause:

"The name of the Company is Yamini Lifestyles Private Limited."

- 11.3. It is hereby clarified that, for the purposes of acts and events as mentioned in Clause 11.1 and 11.2, the consent of the shareholders of the Transferor Company to this Scheme shall be deemed to be sufficient for the purposes of effecting the aforementioned amendment and that no further resolution under Section 13, Section 14 or any other applicable provisions of the Act, would be required to be separately passed, nor any additional fees (including fees and charges to the relevant RoC) or stamp duty, shall be payable by the Transferor Company.

12. CHANGE OF NAME OF THE RESULTING COMPANY

- 12.1. Upon this Scheme becoming effective, the name of the Resulting Company shall stand changed to "Synergy Lifestyles Private Limited" or such other name which is available and approved by the RoC, by simply filing the requisite forms with the Appropriate Authority and no separate act, procedure, instrument, or deed and registration fees shall be required to be followed under the Act.

- 12.2. Consequently, subject to Clause 12.1 above, Clause I of the memorandum of association of the Resulting Company shall without any act, procedure, instrument or deed be and stand altered, modified and amended pursuant to Sections 13, 232 and other applicable provisions of the Act, and be replaced by the following clause:

"The name of the Company is Synergy Lifestyles Private Limited."

- 12.3. It is hereby clarified that, for the purposes of acts and events as mentioned in Clause 12.1 and 12.2, the consent of the shareholders of the Resulting Company to this



Scheme shall be deemed to be sufficient for the purposes of effecting the aforementioned amendment and that no further resolution under Section 13, Section 14 or any other applicable provisions of the Act, would be required to be separately passed, nor any additional fees (including fees and charges to the relevant RoC) or stamp duty, shall be payable by the Resulting Company.

13. CHANGE IN CHARTER DOCUMENTS OF THE RESULTING COMPANY

- 13.1. With effect from the Appointed Date, the main object clause of the Memorandum of Association of the Resulting Company shall be deemed to be altered and amended, without any further act or deed, to include the objects as required for carrying on the business activities of the Transferor Company pursuant to the applicable provisions of the Act.

14. REMAINING BUSINESS OF THE DEMERGED COMPANY

- 14.1. The Remaining Business shall continue to belong to and be vested in and be managed by the Demerged Company.
- 14.2. With effect from the Appointed Date and upto and including the Effective Date:
- (i) Demerged Company shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Business for and on its own behalf;
 - (ii) all profits accruing to the Demerged Company thereon or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Remaining Business shall, for all purposes, be treated as the profits or losses, as the case may be of the Demerged Company; and

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- (iii) all assets and properties acquired by the Demerged Company in relation to the Remaining Business on or after the Appointed Date shall belong to and continue to remain vested in the Demerged Company.

15. DIVIDENDS

- 15.1. The Parties shall be entitled to declare and pay dividends to their respective shareholders in the ordinary course of business, whether interim or final.
- 15.2. It is clarified that the aforesaid provisions in respect of declaration of dividends (whether interim or final) are enabling provisions only and shall not be deemed to confer any right on any shareholder of any of the Parties, as the case may be, to demand or claim or be entitled to any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the Board of respective Parties, and subject to approval, if required, of the shareholders of the respective Parties.

16. CONDUCT OF BUSINESS UPTO THE EFFECTIVE DATE

- 16.1. With effect from the Appointed Date and up to and including the Effective Date:
- 16.1.1 the Demerged Company (with respect to the Demerged Undertaking) shall be deemed to have been carrying on and shall carry on its business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of the assets for and on account of, and in trust for the Resulting Company, as the case may be;
- 16.1.2 all profits or income arising or accruing to the Demerged Company with respect to the Demerged Undertaking and all taxes paid thereon (including but not limited to advance tax, tax deducted or collected 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 Demerged Company with respect to the Demerged Undertaking shall, for all purposes, be treated as and deemed to be the profits or income, taxes or losses, as the case may be, of

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the Resulting Company, as the case may be; and

16.1.3 all loans raised and all liabilities and obligations incurred by the Demerged Company with respect to the Demerged Undertaking 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 Resulting Company as the case may be and to the extent they are outstanding on the Effective Date, shall also, without any further act or deed be and be deemed to become the debts, liabilities, duties and obligations of the Resulting Company as the case may be.

16.2. With effect from the date of approval of the Scheme by the respective Boards of the Parties and up to and including the Effective Date:

16.2.1 The Demerged Company shall, with respect to the Demerged Undertaking and the Resulting Company, carry on their respective businesses with reasonable diligence and business prudence and in the same manner as the Demerged Company and the Resulting Company had been doing hitherto;

16.2.2 The Demerged Company shall, with respect to the Demerged Undertaking 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 Resulting Company may respectively require to carry on the relevant business of the Demerged Company and to give effect to the Scheme.

16.3. For the purpose of giving effect to the order passed under Sections 230 to 232 and other applicable provisions of the Act in respect of this Scheme by the Tribunal, the Resulting Company shall, at any time pursuant to the orders approving this Scheme, be entitled to get the recordal of the change in the legal right(s) upon the demerger of the Demerged Undertaking, in accordance with the provisions of Sections 230 to 232 of the Act. The Resulting Company 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. For the purpose of giving effect to the vesting order passed under Section 232 of the Act in respect of this Scheme, the Resulting Company shall be entitled to exercise all rights and privileges, and be liable to pay all taxes and charges and fulfil all its obligations, in relation to or applicable to all immovable properties, including mutation and/ or substitution of the ownership or the title to, or interest in the immovable properties which shall be made and duly recorded by the Appropriate Authority(ies) in favour of the Resulting Company as the case may be pursuant to the sanction of the Scheme by the Tribunal and upon the effectiveness of this Scheme in accordance with the terms hereof, without any further act or deed to be done or executed by the Resulting Company as the case may be. It is clarified that the Resulting Company shall be entitled to engage in such correspondence and make such representations, as may be necessary, for the purposes of the aforesaid mutation and/ or substitution.

17. FACILITATION PROVISIONS

- 17.1. Immediately upon the Scheme being effective, the Parties shall enter into agreements as may be necessary, *inter alia* in relation to use by the Parties of office space, infrastructure facilities, information technology services, security personnel, trademarks and other intellectual property rights, legal, administrative and other services, etc. on such terms and conditions that may be mutually agreed between them.
- 17.2 It is clarified that all guarantees provided by the Demerged Company in respect of the Demerged Undertaking and the Demerged Company shall be valid and subsisting till adequate arrangements/ guarantees have been provided in respect of the same by the Resulting Company, as the case may be.

18. PROPERTY IN TRUST

- 18.1. Notwithstanding anything contained in this Scheme, on or after Effective Date, until any property, asset, license, approval, permission, contract, agreement and rights and benefits arising therefrom pertaining to the Demerged Undertaking are transferred,

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vested, recorded, effected and/ or perfected, in the records of any Appropriate Authority, regulatory bodies or otherwise, in favour of the Resulting Company such company is deemed to be authorized to enjoy the property, asset or the rights and benefits arising from the license, approval, permission, 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, approval, permission, contract or agreement. It is clarified that till entry is made in the records of the Appropriate Authorities and till such time as may be mutually agreed by the relevant Parties, the Demerged Company will continue to hold the property and/or the asset, license, permission, approval, contract or agreement and rights and benefits arising therefrom, as the case may be, in trust for and on behalf of the Resulting Company.

19. APPLICATIONS/ PETITIONS TO THE TRIBUNAL

- 19.1. The Parties shall dispatch, make and file all applications and petitions under Sections 230 to 232 and other applicable provisions of the Act before the Tribunal, under whose jurisdiction, the registered offices of the respective Parties are situated, for sanction of this Scheme under the provisions of Applicable Law, and shall apply for such approvals as may be required under Applicable Law.
- 19.2. The Parties shall be entitled, pending the sanction of the Scheme, to apply to any Appropriate Authority, if required, under any Applicable Law for such consents and approvals which the Demerged Company and/or the Resulting Company may require to own the assets and/ or liabilities the Transferor Company or the Demerged Undertakings, as the case may be, and to carry on the business of the Transferor Company or the Demerged Undertakings, as the case may be.

20. MODIFICATION OR AMENDMENTS TO THIS SCHEME

- 20.1. On behalf of each of the Parties, the Board of the respective Parties acting themselves or through authorized Persons, may consent jointly but not individually, on behalf of all Persons concerned, to any modifications or amendments to this Scheme at any time and for any reason whatsoever, or to any conditions or limitations that the Tribunal or any

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other Appropriate Authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by all of them (i.e., the Boards of the Parties) and solve all difficulties that may arise for carrying out this Scheme and do all acts, deeds and things necessary for putting this Scheme into effect.

- 20.2. For the purposes of giving effect to this Scheme or to any modification hereof, the Boards of the Parties acting themselves or through authorized Persons may jointly but not individually, give and are jointly authorised to give such directions including directions for settling any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all Parties, in the same manner as if the same were specifically incorporated in this Scheme.

21. CONDITIONALITY OF SCHEME

21.1. The Scheme is conditional upon and subject to:

- (a) The Scheme being agreed to by the respective requisite majorities of the various classes of members and creditors (where applicable) of the Demerged Company and the Resulting Company as required under the Act and the requisite order or orders of the Tribunal Court referred to in Clause 19 hereof being obtained;
- (b) The sanction of the Tribunal under Sections 232 to 234 of the Act, being obtained;
- (c) The requisite sanctions or approvals including but not limited to in-principle approvals, sanctions of any governmental or regulatory authority, as may be required by law in respect of the Scheme being obtained;
- (d) The certified copies of the orders of the Tribunal referred to in Clauses (b) above being filed with the Registrar of Companies, Maharashtra; and
- (e) Such other sanctions and approvals as may be required by law in respect of the Scheme being obtained.



22. EFFECT OF NON-RECEIPT OF APPROVALS.

- 22.1. In the event of any of the said sanctions and approvals referred to in Clause 19 above not being obtained (unless otherwise decided by the Board of Directors) and / or the Scheme not being sanctioned by the Tribunal or such other competent authority as aforesaid, this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and / or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law.

23. REPEALS AND SAVINGS

- 23.1. Any matter filed with the Registrar of Companies, Regional Director, Income-tax authority or the Central Government under the Companies Act, 1956, before the notification of the corresponding provisions under the Companies Act, 2013 and not fully addressed at that time, shall be concluded by the Registrar of Companies, Regional Director, Income-tax authority or the Central Government, as the case may be, in terms of the Companies Act, 1956. Any direction or order given by the Hon'ble Tribunal under the provisions of the Companies Act, 1956 and any act done by the Company based on such directions or order shall be deemed to be in accordance with and consistent with the provisions of the Companies Act, 2013.

24. COSTS

- 24.1. All costs, charges and expenses including stamp duty, if any and registration fee of any deed, in relation to or in connection with negotiations leading upto the Scheme and of carrying out and implementing the terms and provisions of this Scheme and incidental to the completion of the Scheme shall be borne and paid by the Resulting Company and shall be treated as costs relating to the demerger.

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