SCHEME OF ARRANGEMENT FOR AMALGAMATION
UNDER SECTIONS 391 – 394
OF THE COMPANIES ACT, 1956

BETWEEN

COTTON COUNTY RETAIL LIMITED
(CCRL / TRANSFEROR COMPANY)

AND

NAHAR INDUSTRIAL ENTERPRISES LIMITED
(NIEL / TRANSFEREE COMPANY)

AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

For Nahar Industrial Enterprises Limited
Company Secretary
PREAMBLE

This Scheme of Arrangement (hereinafter referred to as 'Scheme') provides for the amalgamation of Cotton County Retail Limited (CCRL) with Nahar Industrial Enterprises Limited (NIEL) in accordance with the provisions of sections 391 to 394 and other applicable provisions of the Companies Act, 1956, including any statutory modifications or amendments thereof and any corresponding provisions of the Companies Act, 2013, upon their notification, which may relate or applicable to the Scheme. This Scheme also provides for various other matters consequential to and/or connected therewith. The proposed amalgamation is in accordance with section 2 (1B) of the Income Tax Act, 1961.

1. BACKGROUND OF BOTH COMPANIES

1.1 COTTON COUNTY RETAIL LIMITED [CIN: U51311PB2001PLC024753 (CCRL/ TRANSFEROR COMPANY)] having its registered office at the Premises of Nahar Industrial Enterprises Limited, Focal Point, Ludhiana–141010, was incorporated as a Private Limited company under the Companies Act, 1956, with the Registrar of Companies, Punjab, H.P. and Chandigarh at Jalandhar on 5th November, 2001. The name of the company was changed to Nahar Retail Limited w.e.f. 16th October, 2006 from Creative Texttrade Private Limited and was further changed to Cotton County Retail Limited on 16th May, 2008. CCRL is in the business of designing, manufacturing and retailing of apparels.

1.2 NAHAR INDUSTRIAL ENTERPRISES LIMITED [CIN: L15143PB1983PLC018321 (NIEL/ TRANSFEREE COMPANY)] having its registered office at Focal Point, Ludhiana – 141010, was originally incorporated on 27th September, 1983 as a Public Limited company under the Companies Act, 1956 with the Registrar of Companies, Delhi and Haryana at New Delhi. With a view to reflect the multi-dimensional activities of the Company, w.e.f. 21st October, 1994 the name of the company was changed to Nahar Industrial Enterprises Limited from Oswal Fats and Oils Limited. The registered office of the Company was changed from NCT of Delhi to the State of Punjab w.e.f. 31st May, 1996. Presently NIEL is a vertically integrated textile manufacturer engaged in the manufacture of cotton/blended/dyed yarn, greige and processed fabrics. Besides, NIEL is also manufacturing sugar. NIEL is listed on stock exchange(s) since 1989 and as on date the equity Shares of the Company are listed on the BSE Ltd. and National Stock Exchange of India Ltd.

2. RATIONALE AND MAIN BENEFITS OF THE SCHEME OF ARRANGEMENT

2.1 Cotton County Retail Ltd. (CCRL) is engaged in the business of manufacturing and retailing of readymade garments. Nahar Industrial Enterprises Ltd. (NIEL) is integrated textile Company with operations ranging from spinning, weaving & processing and is also engaged in the manufacture of sugar at its sugar unit. NIEL is engaged in the manufacture of cotton/blended and dyed yarn and also manufacturing greige and processed fabrics. The Company's greige and processed fabric is being supplied to leading garment manufacturers in the country as well as in the overseas markets. NIEL is one of the major raw material suppliers of CCRL and supplies approximately 82% fabric requirement
of CCRL.

Amalgamation of the CCRL with the NIEL is imperative to improve competitiveness and to achieve synergistic integration and consolidation of the business presently being carried on by the CCRL and NIEL. Seeing emerging opportunities, NIEL proposes to expand in the line of garments business which has tremendous potential for growth, expansion and long term profitability. Moreover, the management of NIEL believes that the opportunities for global partnerships through joint ventures with international brands would be more feasible with the consolidation of CCRL with NIEL. The management of NIEL believes that since both the companies are engaged in the same business, in order to avoid duplication of efforts, it is proposed to consolidate the business into one entity. The operations of both these companies are inter related, it would be prudent to bring them under a single control so that there is considerable saving and reduction in administrative expenses, overheads. Further it would result in synergy of operations and lead to a more efficient use of the available resources and utilization of manpower from common pool. The Scheme of Amalgamation would be advantageous and beneficial to the members, creditors and employees of both the Transferor and Transferee Company.

Thus, Board of Directors of CCRL and NIEL consider it prudent and expedient to consolidate the undertaking of Transferor Company, as defined below, through amalgamation of CCRL with NIEL as it is expected that proposed amalgamation would create greater synergies and global opportunities by combining the business of both companies, and reduce the overheads and costs.

2.2 The proposed scheme of Merger will enable the amalgamated entity:

2.2.1 To operate on a large scale as a Composite Textile Unit having large resources. The consolidated entity will help it in forging business alliances/collaborations/joint ventures with overseas business partners.

2.2.2 To achieve optimum levels of business which is essential for better utilization of available resources, thereby ensuring competitive cost for long term and day to day working capital requirements;

2.2.3 To enhance the strategic position in the industry and improve the competitive advantage of the transferee company. Having consolidated capacities, operational synergies, diversified products range from yarn to garments and large resources at its disposal would have a greater flexibility to meet the market and customer needs and shall be able to compete more effectively, thus further strengthening its position in both domestic and international markets.

2.2.4 By virtue of this amalgamation, the operations of both the companies shall be brought under a single control whereby there will be considerable savings by eliminating duplication of administrative and legal expenses, overheads and other service charges. This Scheme will also enable better utilization of manpower from the common pool of
technical, administrative and managerial personnel.

2.2.5 To improve the financial position and help the merged entity to face current and future challenges in a better way.

2.2.6 To source and absorb new technology as its capacity to spend on research and development shall be enhanced, thereby bringing the company in conformity and competition with global players.

2.2.7 The unabsorbed depreciation and unabsorbed accumulated losses of CCRL shall become the unabsorbed depreciation and unabsorbed accumulated losses of the Amalgamated NiEL. As per the provisions of section 72A of the Income Tax Act, 1961 NiEL would be entitled to set off and/or carry forward such unabsorbed depreciation and unabsorbed accumulated losses. The Transferor Company is thus expected to save a substantial amount on account of the low income tax liability in the future years.

PARTS OF THE SCHEME OF AMALGAMATION

PART A DEFINITIONS
PART B SHARE CAPITAL
PART C AMALGAMATION OF TRANSFEROR COMPANY WITH THE TRANSFEREE COMPANY
PART D GENERAL CLAUSES, TERMS AND CONDITIONS

PART A

3. DEFINITIONS:

In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meanings:-

3.1 "Act" or "The Act" means the Companies Act, 1956 including the rules and regulations made thereunder and as amended from time to time and any corresponding provisions of the Companies Act, 2013, upon their notification (including any statutory modification(s) or re-enactment(s) thereof) which may relate to or are applicable to the Scheme of Amalgamation.

3.2 "Appointed Date" means the commencement of business on 1st day of April, 2016 and is the date with effect from which the Scheme of Arrangement shall be applicable, or such other date as may be approved by the Court.

3.3 "Board of Directors" or "Board" means the Board of Directors of the Transferor Company or the Transferee Company, as the context may require, and shall include a duly constituted committee thereof.

3.4 "Effective Date" means the date on which the certified copy of the Order of the High Court sanctioning the scheme is filed with the Registrar of Companies,
Punjab and Chandigarh. Any reference in the Scheme to the words “upon the Scheme becoming effective” or “effectiveness of the Scheme” shall mean “Effective date”.

3.5 “Governmental Authority” means any applicable Central, State or Local Government, legislative body, regulatory or administrative authority, agency or commission or any Court, tribunal, board, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction.

3.6 “High Court” means the Hon’ble High Court of Punjab & Haryana at Chandigarh to which this Scheme is submitted for approval under Sections 391 to 394 of the Act. In the event that the Central Government by a notification to this effect constitutes a National Company Law Tribunal, and the proceedings under Sections 391 to 394 of the Act pursuant to this Scheme are transferred to such tribunal, the term “Court” or “High Court” shall be deemed to include the National Company Law Tribunal.


3.8 “ROC” means the Registrar of Companies, Punjab & Chandigarh.

3.9 “Scheme” or “the Scheme of Amalgamation” or “this Scheme” means the Scheme of Arrangement for Amalgamation of the Transferor Company with the Transferee Company, as contained herein, duly approved by the Board of Directors of respective Companies, and / or as sanctioned by the High Court or the Tribunal as the case may be, with alterations / modifications, if any.

3.10 “Transferor Company” or “Amalgamating Company” means Cotton County Retail Limited, a Company incorporated under the Companies Act, 1956 and having its registered office at Premises of Nahar Industrial Enterprises Limited, Focal Point, Ludhiana – 141010, Punjab.

3.11 “Transferee Company” or “Amalgamated Company” means Nahar Industrial Enterprises Limited, a Company incorporated under the Companies Act, 1956 and having its registered office at Focal Point, Ludhiana – 141010, Punjab.

3.12 “Tribunal” means the National Company Law Tribunal.

3.13 “Undertaking of the Transferor Company” means the undertaking and business of the Transferor Company on a going concern basis and shall mean and include, without limitation: -

a) All assets whether movable or immovable, tangible or intangible, including all rights, title, interest, covenant, undertakings, including continuing rights, title and interest in connection with the land and the buildings thereon, whether leasehold or otherwise, plant and machinery, whether leased or otherwise, together with all present and future liability including contingent liabilities and debts relating to Transferor Company.
b) All loans and advances, including accrued interest thereon relating to Transferor Company.

c) All debts, borrowings and liabilities, including contingent liabilities, present or future, whether secured or unsecured relating to Transferor Company.

d) All permits, quotas, rights, entitlements, licenses, tenancies, offices and depots, trademarks including brand names, patents, copyrights, domain names, privileges, and benefits of all contracts, agreements and other rights including lease rights, licenses, powers and facilities of every kind and description relating to Transferor Company.

e) All agreements, contracts, arrangements, understandings, engagements, deeds and instruments and all rights, title, interest, claims and benefits there under of the Transferor Company.

f) All employees at their respective offices, branches, depots, shops at their current terms and conditions relating to Transferor Company.

h) All cash and bank balances, earnest monies and/or security deposits or other entitlements in connection with or relating to the Transferor Company.

(i) All present and future liabilities (including contingent liabilities) and shall include any obligations under any licenses, or permits.

3.14 "Record Date" means in respect of amalgamation, the date to be fixed by the Board of Directors of Transferee Company for the purpose of issue and allotment of Equity Shares of the Transferee Company to the equity shareholders of the Transferor Company.

The expressions, which are used in this Scheme and not defined in this Scheme shall, unless repugnant or contrary to the context or meaning hereof, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 (including the Regulations made thereunder), the Depositories Act, 1996 and other Applicable Laws, rules, regulations, by-laws, as the case may be, including any statutory modification or re-enactment thereof, from time to time. In particular, wherever reference is made to the Hon'ble High Court in this Scheme, the reference would include, if appropriate, reference to the National Company Law Tribunal ("NCLT") or such other forum or authority, as may be vested with any of the powers of a High Court under the Act from time to time.
PART B

4. SHARE CAPITAL

4.1 The Share Capital of NIEL as on 31.3.2015 is as under:-

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Amount (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Authorized Share Capital</strong></td>
<td></td>
</tr>
<tr>
<td>6,50,00,000 Equity Shares of Rs. 10/- each</td>
<td>65,00,00,000</td>
</tr>
<tr>
<td><strong>Issued, Subscribed and Paid up Capital</strong></td>
<td></td>
</tr>
<tr>
<td>3,98,35,141 Equity Shares of Rs. 10/- each</td>
<td>39,83,51,410</td>
</tr>
<tr>
<td>Add: Shares Forfeited Account (amount originally paid up)</td>
<td>19,91,343</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>40,03,42,753</td>
</tr>
</tbody>
</table>

Subsequent to the above date and till the date of the Scheme being approved by the Board of Directors of the Transferee Company, there has been no change in the authorised, issued, subscribed and paid-up share capital of the Transferee Company.

NIEL is a Listed Company and its Equity Shares are listed on the BSE Ltd. and the National Stock Exchange of India Ltd.

4.2 The Share Capital of CCRL as on 31.3.2015 is as under:-

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Amount (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Authorized Share Capital</strong></td>
<td></td>
</tr>
<tr>
<td>3,05,00,000 Equity Shares of Rs. 10/- each</td>
<td>30,50,00,000</td>
</tr>
<tr>
<td><strong>Issued, Subscribed and Paid up Capital</strong></td>
<td></td>
</tr>
<tr>
<td>2,14,63,240 Equity Shares of Rs. 10/- each</td>
<td>21,46,32,400</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>21,46,32,400</td>
</tr>
</tbody>
</table>

Subsequent to the above date and till the date of the Scheme being approved by the Board of Directors of the Transferee Company, there has been no change in the authorised, issued, subscribed and paid-up share capital of the Transferor
Company.

The shares of CCRL are not listed on any stock exchange.

PART C

AMALGAMATION OF TRANSFEROR COMPANY WITH THE TRANSFEREE COMPANY

5. THE SCHEME

5.1 The scheme means the Scheme of Arrangement which provides for amalgamation of the Transferor company with the Transferee company in accordance with section 391 to 394 of the Companies Act, 1956 and/or other relevant provisions of the Act in its present form or with such modifications as may be made and/or directed by the Hon'ble High Court of Punjab and Haryana.

6. TRANSFER AND VESTING OF THE UNDERTAKING

6.1 The Undertaking and Business of the Transferor company (including all the assets of the Transferor Company) shall (with effect from the Appointed Date and upon the Scheme becoming effective) –

6.1.1 as are movable in nature, or tangible property or otherwise capable of being transferred by manual delivery / endorsement and delivery subject to all charges, if any, affecting the same or any part thereof as on the Appointed Date;

6.1.2 all its properties, assets, rights, benefits and the interests therein; and

6.1.3 all immovable properties including land together with buildings and documents of title / rights and easements in relation thereto;

shall without any further instrument, act or deed, stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee company on 'going concern' basis pursuant to Sections 391 and 394 of the Act and be vested in and / or be deemed to have been vested in the Transferee Company.

6.2 All assets and liabilities along with debts, obligations and duties of the Transferor Company as on the Appointed Date, whether or not included in the books of the Transferor Company, shall be deemed to be and shall become the assets, liabilities, debts, obligations and duties of the Transferee Company and all assets and properties which are acquired by the Transferor Company on or after the Appointed Date but prior to the Effective Date shall be deemed to be and shall become the assets and properties of the Transferee Company and shall under the provisions of Section 391 to 394 and all other applicable provisions, if any of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company upon coming into effect of this Scheme.
pursuant to the provision of the Act.

6.3 For the purpose of the Scheme, the business of Transferor company shall include:

6.3.1 All the assets of Transferor company immediately before amalgamation.

6.3.2 All the liabilities of Transferor company immediately before amalgamation.

6.4 Without prejudice to the generality of the foregoing clauses hereof, the said business and undertaking shall include all properties, rights, claims whatsoever of the Transferor company and its entire undertakings, authorities, privileges, industrial and other licenses and rights in respect of the properties, both movable and immovable, lease, tenancy rights and other assets of whatsoever nature including patent rights, brands and trademarks (registered and unregistered) along with all rights of commercial nature including attached goodwill, title, interest, labels and other industrial or intellectual property rights of any nature whatsoever and howsoever named, registrations, approvals, clearances, fittings and fixtures, telephones, telex, other communications, fax connections, cash balances, reserves, security deposits, refunds, outstanding balances, stocks, investments, contracts, agreements and other rights and interest of all description in or arising out of such properties as may belong to or be in possession of the Transferor company and all books of account, documents and records relating thereto, but subject to all charges affecting the same. Provided always that the Scheme shall not operate to enlarge the security for any loan, deposit or facility created by or available to the Transferor company which shall vest in the Transferee company by virtue of the amalgamation and the Transferee company shall not be obliged to create any further or additional security thereof after the amalgamation has become effective or otherwise.

6.5 Any guarantee / letter of comfort / commitment letter given by Government or any Company, agency or bank in favour of the Transferor Company with regard to any loan or financial assistance shall continue to be operative in relation to the Transferee Company.

6.6 The Transferee Company shall be entitled to the benefit of all insurance policies which have been issued in respect of the Transferor Company and the name of the Transferee Company shall be substituted as “Insured” in the policies, as if the Transferee Company was initially a party.

6.7 With effect from the Appointed Date and up to the Scheme becoming effective, any statutory licenses, permission, approval, exemption schemes, or consents required to carry on operations in the Transferor Company, shall be appropriately mutated by the statutory authorities concerned therewith in favour of the Transferee Company. The benefits of all statutory and regulatory permissions, licenses, environmental approvals and consents including the statutory licenses, permissions or approvals or consents required to carry on the operations of the Transferor Company shall vest in and become available to the
Transferee Company pursuant to the Scheme.

6.8 All the liabilities, debts, obligations and duties of the Transferor company shall stand transferred to the Transferee company with effect from the Appointed Date without any further instrument, act or deed in accordance with section 394(2) of the Act, so as to become the liabilities, debts, obligations and duties of the Transferee company.

6.9 The Securities Premium Account, Capital Redemption Reserve Account, General Reserve Account, Surplus and any other reserves as on the Appointed Date, in the Balance Sheet of the Transferor company shall become the Securities Premium Account, Capital Redemption Reserve Account, General Reserve Account, Surplus and any other reserves of the Transferee company.

6.10 With effect from the Appointed Date and upon the Scheme becoming effective, the unabsorbed depreciation and unabsorbed accumulated losses, as reflected in the Balance Sheet and as determined under Income Tax Act of the Transferor company, shall be treated as unabsorbed depreciation and unabsorbed accumulated losses of the Transferee company and subject to the provisions of section 72A of the Income Tax Act, 1961 the Transferee company shall be entitled to set off and / or carry forward such unabsorbed depreciation and unabsorbed accumulated losses.

7. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

Upon coming into effect of this Scheme and subject to the provisions of the Scheme, all memorandum of understanding, contracts, schemes, assurances, licenses, insurance policies, guarantees, deeds, bonds, agreements, arrangements and other instruments of whatever nature to which the Transferor Company is a party or to be benefits to which the Transferor Company may be eligible and which are subsisting or having effect immediately before the Effective Date, shall continue in full force and effect against or in favour of the Transferee Company as the case may be, and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or oblige or obligor thereto. The Transferee Company shall, if so required or becomes necessary, upon coming into effect of this Scheme enter into and / or issue and / or execute deeds, writings or confirmations to give effect to the provisions in this Clause.

8. TRANSFEROR COMPANY'S STAFF, WORKMEN AND EMPLOYEES

All the staff, workmen and employees in the service of the Transferor company, immediately before the transfer of the undertaking/business under the Scheme, shall become the staff, workmen & employees of the Transferee company on the basis that:

8.1 Their services shall be continued and shall not be interrupted by reason of the transfer of the undertaking/business.

8.2 The terms and conditions of service applicable to the said staff, workmen and employees after such transfer shall not in any way be less favorable to them than those applicable to them immediately before the transfer.
8.3 It is expressly provided that as far the Provident Fund, Gratuity Fund or any other Special Fund created or existing for the benefit of the staff, workmen and employees of the Transferor company are concerned, upon the Scheme becoming effective, the Transferee company shall stand substituted for the Transferor company for all purposes whatsoever related to the administration or operation of such funds or in relation to the obligation to make contributions to the said funds in accordance with the provisions of such funds as per the terms provided in the respective trust deeds. It is the aim and intent that all the rights, duties, powers and obligations of the Transferor company in relation to such funds shall become those of the Transferee company.

It is further clarified that the services of the employees of the Transferor company shall be treated as having been continuous for the purpose of the aforesaid funds or provisions.

9. LEGAL PROCEEDINGS

With effect from the Appointed Date and upon the Scheme becoming effective, the Transferee Company undertakes to have, such legal quasi judicial or other suit, appeal or other proceedings of whatever nature initiated by or against the Transferor company, transferred in its name and to have the same continued, prosecuted and enforced by or against the Transferee company. Any proceeding that may be taken after the Appointed Date for any other matter or cause of action concerning the Transferor company before the Effective Date shall also be taken by or against the Transferee company.

The Transferee Company further undertakes to pay all such amounts including interest, penalties, damages etc. which the Transferor Company may be called upon to pay to secure in respect of any liability or obligation relating to the Transferor Company for the period up to the Effective Date.

10. CONDUCT OF BUSINESS BY TRANSFEROR COMPANY TILL EFFECTIVE DATE

10.1 With effect from the Appointed Date and up to the Effective Date, the Transferor company:-

10.1.1 shall carry on and be deemed to carry on all its business and activities and stand possessed of its properties and assets for and on account of and in trust for the Transferee company and all the profits accruing to the Transferor company or losses arising or incurred by the Transferor company shall for all purposes be treated as the profits or losses of the Transferee company, as the case may be;

10.1.2 hereby undertake to carry on its business until the Effective Date with reasonable diligence and shall not without the written consent of the Transferee company alienate, charge or otherwise deal with the said undertaking or any part thereof except in the ordinary course of its business;

10.1.3 shall not vary the terms and conditions of the employment of its employees except in the ordinary course of business;
10.1.4 shall not, without the written consent of the Transferee company, undertake any new business, issue further shares or declare any dividend.

11. ACCOUNTING TREATMENT

11.1 All the assets and liabilities recorded in the books of the Transferor Company shall stand transferred to and vested in the Transferee Company pursuant to the Scheme and shall be recorded by the Transferee Company at their respective book value as appearing in the books of the Transferor company.

11.2 If considered appropriate for the purpose of application of uniform accounting methods and policies between the Transferor Company and the Transferee Company, the Transferee Company may make suitable adjustments and reflect the effect thereof in the General Reserve of the Transferee Company.

11.3 On and from the Appointed Date, and subject to any corrections or adjustments as may, in the opinion of the Board of Directors of the Transferee Company, be required the reserves, both capital and revenue, of the Transferor Company, will be merged with those of the Transferee Company, if the same form as they appear in the financial statements of the Transferor Company.

11.4 In case of any difference in accounting policy between the Transferor Company and the Transferee Company, the impact of the same till the amalgamation will be quantified and adjusted in the 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.

11.5 The Transferee Company is expressly permitted to revise Transferor Company’s Income Tax and Service Tax returns, issue TDS certificates and the right to claim refund of Income Tax, advance income tax credits, and adjust excess Service Tax etc. upon this Scheme becoming effective.

11.6 On the Scheme becoming effective, the Transferee Company shall account for the merger in its books as per the Pooling of Interest Method of Accounting prescribed under the Accounting Standard 14 for the Accounting of Amalgamations and such other applicable Accounting Standards as issued by the Institute of Chartered Accountants of India and other provisions and matters relating thereto contained in the laws relating to accounting treatment of Companies.

11.7 In giving effect to the accounting treatment as per the Scheme of Amalgamation in the books of the Transferee Company, it shall comply with the provisions of the Income Tax Act, 1961.

11.8 The Board of Directors may adopt any other accounting treatment for the Amalgamation which is in accordance with Accounting Standards notified under the Companies Act, 1956 and/ or 2013.
12. **DIVIDEND, PROFITS, BONUS / RIGHT SHARES**

12.1 Dividends (interim and/or final) in respect of the period commencing from the Appointed Date until the Effective Date may be declared or paid by the Transferor Company with the prior consent of the Transferee Company.

12.2 It is clarified, however, that the aforesaid provision in respect of declaration of dividend is an enabling provision only and shall not be deemed to confer any right on any member of the Transferor Company to demand or claim any dividend, which shall be entirely at the discretion of the Board of Directors of both the Transferor Company and the Transferee Company, subject to the provisions of the Act.

13. **COMPLIANCE WITH LAWS**

13.1 This Scheme is presented and drawn up to comply with the provisions / requirements of Sections 391 to 394 of the Act, for the purpose of amalgamation of the Transferor Company with the Transferee Company.


13.3 This Scheme has been drawn up to comply with the conditions relating to “amalgamation” as specified under the tax laws, including Section 2(18) and other relevant sections of the Income Tax Act, 1961. If any terms or provisions of the Scheme are found to be or interpreted to be inconsistent with any of the said provisions at a later date, whether as a result of any amendment of law or any judicial or executive interpretation or for any other reason whatsoever, the aforesaid provisions of the Income Tax Act, 1961 shall prevail. The Scheme shall then stand modified to the extent determined necessary to comply with the said provisions. Such modification(s) will however not affect other clauses of the Scheme. The power to make such amendments as may become necessary shall vest with the Board of Directors of the Transferor Company and the Transferee Company, which power shall be exercised reasonably in the best interests of the companies concerned and their stakeholders.

13.4 The scheme shall be in compliance with the applicable SEBI Guidelines including particularly the circular CIR/CFD/CMD/16/2015 dated 30 November 2015 and any subsequent amendments thereof. The Scheme being approved by the shareholders of the Transferee Company by way of postal ballot/ e-voting in terms of Para 9 of the SEBI Circular dated 30th November, 2015, provides that the same shall be acted upon only if the votes cast by the public shareholders in favor of the proposal are more than the number of votes cast by the public shareholders against it.
14. SAVING OF CONCLUDED TRANSACTIONS

Subject to the terms of this Scheme, the transfer and vesting of the properties, assets and liabilities of the Transferor Company and the continuance of proceedings by or against the Transferor Company shall not affect any transactions or proceedings already concluded by the Transferor Company on or before the Appointed Date or concluded after the Appointed Date till the Effective Date, to the end and intend 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.

15. TRANSFEROR COMPANY'S DIRECTORS

All the directors of the Transferor company shall cease to be directors of the Transferor company on the Effective Date without affecting their rights as shareholder, if any, in the Transferor company. However, if any such director is a director of the Transferee company, he/she would continue to hold his/her office in the Transferee company as per the terms of his/her appointment in the Transferee Company.

16. ISSUE OF SHARES

16.1 Upon the Scheme of Arrangement of Amalgamation coming into effect, the Transferee Company shall take the following steps to implement the mode of consideration upon amalgamation:

16.1.1 All shares held by Nahar Industrial Enterprises Ltd. (the Transferee Company) in the share capital of Cotton County Retail Limited (the Transferor Company) (i.e. 10729474 shares, either directly or through its Nominees) as on the Effective Date shall stand cancelled, without any further act or deed.

16.1.2 The Transferee Company, shall, without any further application, act or deed, in consideration of the amalgamation, issue and allot to the corporate members of the Transferor Company, holding fully paid-up Equity Shares, in the Transferor Company and whose names appear in the Register of Members of the Transferor Company on the Record Date equity shares of the Transferee Company. The said shares shall be allotted as per the ratio determined by the valuation experts, namely M/s. VSPV & Co., Chartered Accountants, duly appointed for this purpose. As per the valuation report, 100 equity share(s) of Rs. 10/- each fully paid up of the Transferee Company for 146 equity shares of Re. 10/- each fully paid up in the Transferor Company shall be allotted to each corporate shareholder/member of the Transferor Company.

16.1.3 The Transferee Company pursuant to amalgamation, shall pay consideration to the individual shareholders (other than corporate shareholders as mentioned in clause 16.1.2 above) of the Transferor Company by issue of account payee cheques, drawn on one of the bankers of the Transferee Company, in favour of the equity
shareholder(s) of the Transferor Company whose name is shown in the Register of Members as on the Record Date at Rs. 44.32 for every equity share of Rs. 10/- each fully paid up of the Transferor Company per share value calculated and determined by the Valuer M/s. VSPV & Co., Chartered Accountants for determining the exchange Ratio. The account payee cheques shall be issued by the Transferee Company within 21 days from the Effective Date. The consideration envisaged under this Clause is subject to applicable withholding taxes, if any.

16.2 All mandates or other instructions in force at the close of business on the Effective Date relating to the shares of the Transferor Company shall, unless and until revoked, be deemed to be valid and subsisting mandates or instructions to the Transferee Company in relation to the corresponding Shares of the Transferee Company to be issued and allotted pursuant to the Scheme.

16.3 No coupons shall be issued in respect of fractional entitlements, if any, by the Transferee Company, to the Equity Shareholders of the Transferor Company at the time of issue and allotment of equity shares pursuant to the clause 16.1.2 above. In case any corporate shareholder holding in the Transferor Company is such that the shareholder becomes entitled, pursuant to the scheme, to a fraction of equity share of the Transferee Company, the Transferee Company shall round off the said entitlement to the nearest integer and allot equity shares accordingly. However, in no event, the number of new equity shares to be allotted by the Transferee Company to the shareholders of the Transferor Company shall exceed the total number of equity shares held by the Transferor Company in the Transferee Company.

16.4 The new equity shares shall be issued only in Dematerialized form to be credited to the demat account as may be notified by the Equity Shareholders of the Transferor Company. The new equity shares of the Transferee Company shall be listed on the BSE Limited and National Stock Exchange of India Limited, on which the shares of the Transferee Company are listed as on the Effective Date. The Transferee Company shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the said stock exchanges.

16.5 The shares to be issued and allotted as above by the Transferee Company to the members of Transferor Company shall rank pari-passu in all respects with the existing shares held by the members of the Transferee Company.

16.6 Upon the approval of the Scheme by the members of the Transferor Company and the members of the Transferee Company pursuant to Section 391 of the Act, it shall be deemed that the said members have also accorded all relevant consents under Section 62 and Section 42 of the Act and any other relevant and applicable provisions of the Act for the issue and allotment of new equity shares issued by the Transferee Company to the Equity Shareholders of the Transferor Company, as provided in this Scheme.
The approval of this Scheme by the shareholders of both the Companies under section 391 and 394 of the Act shall be deemed to have the approval under the applicable provisions of the Act including sections 13, 14 and 61 of the of the Act and any other contents and approvals required in this regard.

17. DISSOLUTION OF TRANSFEROR COMPANY

17.1 On the Scheme becoming effective, the Transferor Company shall stand dissolved without being wound up.

17.2 On and with effect from the Effective Date, the name of the Transferor Company shall be struck off from the records of the ROC. The Transferee Company shall make necessary filings in this regard.

18. CONSOLIDATION OF AUTHORISED SHARE CAPITAL AND AMENDMENT TO MEMORANDUM OF ASSOCIATION

18.1 Upon the Scheme coming into effect, the Authorized Equity Share Capital of the Transferee Company in terms of Memorandum and Articles of Association shall automatically stand enhanced on account of re-arranged Authorized Share Capital of the Transferee Company, without any further act, instrument or deed, by an amount of Rs. 30,50,00,000 (Rupees thirty crores and fifty lacs only), and the Memorandum of Association and Articles of Association of the Transferee Company (relating to Authorized Share Capital) shall, without any further act, instrument or deed be and stand altered, modified and amended, and the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purpose of giving effect to this amendment, and no further resolution(s) under Section 13, 14 and 61 or any other applicable provisions of the Act would be required to be separately passed. For this purpose, the filing fees and stamp duty shall be deemed to have been paid and the Transferee Company shall not be required to pay any fees / stamp duty on the Authorized Share Capital so long as the, re-arranged Authorized Share Capital of the Transferee Company remain equal or less than the total Authorized capital of both the Companies.

<table>
<thead>
<tr>
<th>Authorized Share Capital (Pre-merger)</th>
<th>Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transferor Company</td>
<td>30,50,00,000</td>
</tr>
<tr>
<td>3,05,00,000 Equity Shares of Rs. 10/- each</td>
<td></td>
</tr>
<tr>
<td>Transferee Company</td>
<td>65,00,00,000</td>
</tr>
<tr>
<td>6,50,00,000 Equity Shares of Rs. 10/- each</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Authorized Share Capital (Post-merger)</th>
<th>Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transferee Company</td>
<td>95,50,00,000</td>
</tr>
<tr>
<td>9,55,00,000 Equity Shares of Rs. 10/- each</td>
<td></td>
</tr>
</tbody>
</table>

18.2 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 94 and 394 and other applicable provisions of
the Companies Act, 2013 in the manner set out below:

Clause V of the MEMORANDUM OF ASSOCIATION of the Transferee Company shall stand modified and amended by deleting the Clause and replacing it with the following :-

The authorized share capital of the company is Rs. 95,50,00,000/- (Rupees ninety five crores and fifty lacs only) divided into 9,55,00,000 (Nine crores and fifty five lacs only) equity shares of Rs.10/- (Rupees ten) each. The company has power from time to time to increase or to reduce or re-classify its capital and divide the shares into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions and to vary, modify or abrogate any such rights, privileges or conditions and to purchase / buy-back any of its own fully paid / partly paid shares for cancellation or otherwise in such manner as may be permitted by the Companies Act, 2013 or provided by the regulations of the company for the time being in force.

Article 4 of the ARTICLES OF ASSOCIATION of the Company shall be amended and replaced with the following Articles:-

The Authorised Share Capital of the Company is Rs. 95,50,00,000/- (Rupees ninety five crores and fifty lacs only) divided into 9,55,00,000 (Nine crores and fifty five lacs only) equity shares of Rs. 10/- each. The company has power from time to time to increase or to reduce its capital and divide the shares in the new capital into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Companies Act, 2013 or provided by the regulations of the company for the time being in force.

19. APPLICATION

The Transferor Company and the Transferee Company shall: -

19.1 make applications to the High Court, under Sections 391 to 394 of the Act, and other applicable provisions of the Act, seeking orders for dispensing with or convening, holding and conducting of the meetings of their respective members and/or creditors and for sanctioning this Scheme and for consequent dissolution of the Transferor Company without winding up, with such modifications as may be approved by the High Court.

19.2 upon this Scheme being approved by the requisite majority of the respective members and/or creditors of the Transferor Company and the Transferee Company, both the Transferor Company and the Transferee Company shall apply to the High Court, seeking approval for sanction of this Scheme under Sections 391 to 394 and other applicable provisions of the Act, and for such other order or orders, as the said High Court may deem fit, for carrying this Scheme into effect.

19.3 upon constitution of the National Company Law Tribunal under Section 408 of
the Act, an application be made and/or pursued before the National Company Law Tribunal, if so required. In such event, references in this Scheme to the High Court shall be construed as references to the National Company Law Tribunal as the context may require.

19.4 also apply for such other approvals as may be required under law, if any, for bringing the Scheme into effect. Further, the Transferor Company & the Transferee Company shall be entitled to take such other steps as may be necessary or expedient to give full & formal effect to provisions of this Scheme.

20. APPROVALS AND MODIFICATIONS

The Transferor Company and the Transferee Company (by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize) are empowered and authorized:

20.1 To assent from time to time to any modifications or amendments or substitutions of the Scheme or of any conditions or limitations, which the High Court may deem fit to approve or direct or as may be otherwise deemed expedient or necessary by the respective Board of Directors, as being in the best interest of the said companies and their shareholders.

20.2 To settle all doubts or difficulties that may arise in carrying out the Scheme; to give their approval to all such matters and things, as is contemplated or required to be given by them in terms of this Scheme; and to do and execute all other acts, deeds, matters and things necessary, desirable or proper for putting the Scheme into effect.

20.3 Upon this Scheme becoming effective, the respective shareholders of the Transferor Company and the Transferee Company shall be deemed to have also accorded their approval under all relevant provisions of the Act for giving effect to the provisions contained in this Scheme.

Without prejudice to the generality of the foregoing scheme, the Transferor Company and the Transferee Company (by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize), shall each be at liberty to withdraw from this Scheme, in case any condition or alteration imposed by any authority is unacceptable to them or as may otherwise be deemed expedient or necessary.

21. SCHEME CONDITIONAL UPON APPROVALS/ SANCTIONS

The Scheme is conditional upon and subject to the approval by the requisite majority of the members of the Transferor Company and the Transferee Company and sanction of the same by the High Court pursuant to the provisions of Section 391 of the Act.

Accordingly, the Scheme although operative from the respective Appointed Date as specified herein, shall become effective, pursuant to the filing of certified copies of the order sanctioning the same with the Registrar of Companies by the Transferor Company and the Transferee Company.
22. **COSTS, CHARGES AND EXPENSES**

All costs, charges and expenses, in connection with the Scheme, arising out of or incurred in carrying out and implementing the Scheme and matters incidental thereto, shall be borne and paid by the Transferee Company.

23. **EFFECT OF NON RECEIPT OF APPROVALS/ SANCTIONS**

In the event of any of the said sanctions and approvals referred to above not being obtained from the High Court, the Scheme shall become null and void; stand revoked, cancelled and will be of no effect. And in that case, 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 such case cost of Amalgamation is to be equally borne by the Transferor and Transferee Company.

24. **SEVERABILITY**

If any part of this scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the mutual agreement of the Transferor Company and the Transferee Company, affect the validity or implementation of the other parts and / or the provisions of this Scheme.

25. **DATE WHEN THE SCHEME COMES INTO OPERATION**

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the High Court or the Tribunal, as the case may be, shall be operative from the Appointed Date, but shall be effective from the Effective Date.