



PRAGATI CHEMICALS LIMITED.

(CIN: U24110MH1979PLC031289)

Registered Office: A-8 Marol Industrial Estate of MIDC, Cross Road B, Street No. 5, Andheri (East),
Mumbai 400093

Email: info@resplast.com Website: www.resplast.com Phone: 022-61987000

**NOTICE OF MEETING OF THE EQUITY SHAREHOLDERS OF PRAGATI CHEMICALS LIMITED
CONVENED AS PER THE DIRECTIONS OF THE
NATIONAL COMPANY LAW TRIBUNAL**

NOTICE TO EQUITY SHAREHOLDERS

Day : Friday
Date : 6th March, 2020
Time : 10.00 A.M.
Venue : IMC Chamber of Commerce and Industry, Kilachand Conference Room, IMC Bldg.,
IMC Marg, Churchgate, Mumbai 400020

POSTAL BALLOT

Commencing on	Wednesday, 5 th February, 2020 at 9 a.m.
Ending on	Thursday, 5 th March, 2020 at 5 p.m.

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**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
BENCH AT MUMBAI
COMPANY SCHEME APPLICATION NO. 4093 OF 2019
FORM NO. CAA 2 [Pursuant to Section 230(3) and Rule 6**

In the matter of THE COMPANIES ACT, 2013

And

**In the matter of
PRAGATI CHEMICALS LIMITED
(‘the Transferor Company’ or ‘the Company’)**

**With
RESINS & PLASTICS LIMITED
(‘the Transferee Company’)**

And

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

PRAGATI CHEMICALS LIMITED, a company)
incorporated under the Companies Act, 1956)
having its registered office at Plot No. A-8, Marol)
Industrial Estate of MIDC, Cross Road, B, Street)
No. 5, Andheri (East), Mumbai - 400093.)
) ...Applicant Company

NOTICE CONVENING MEETING OF THE EQUITY SHAREHOLDERS OF PRAGATI CHEMICALS LIMITED

**To,
The Equity shareholders of Pragati Chemicals Limited**

Notice is hereby given that by an order **dated 17th January, 2020**, the Mumbai Bench of the National Company Law Tribunal (“NCLT” or “Tribunal”) has directed a meeting to be held of equity shareholders of the Applicant Company (“the Company”) for the purpose of considering, and if thought fit, approving with or without modification, the arrangement embodied in the Scheme of Amalgamation of **PRAGATI CHEMICALS LIMITED**, (‘the Transferor Company’) with **RESINS & PLASTICS LIMITED** (‘the Transferee Company’) and their respective shareholders. (‘the Scheme’) The Scheme, if approved by the equity shareholders, will be subject to the subsequent approval of the Hon’ble Tribunal.

In pursuance of the said order and as directed therein further notice is hereby given that a meeting of equity shareholders of the said company will be held at **IMC Chamber of Commerce and Industry, Kilachand Conference Room, IMC Bldg., IMC Marg, Churchgate, Mumbai 400020 on Friday, March 6, 2020 at 10.00 A.M.** at which day, date, time and place the said equity shareholders are requested to attend.

Members are requested to consider and, if thought fit, approve with or without modification(s), the following resolution under Section 230 read with Section 232 of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), and other applicable provisions of the Companies Act, 2013, and the provisions of the Memorandum and Articles of Association of the Company for approval of the arrangement embodied in the Scheme of Amalgamation of **PRAGATI CHEMICALS LIMITED**, ('the Transferor Company') with **RESINS & PLASTICS LIMITED** ('the Transferee Company') and their respective shareholders ('the Scheme').:

"RESOLVED THAT pursuant to the provisions of Section 230 read with Section 232 of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), and other applicable provisions of the Companies Act, 2013 and the provisions of the Memorandum and Articles of Association of the Company and subject to the approval of the Mumbai Bench of the National Company Law Tribunal, and subject to such other approvals, permissions and sanctions of regulatory and other authorities, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by the Mumbai Bench of the National Company Law Tribunal or by any regulatory or other authorities, while granting such consents, approvals and permissions, which may be agreed to by the Board of Directors of the Company (herein after referred to as the "Board", which term shall be deemed to mean and include one or more Committee(s) constituted/to be constituted by the Board or any other person authorised by it to exercise its powers including the powers conferred by this Resolution) the arrangement embodied in the Scheme of Amalgamation of **PRAGATI CHEMICALS LIMITED**, ('the Transferor Company') with **RESINS & PLASTICS LIMITED** ('the Transferee Company') and their respective shareholders ('the Scheme') placed before this meeting and initialed by the Chairman of the meeting for the purpose of identification, be and is hereby approved.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things, as it may, in its absolute discretion deem requisite, desirable, appropriate or necessary to give effect to this resolution and effectively implement the amalgamation embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the Mumbai Bench of the National Company Law Tribunal while sanctioning the arrangement embodied in the Scheme or by any authorities under law, or as maybe required for the purpose of resolving any doubts or difficulties that may arise in giving effect to the Scheme, as the Board may deem fit and proper."

Copies of the said Scheme and of the statement under Section 230, the Form of Proxy and Attendance Slip are enclosed along with this Notice and also can be obtained free of charge at the registered office of the Company or at the office of its advocates M/s Rajesh Shah & Co. at Office No-16, Oriental Building, 30, Nagindas Master Road, Opposite Welcome Hotel, Fort, Mumbai - 400001.

Persons entitled to attend and vote at the meeting, may vote in person or by proxy, provided that all proxies in the prescribed form are deposited at the registered office of the Company at **A-8 Marol Industrial Estate of MIDC, Cross Road B, Street No.5, Andheri East, Mumbai 400093** not later than 48 hours before the meeting.

Forms of proxy can be obtained at the registered office of the Company.

The Hon'ble Tribunal has appointed Mr. Manish Malpani, Advocate, and failing him, Mr. Bijish Balan, Assistant Registrar, as chairperson of the said meeting.

The voting rights of the shareholders shall be in proportion to their shareholding in the Company as on the close of business hours of Friday, 17th January, 2020 ("cut-off date"). In accordance with the applicable regulatory provisions, in addition to casting of votes at the meeting, the Company has provided equity shareholders with the facility of casting their votes by way of postal ballot. The shareholders may refer to the "Notes" to this Notice for further details on postal ballot.

Sd/-

Bijish Balan
Assistant Registrar
Chairperson appointed for the meeting

Dated this 22nd January, 2020

National Company Law Tribunal,
4th Floor, MTNL Exchange Building,
G.D. Somani Marg,
Chamundeshwari Nagar,
Cuffe Parade, Mumbai,
Maharashtra 400005.

Notes for the meeting of the equity shareholders of the Company:

1. **A registered equity shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of himself and a proxy need not be a member. The instrument appointing a proxy should however be deposited at the registered office of the Company not later than 48 hours before the commencement of the meeting.**
2. All alterations made in the Form of Proxy should be initialed.
3. The equity shareholders of the Applicant Company whose names appearing in the records of the Company as on Friday, 17th January, 2020 shall be eligible to attend and vote at the meeting of the equity shareholders of the Company or cast their votes either in person or by proxies. Only registered equity shareholders of the Company may attend and vote either in person or by proxy or by authorized representative under applicable provisions of the Companies Act, 2013 at the Equity shareholders' meeting. The authorized representative of a body corporate which is a registered equity shareholder of the Company may attend and vote at the meeting provided a certified true copy of the resolution of the Board of Directors or other governing body of the body corporate authorizing such representative to attend at the meeting is deposited at the registered office of the Company not later than 48 hours before the schedule time of the commencement of meeting.
4. A person can act as a proxy on behalf of Members not exceeding 50 (fifty) and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. A Member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or Member. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the meeting.
5. A Member or his/her Proxy is requested to bring the copy of the notice to the Meeting and produce the attendance slip, duly completed and signed, at the entrance of the Meeting venue.
6. Equity shareholders are informed that incase of joint holders attending the meeting, only such joint holders whose name stands first in the Register of Members of the Company in respect of such joint holding will be entitled to vote. The notice is being sent to all equity shareholders, whose name appeared in the register of members as on Friday, 17th January, 2020.

7. As directed by the Hon'ble Tribunal, Mr.P.N. Parikh, (FCS 327) and failing him Mr.Mitesh Dhabliwala, (FCS 8331) of Parikh & Associates, whole time practicing Company Secretaries shall act as the scrutinizer to scrutinize the votes cast through postal ballot and voting process at the venue of the meeting in a fair and transparent manner.
8. The Notice convening the meeting will be published through an advertisement in the "Free Press Journal" in English language and "Navshakti" in the Marathi language, both having circulation in Mumbai.

VOTING THROUGH POSTAL BALLOT

- I. The facility for voting through ballot paper shall be made available at the meeting and the members attending the meeting who have not cast their vote by physical postal ballot, shall be able to exercise their right at the meeting through ballot paper.
- II. Members can opt for one mode of voting out of the aforementioned modes i.e. Postal ballot or voting through ballot paper at the meeting.
- III. The voting period for postal ballot commences on Wednesday, 5th February, 2020 at 9 a.m. and ends on Thursday, 5th March, 2020 at 5 p.m. During this period, members' of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date 17th January, 2020 may cast their vote by postal ballot. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

Other Instructions:

- i. The Scrutinizer shall, immediately after the conclusion of voting at the Meeting, first count the votes cast at the meeting, in the presence of at least two witnesses not in the employment of the Company and make not later than three days of conclusion of the meeting a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a Director authorised by him in writing who shall countersign the same.
- ii. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.resplast.com. The results shall also be displayed on the notice board at the Registered Office of the Company.

IN THE NATIONAL COMPANY LAW TRIBUNAL

BENCH AT MUMBAI

IN THE MATTER OF THE COMPANIES ACT, 2013

And

**In the matter of
PRAGATI CHEMICALS LIMITED
(‘the Transferor Company’ or ‘the Company’)**

**With
RESINS & PLASTICS LIMITED
(‘the Transferee Company’)**

And

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

PRAGATI CHEMICALS LIMITED, a Company)
incorporated under the Companies Act, 1956)
having its registered office at Plot No. A-8, Marol)
Industrial Estate of MIDC, Cross Road, B, Street)
No. 5, Andheri (East), Mumbai - 400093.)
)
) ...Applicant Company

M/s. Pragati Chemicals Limited ...the Transferor Company / the Company

EXPLANATORY STATEMENT UNDER SECTION 230(3) OF THE COMPANIES ACT, 2013 READ WITH SECTION 102 OF THE COMPANIES ACT, 2013 FOR THE MEETING OF EQUITY SHAREHOLDERS OF PRAGATI CHEMICALS LIMITED CONVENED AS PER THE DIRECTIONS OF THE NATIONAL COMPANY LAW TRIBUNAL.

In this statement, **Pragati Chemicals Limited** is herein after referred to as ‘the Transferor Company’ and **Resins & Plastics Limited** is herein after referred to as ‘the Transferee Company or ‘the Company’’. The other definitions contained in the Scheme will apply to this Explanatory Statement also. The following statement as required under Section 230(3) of the Companies Act, 2013 read with Section 102 of the Companies Act, 2013 sets forth the details of the proposed Scheme, its effects and, in particular any material interests of the Directors in their capacity as members.

1. Pursuant to an Order dated **17th January, 2020** passed by the National Company Law Tribunal, Bench at Mumbai in the Company Scheme Application No. 4093 of 2019 referred to herein above, a meeting of the Equity Shareholders of **Pragati Chemicals Limited** is being convened and held at **IMC Chamber of Commerce and Industry, Kilachand Conference Room, IMC Bldg., IMC Marg, Churchgate, Mumbai 400020 on Friday, March 6, 2020 at 10.00 A.M.** for the purpose of considering and if thought fit, approving with or without modification(s), the proposed Scheme of Amalgamation of **PRAGATI CHEMICALS LIMITED**, ('the Transferor Company') with **RESINS & PLASTICS LIMITED** ('the Transferee Company') and their respective shareholders ('the Scheme').
2. The draft Scheme of Amalgamation was placed before the Board of Directors of the Transferor Company and Transferee Company at their respective meetings held on 24th October, 2019 & 23rd October, 2019 and was approved by the Board.
3. Based on the evaluations, the Board of Directors of the Transferor Company and Transferee Company have come to the conclusion that the Scheme is in the best interest of the Company and its shareholders.
4. A copy of the Scheme as approved by the Board of Directors of the respective Companies is enclosed.
5. **BACKGROUND OF THE COMPANIES INVOLVED IN THE SCHEME IS AS UNDER:**
 1. **PRAGATI CHEMICALS LIMITED ('the Transferor Company')**
 - a) The Transferor Company was incorporated on 18th day of April, 1979 under the Companies Act, 1956 under the name and style of 'Pragati Chemicals Private Limited' in Gujarat. The Registered office was subsequently changed from Gujarat to Mumbai vide Certificate of Registration of Regional Director Order for change of State on 3rd day of November, 1983. The name was changed to 'PRAGATI CHEMICALS LIMITED' on 12th day of May, 1991 and its Corporate Identification Number is U24110MH1979PLC031289. The Permanent Account Number of the Transferor Company is AAACP4055B.
 - b) The Registered Office of the Transferor Company is situated at Plot A-8 Marol Industrial Estate of MIDC, Cross Road B, Street No.5, Andheri East, Mumbai 400093. The e-mail id for the Transferor Company is info@resplast.com.

- c) The details of the Authorised, Issued, Subscribed and Paid-up share capital of The Transferor Company as on March 31, 2019 are as under:

Particulars	Rupees
Authorised Capital	
1,000,000 Equity Shares of Rs.10/- each	100,00,000
Issued, Subscribed and Paid-up	
3,60,000 Equity Shares of Rs.10/- each fully paid-up	36,00,000

Subsequent to the above date there is no change in the issued, subscribed and paid-up share capital of the Transferor Company.

- d) The shares of the Transferor Company are not listed on any stock exchange.
- e) The objects for which the Transferor Company has been established are set out in its Memorandum of Association. The main objects of the Transferor Company are set out hereunder:
- (1) To carry on business as manufacturers, producers, refiners, processors, exporters, importers, distributors and dealers in all types of synthetic resins such as alkyd resins of oxidizing, semi-oxidising or non-oxidising varieties, modified alkyd resins of phenolated, styrenated, acrylated, siliconized, thixotropic, water soluble, chain terminated or vinylated types, pure or modified phenolic resins, estergum, rosin, rosin modified maleics, hydrogenated rosins and rosin derivatives, rosin modified alkyds, amino resins, saturated and unsaturated polyesters, epoxies, polyamides, ketonic resins, acrylic resins of all varieties, thermoplastic and thermosetting resins, hydrocarbon resins, vinyl resins of different types, polymeric plasticizers, polyethers, polycarbonates, silicones, cellulosic plastics, thermosetting and thermoplastic materials, plastic and resinous materials, elastomer emulsions, polymers, surface active and tanning agents.
- f) There has been no change in the name of the Company, registered office of the Company and objects of the Transferor Company during the last five years.

- g) Names of the directors and promoters of the **PRAGATI CHEMICALS LIMITED** (Transferor Company) are as under:

Name of Director	Name of Promoter	Address
Shri Jalaj Ashwin Dani (DIN:00019080)	Shri Jalaj Ashwin Dani	Home Villa 48 Krishna Sanghi Path Mumbai 400007
Shri Rupen Ashwin Choksi (DIN:00059326)	Shri Rupen Ashwin Choksi	11A Jeevan Asha 60A Peddar Road Mumbai 400026
Shri Amar Arvind Vakil (DIN:00009252)	Shri Amar Arvind Vakil	9-N Gamadia Cross Road Off Peddar Road Mumbai 400026

2. RESINS & PLASTICS LIMITED ('the Transferee Company'):

- a) The Transferee Company was incorporated on 22nd day of December, 1961 under the Companies Act, 1956 under the name and style of 'Resins And Plastics Private Limited'. The name was changed to 'RESINS AND PLASTICS LIMITED' on 25th day of November, 1985 and its Corporate Identification Number is U25209MH1961PLC012223. The Permanent Account Number of the Transferee Company is AAACR1888C.
- b) The Registered Office of the Transferee Company is situated at A-8 Marol Industrial Estate of MIDC, Cross Road B, Street No.5, Andheri (East), Mumbai 400093. The e-mail id for the Transferee Company is info@resplast.com.
- c) The details of the issued, subscribed and paid-up share capital of the Transferee Company as on March 31, 2019 are as under:

Particulars	Rupees
Authorised Capital	
50,00,000 Equity Shares of Rs.10/- each.	500,00,000
Issued Capital	
36,61,100 Equity Shares of Rs. 10/- each fully paid-up.	3,66,11,000
Subscribed and Paid-up Capital	
35,72,300 Equity Shares of Rs. 10/- each fully paid-up.	3,57,23,000

Subsequent to the above date there is no change in the issued, subscribed and paid-up share capital of the Transferee Company.

- d) The shares of the Transferee Company are not listed on any stock exchange.
- e) The objects for which the Transferee Company has been established are set out in its Memorandum of Association. The main objects of the Transferee Company are set out hereunder:
- To carry on business as manufacturers of various types of Synthetic Resins and Plastics.
 - To carry on the business as manufacturers and dealers in all types of alkyd resins such as oxidising, semi-oxidising and non-oxidising, styrenated, thixotropic, phenolated, siliconated and acrylate and other unmodified types, polyesters, polyamides, urea and melamine phenol formaldehyde, vinyls of all types, cumorone indenes, phenolics, maleics, fumarics and cyclised rubber resins, etc.
 - To carry on the business as manufacturers of and dealers in emulsions, polymers, plastic emulsions, textile emulsions, adhesives, cements, reinforced and natural and synthetic resin fabrics, paper, jute, hessian bounded and reinforced products, etc.
 - To manufacture and deal in organic and inorganic high polymeric materials of all kinds and description including silicagel, silicones, boron and other derivatives, titanates, etc.
- f) There has been no change in the name of the company, registered office of the Company and objects of the Transferee Company during the last five years.
- g) Names of the directors and promoters of **RESINS & PLASTICS LIMITED** (the Transferee Company) are as under:

Name of Director	Name of Promoter	Address
Shri Ashwin Suryakant Dani (DIN:00009126)	Shri Ashwin Suryakant Dani	Home Villa 48 Krishna Sanghi Path Mumbai 400007
Shri Abhay Arvind Vakil (DIN:00009151)	Shri Abhay Arvind Vakil	9-N Gamadia Cross Road Off Peddar Road Mumbai 400026
Shri Rupen Ashwin Choksi (DIN:00059326)	Shri Rupen Ashwin Choksi	11A Jeevan Asha 60A Peddar Road Mumbai 400026

Shri Gobind Jhamatmal Lulla (DIN:03298602) (Retired on 30/09/2019)	---	32, Kalpitam Plot No.370, 16 th Road, TPS III, Bandra (West) Mumbai 400050
Shri Bharat B. Chovatia (DIN:00271613)	---	10 Sanjog 18 Pheroz-Shah Street Santacruz (W) Mumbai 400054
Shri Dhiren P. Mehta (DIN:00001471)	---	804, Vastu Shilp B/H Manish Park Rajmata Jijabai Road Pump House, Andheri (E) Mumbai 400093
Shri Chetan S. Thakkar (DIN:03273267)	---	804, Vastu Shilp B/H Manish Park Rajmata Jijabai Road Pump House, Andheri (E) Mumbai 400093
Smt.Hemangi N. Modi (DIN:07232708)	---	101 The Angel 2, Krishna Sanghi Path Gamdevi, Mumbai 400007

h) RELATIONSHIP SUBSISTING BETWEEN THE TRANSFEROR COMPANY AND THE TRANSFeree COMPANY

The Transferor Company and Transferee Company are under the same group of the Promoters. The Transferee Company is a related party of the Transferor Company as per the Companies Act, 2013. There are no common directors on the Board of the Transferor Company and the Transferee Company except Shri Rupen Ashwin Choksi.

Apart from the above, there is no other relationship between the Transferor Company and the Transferee Company.

6. BACKGROUND OF THE SCHEME

6.1. The Transferee Company is engaged in the business of dealing in and manufacturing of Synthetic Resins.

6.2. The Transferor Company is engaged in the business of manufacturing of Synthetic Resins.

7. RATIONALE OF THE SCHEME

7.1. The amalgamation of the Transferor Company, with the Transferee Company would have the following benefits:

- 1.1 With a view to maintain a simple corporate structure and eliminate duplicate corporate procedures, it is desirable to merge and amalgamate the undertaking of Transferor Company with Transferee Company. The amalgamation of undertaking of Transferor Company into the Transferee Company shall facilitate consolidation of the undertakings in order to enable effective management and unified control of operations. This would enable streamlining the activities and consequently reducing managerial overlaps by reducing the number of companies under the same Management and thus lead to reduction in administration efforts.
- 1.2 It would be advantageous to combine the activities and operations of both the Companies into a single Company for leveraging financial and operational resources and reflecting stronger financial position and for the benefit of lesser compliance issues as the Companies are in similar businesses.
- 1.3 Further, the amalgamation would create economies in administrative and managerial costs by consolidating operations and would substantially reduce duplication of administrative responsibilities and multiplicity of records and legal and regulatory compliances. The Scheme of amalgamation will result in cost saving for both the Companies and is expected to result in administrative efficiency and higher profitability levels for the Transferee Company.

The Scheme will not in any manner be prejudicial to the interests of the concerned shareholders and creditors or the general public at large.

8. SALIENT FEATURES OF THE SCHEME:

8.1. Salient features of the scheme are set out as below:

- The Scheme is presented under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (to the extent notified and applicable, and as amended from time to time) for amalgamation of the Transferor Company with the Transferee Company.
- The Transferor Company and the Transferee Company shall make applications and/or petitions under Section 230 read with Section 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 to the National Company Law Tribunal, Mumbai Bench ('Tribunal') for sanction of this Scheme and all matters ancillary or incidental thereto.
- 'Appointed Date' for the Scheme is 1st April, 2019 or such other date as may be approved by the Tribunal.
- 'Effective Date' means the date on which the certified copy of the order sanctioning this Scheme passed by the Tribunal or such other competent authority, as may be applicable, is filed with the Registrar of Companies, Maharashtra.

- Transferor Company would be automatically dissolved.
- On the Scheme becoming effective, the Transferee Company shall account for the amalgamation in its books as per the applicable accounting principles prescribed Accounting Standards as per the Companies Act, 2013.
- This Scheme is conditional upon and subject to the following:
 - (a) The Scheme being approved by the respective requisite majorities of the members and / or creditors of the Transferor Company and the Transferee Company as may be directed by the Tribunal and/or any other competent authority and it being sanctioned by the Tribunal and/or any other competent authority, as may be applicable;
 - (b) The certified copy of the Order of the Tribunal under Section 230 read with Section 232 of the Companies Act, 2013 sanctioning the Scheme is filed with the Registrar of Companies, Maharashtra;

You are requested to read the entire text of the Scheme to get fully acquainted with the provisions thereof. The aforesaid are only some of the key provisions of the Scheme.

8.2. CONSIDERATION (ISSUE OF SHARES BY THE TRANSFEE COMPANY)

- Upon the Scheme becoming finally effective, in consideration of the transfer and vesting of the Undertaking of the Transferor Company in the Transferee Company in terms of the Scheme, the Transferee Company shall subject to the provisions of the Scheme and without any further application or deed, issue and allot 5(Five) Equity Shares of Rs. 10/- (Rupees Ten) each, credited as fully paid-up in the capital of the Transferee Company to all Equity Shareholders of the Transferor Company whose names appear in the Register of Members, on a record date to be fixed by the Board of the Transferee Company, for every 3 (Three) Equity Share of the face value of Rs. 10/- (Rupees Ten) each held by the Shareholders of the Transferor Company.
- If necessary, the Transferee Company shall, before allotment as aforesaid of the equity shares in terms of the Scheme, increase its authorized capital by the creation of at least such number of equity shares of Rs. 10/- each as may be necessary to satisfy its obligations under the Scheme.
- No fractional shares shall be issued by the Transferee Company and the fractional share entitlements, if any, arising out of such allotment, shall be rounded off to the nearest complete share.

8.3. VALUATION REPORT

Valuation Report dated 23rd October, 2019 was issued by M/s. SSPA & Co., Chartered Accountants, describing inter alia the computation and methodology adopted by them in arriving at the fair ratio of exchange of the Scheme of Amalgamation.

Valuation Report is available for inspection at the Registered Office of the Company.

9. CAPITAL STRUCTURE PRE AND POST AMALGAMATION:

- 9.1. Pre-amalgamation capital structure of the Transferor Company and Transferee Company are mentioned in paragraph 5(1)(c) and 5(2)(c) respectively.
- 9.2. Pre and post-amalgamation capital structure of the Transferee Company is as follows:

Particulars	Pre Amalgamation as on March 31, 2019		Post Amalgamation	
	No. of Shares	Amount (Rs)	No. of Shares	Amount(Rs)
Authorised Share Capital				
Equity Shares of 10/- each	50,00,000	5,00,00,000	60,00,000	6,00,00,000
Total	50,00,000	5,00,00,000	60,00,000	6,00,00,000
Issued, Subscribed and Paid-up Share Capital				
Equity Shares of 10/- each, fully paid-up	35,72,300	3,57,23,000	41,72,300	4,17,23,000
Total	35,72,300	3,57,23,000	41,72,300	4,17,23,000

10. DISCLOSURE OF INTEREST, EXTENT OF SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

10.1. The Directors and Key Managerial Personnel (KMP) and their respective relatives, of the Transferor Company and the Transferee Company may be deemed to be concerned and/or interested in the Scheme only to the extent of their shareholding in their respective companies, or to the extent the said Directors /KMPs are the partners, Directors, members of the companies, firms, association of persons, bodies corporate and/or beneficiary of trust that hold shares in any of the companies. Save as aforesaid, none of the Directors, Managing Director or the Managers or KMPs of the Transferor Company or the Transferee Company have any material interest in the Scheme.

10.2. The details of the present director and KMP of the Transferor Company and the Transferee Company and their respective shareholdings as on March 31, 2019 are as follows:

Transferor Company

Name	Designation	Shares held in the Transferor Company	Shares held in the Transferee Company
Shri Jalaj Ashwin Dani	Director	12200	100800
Shri Amar Arvind Vakil	Director	19000	66600
Shri Rupen Ashwin Choksi	Director	--	46270

Transferee Company

Name	Designation	Shares held in the Transferee Company	Shares held in the Transferor Company
Shri Abhay Arvind Vakil	Chairman	150600	13000
Shri Abhay Arvind Vakil HUF	"	12000	--
Shri Rupen Ashwin Choksi	Jt. Managing Director	46270	--
Shri Gobind Jhamatmal Lulla (Retired on 30/09/2019)	Managing Director	--	--
Shri Ashwin Suryakant Dani	Director	7140	1400
Shri Bharat Bhogilal Chovatia	Director	600	--
Shri Dhiren Purushottamdas Mehta	Director	--	--
Shri Chetan Shashikant Thakkar	Director	--	--
Smt. Hemangi Nilesh Modi	Director	--	--
Smt. Sunita Rajesh Satpalkar	Chief Financial Officer	--	--

11. GENERAL

- 11.1. The Transferor Company and the Transferee Company have made an application before the National Company Law Tribunal for the sanction of the Scheme under Sections 230 to 232 of the Companies Act, 2013 and other relevant provisions of the Companies Act, 2013 along with the Companies Act, 1956. A copy of the Scheme has been filed with the Registrar of Companies, Maharashtra.
- 11.2. In relation to the meetings of the Transferor Company and Transferee Company, equity shareholders of the Transferor Company and Transferee Company whose names are appearing in the records of their respective Companies as on Friday, 17th January, 2020 shall be eligible to attend and vote at their meetings of the equity shareholders of the Transferor Company and Transferee Company convened at the direction of the Tribunal or cast their votes either in person or by proxies.
- 11.3. There are no secured creditors of Transferor Company and Transferee Company. However amount due to unsecured creditors of Transferor Company is Rs.57,60,707/- and of Transferee Company is Rs.6,52,37,801/- as on September 30, 2019.
- 11.4. The rights and interests of unsecured creditors of either of the Transferor Company or Transferee Company will not be prejudicially affected by the Scheme as no sacrifice or waiver is at all called from them nor their rights sought to be modified in any manner and post the Scheme, the Transferee Company will be able to meet its liabilities as they arise in the ordinary course of business.
- 11.5. Except to the extent of the shares held by the Directors and KMP stated under paragraph 10.2 above, none of the directors, promoters, non-promoter members, KMP of the Transferor Company and Transferee Company or their respective relatives is in any way connected or interested in the aforesaid resolution. Apart from the above, the Scheme does not affect the material interests of any of the Directors, KMPs, promoters, shareholders, creditors, debenture holders, debenture trustee or employees of the Transferor Companies or the Transferee Company in any manner. They do not have any material interest in the Scheme.
- 11.6. The latest audited accounts for the year ended March 31, 2019 of the Transferor Company and Transferee Company indicates that it is in a solvent position and would be able to meet liabilities as they arise in the course of business. There is no likelihood that any unsecured creditor of the concerned companies would lose or be prejudiced as a result of this Scheme being passed since no sacrifice or waiver is at all called for from them nor are their rights sought to be modified in any manner. Hence, the amalgamation will not cast any additional burden on the shareholders or creditors of either company, nor will it affect the interest of any of the shareholders or creditors.
- 11.7. There are no winding up proceedings pending against the Transferor Companies and Transferee Company as of date.

- 11.8. No investigation proceedings are pending or are likely to be pending under the provisions of Chapter XIV of the Companies Act, 2013 or under the provisions of the Companies Act, 1956 in respect of the Transferor Companies and Transferee Company.
- 11.9. The Transferor Company and the Transferee Company are required to seek approvals / sanctions / no- objections from certain regulatory and governmental authorities for the Scheme such as the registrar of companies, regional director, official liquidator and will obtain the same at the relevant time.
- 11.10. A certificate has been issued by the Statutory Auditors of the Transferor Company and the Transferee Company respectively stating that the accounting treatment proposed in the Scheme is in conformity with the accounting standards prescribed under Section 133 of the Companies Act, 2013.
- 11.11. Report adopted by the Board of Directors of the Transferor Company and the Transferee Company at their respective meetings held on 24th October, 2019 and 23rd October, 2019, pursuant to Section 232(2)(c) of the Companies Act, 2013 is enclosed.
- 11.12. The Board of Directors of the Transferor Company approved the Scheme on 24th October, 2019. Details of directors of **PRAGATI CHEMICALS LIMITED** (Transferor Company) who voted in favour / against / did not vote or participate in the resolution of meeting of the Board of Directors of the Transferor Companies are given below:

Name of Director	Voted in favour / against / did not participate
Shri Jalaj Ashwin Dani	Voted in favour of the resolution
Shri Amar Arvind Vakil	Absent
Shri Rupen Ashwin Choksi	Voted in favour of the resolution

- 11.13. The Board of Directors of the Transferee Company approved the Scheme on 23rd October, 2019. Details of Directors of **RESINS & PLASTICS LIMITED** (the Transferee Company) who voted in favour / against / did not vote or participate in the resolution of meeting of the Board of Directors of the Transferee Company are given below:

Name of Director	Voted in favour / against / did not participate
Shri Abhay Arvind Vakil	Voted in favour of the resolution
Shri Rupen Ashwin Choksi	Voted in favour of the resolution
Shri Ashwin Suryakant Dani	Voted in favour of the resolution
Shri Bharat Bhogilal Chovatia	Voted in favour of the resolution
Shri Dhiren Purushottamdas Mehta	Voted in favour of the resolution
Shri Chetan Shashikant Thakkar	Voted in favour of the resolution
Smt. Hemangi Nilesh Modi	Voted in favour of the resolution

- 11.14. The Transferor Company and Transferee Company does not have any depositors, debenture holders, deposit trustee and debenture trustee. The Scheme will not have any impact on the employees of the Transferor Company and Transferee Company as they would continue to be in employment of the Transferee Company without any change in their terms of employment on account of the Scheme. Further no change in the Board of Directors of the Transferor Company and Transferee Company is envisaged on account of the Scheme except that the Transferor Company will be dissolved without winding up on the scheme becoming effective and there will be no question of any change in the Board of Directors.
- 11.15. This statement may be treated as an Explanatory Statement under Section 230 (3) read with Section 102 of the Companies Act, 2013.
- 11.16. Inspection of the following documents specified under Rule 6 (3) (ix) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, may be carried out by the Equity Shareholders of the Transferor Company and Transferee Company at their respective Registered Offices on any working days prior to the date of the meeting between 11.00 am and 4.00 pm.
- a) Copy of the Order dated 17th January, 2020 of the Hon'ble Tribunal passed in Company Scheme Application No.4093 of 2019 directing the convening of the meeting of the Equity Shareholders of the **PRAGATI CHEMICALS LIMITED**.
 - b) Pre and Post Merger Capital Structure and Shareholding Pattern of the Transferee Company,
 - c) Memorandum and Articles of Association of the Transferor Company and the Transferee Company.
 - d) Audited Financial Statements of the Transferor Company and the Transferee Company for last three financial years ended March 31, 2019, March 31, 2018 and March 31, 2017.
 - e) Contracts or agreements material to the Scheme.
 - f) Copy of scheme of amalgamation.
 - g) The certificate issued by Auditor of the Company to the effect that the accounting treatment, proposed in the scheme of compromise or arrangement is in conformity with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013.
 - h) Register of Director's Shareholding.

Sd/-

Bijish Balan

Assistant Registrar

Chairperson appointed for the meeting

Dated this 22nd January, 2020

National Company Law Tribunal,

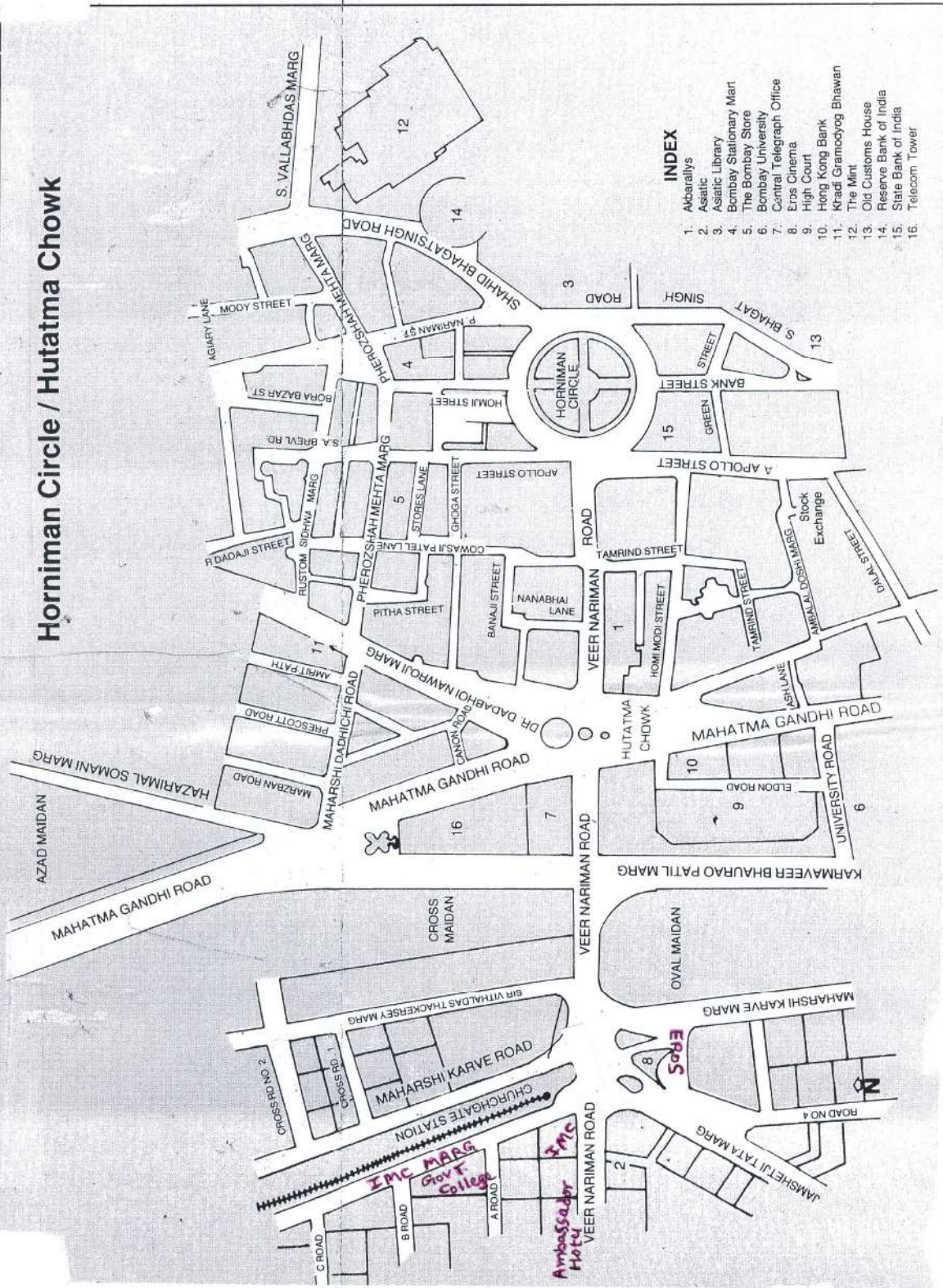
4th Floor, MTNL Exchange Building,

G.D. Somani Marg, Chamundeshwari Nagar,

Cuffe Parade, Mumbai, Maharashtra 400005.

MAP OF INDIAN MERCHANTS' CHAMBER

Horniman Circle / Hutatma Chowk



INDEX

1. Akbarallys
2. Asiatic Library
3. Bombay Stationary Mart
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9. Hong Kong Bank
10. Krad Gramodyog Bhawan
11. The Mint
12. Old Customs House
13. Reserve Bank of India
14. State Bank of India
15. Telecom Tower
- 16.



**SCHEME OF AMALGAMATION
OF
PRAGATI CHEMICALS LIMITED
(The Transferor Company)**

**WITH
RESINS AND PLASTICS LIMITED
(The Transferee Company)**

1. PREAMBLE

This Scheme of Amalgamation is presented under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 & the Rules framed thereunder including any statutory modifications or re-enactments thereof, if any, for the amalgamation of Pragati Chemicals Limited (hereinafter referred to as “The Transferor Company” or “Pragati”) into Resins and Plastics Limited (hereinafter referred to as “The Transferee Company” or “Resins”) and in compliance with the conditions relating to “Amalgamation” as specified u/s 2(1B) of the Income Tax Act, 1961 and the same is divided into the following parts:

Part A - deals with Definitions and Share Capital of the Transferor and Transferee Company;

Part B - deals with Amalgamation of Pragati Chemicals Limited and Resins and Plastics Limited;

Part C – deals with General Clauses, Terms and Conditions that will be applicable to Part B of the Scheme.

RATIONALE FOR THE SCHEME OF AMALGAMATION

- 1.1 With a view to maintain a simple corporate structure and eliminate duplicate corporate procedures it is desirable to merge and amalgamate the undertaking of Transferor Company with Transferee Company. The amalgamation of undertaking of Transferor Company into the Transferee Company shall facilitate consolidation of the undertakings in order to enable effective management and unified control of operations. This would enable streamlining the activities and consequently reducing managerial overlaps by reducing the number of companies under the same Management and thus lead to reduction in administration efforts.
- 1.2 It would be advantageous to combine the activities and operations of both the Companies into a single Company for leveraging financial and operational resources and reflecting stronger financial position and for the benefit of lesser compliance issues as the Companies are in similar businesses.



- 1.3 Further, the amalgamation would create economies in administrative and managerial costs by consolidating operations and would substantially reduce duplication of administrative responsibilities and multiplicity of records and legal and regulatory compliances. The Scheme of amalgamation will result in cost saving for both the Companies and is expected to result in administrative efficiency and higher profitability levels for the Transferee Company.

PART A – DEFINITIONS AND SHARE CAPITAL

2. DEFINITIONS

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

- 2.1 PRAGATI CHEMICALS LIMITED, means a company incorporated under the Companies Act, 1956, and having its Registered Office situated at Plot No. A-8, Marol Industrial Estate of MIDC, Cross Road B, Street No. 5, Andheri (East), Mumbai - 400093.
- 2.2 RESINS AND PLASTICS LIMITED, means a company incorporated under the Companies Act, 1956, and having its Registered Office situated at Plot No. 8, Marol Industrial Estate of MIDC, Cross Road, Andheri (East), Mumbai - 400093.
- 2.3 “Act” means the applicable provisions of the Companies Act, 2013 and the Rules framed thereunder in force from time to time.
- 2.4 “The Appointed Date” means 01st April, 2019 or such other date as the National Company Law Tribunal (Tribunal) or other competent authority may otherwise direct/fix.
- 2.5 “The Effective Date” or “Coming into effect of this Scheme” means the date on which certified copies of the Order(s) of the National Company Law Tribunal (Tribunal) vesting the assets, properties, liabilities, rights, duties, obligations and the like of all the Transferor Company in the Transferee Company are filed with the Registrar of Companies, Mumbai Maharashtra, after obtaining the necessary consents, approvals, permissions, resolutions, agreements, sanctions and orders in this regard.
- 2.6 “Tribunal” shall for the purpose of this Scheme, mean the National Company Law Tribunal (Tribunal), Mumbai Bench exercising jurisdiction under Sections 230 to 232 of the Act and the expression shall include the powers vested in the National Company Law Tribunal including Bench constituted under the provisions of the Act as applicable to the Scheme.



2.7 “Undertaking” shall mean and include:

- (a) All the assets and properties and the entire business of the Transferor Company as on the Appointed Date (hereinafter referred to as “the said assets”),
- (b) All the debts, liabilities, contingent liabilities, duties, obligations and guarantees of the Transferor Company as on the Appointed Date (hereinafter referred to as “the said liabilities”),
- (c) Without prejudice to the generality of sub-clause (a) above, the Undertaking of the Transferor Company shall include the Transferor Company reserves, movable and the immovable properties, all other assets including investments in shares, debentures, bonds and other securities, claims, loans and advances, deposits, ownership rights, lease-hold rights, tenancy rights, occupancy rights, hire purchase contracts, leased assets, lending contracts, revisions, powers, permits, authorities, licenses, consents, approvals, municipal permissions, industrial and other licenses, permits, authorisations, quota rights, registrations, import/ export licenses, bids, tenders, letter of intent, connections for water, electricity and drainage, sanctions, consents, product registrations, quota rights, allotments, approvals, freehold land, buildings, factory buildings, plant & machinery, electrical installations and equipments, furniture and fittings, laboratory equipments, office equipments, effluent treatment plants, tube wells, software packages, vehicles and contracts, engagements, titles, interest, benefits, allocations, exemptions, concessions, remissions, subsidies, tax deferrals, tenancy rights, trademarks, brand names, patents and other industrial and intellectual properties, import quotas, telephones, telex, facsimile, websites, e-mail connections, networking facilities and other communication facilities and equipments, investments, rights and benefits of all agreements and all other interests, rights and power of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals and all necessary records, files, papers, process information, data catalogues and all books of accounts, documents and records relating thereof.
- (d) Without prejudice to the generality of the above, all benefits including under Income Tax, Excise (including Cenvat), Sales Tax (including deferment of sales tax), Goods and Services Tax (GST) etc., to which the Transferor Company is entitled to in terms of the applicable Tax Laws of the Union and State Governments.

2.8 “The Scheme” means this Scheme of Amalgamation in its present form or with any modification(s) approved or imposed or directed by the National Company Law Tribunal (Tribunal).



3. SHARE CAPITAL

3.1 The Authorised, issued, subscribed and paid up Share Capital of the Transferor Company as at 31st March, 2019 is as under :-

Particulars	Amount in (Rs.)
Authorised Capital	
10,00,000 Equity Shares of Rs.10/- each.	1,00,00,000
Total	1,00,00,000
Issued, Subscribed and Paid-up	
3,60,000 Equity Shares of Rs. 10/- each fully paid-up.	36,00,000
Total	36,00,000

There is no change in the Share Capital of the Transferor Company till date.

3.2 The Authorised, issued, subscribed and paid up Share Capital of the Transferee Company as at 31st March, 2019 is as under :-

Particulars	Amount in (Rs.)
Authorised Capital	
50,00,000 Equity Shares of Rs.10/- each.	5,00,00,000
Total	5,00,00,000
Issued, Subscribed and Paid-up	
35,72,300 Equity Shares of Rs. 10/- each fully paid-up.	3,57,23,000
Total	3,57,23,000

There is no change in the Share Capital of the Transferee Company till date.

PART-B – AMALGAMATION OF THE TRANSFEROR COMPANY WITH THE TRANSFEE COMPANY

4. TRANSFER AND VESTING OF UNDERTAKING

4.1 Upon the coming into effect of this Scheme and with effect from the opening of the business as on the Appointed Date (i.e. 01st April, 2019) and subject to the provisions of this Scheme, the entire Undertaking of the Transferor Company including their assets and liabilities as on the Appointed Date, shall pursuant to the applicable provisions of the Act, without any further act, instrument or deed, be and shall stand transferred to and vested in and/or deemed to have been transferred to and vested in the Transferee Company as a going concern subject, however, to all charges, liens, mortgages, if any, then affecting the same or any part thereof.



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 and 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 after the amalgamation has become effective or otherwise unless specifically provided hereinafter.

- 4.2 The entire business of the Transferor Company as a going concern and all the properties whether movable or immovable, real or personal, corporeal or incorporeal, present or contingent including but without being limited to all assets, authorized capital, fixed assets, capital work-in-progress, current assets and debtors, investments, rights, claims and powers, authorities, allotments, approvals and consents, reserves, provisions, permits, ownerships rights, lease, tenancy rights, occupancy rights, incentives, claims, rehabilitation schemes, funds, quota rights, import quotas, licenses, registrations, contracts, engagements, arrangements, brands, logos, patents, trade names, trade marks, copy rights, all other intellectual property rights, other intangibles of the Transferor Company whether registered or unregistered or any variation thereof as a part of its name or in a style of business otherwise, other industrial rights and licenses in respect thereof, lease, tenancy rights, flats, telephones, telexes, facsimile connections, e-mail connections, internet connections, websites, installations and utilities, benefits of agreements and arrangements, powers, authorities, permits, allotments, approvals, permissions, sanctions, consents, privileges, liberties, easements, other assets, special status and other benefits that have accrued or which may accrue to the Transferor Company on and from the Appointed Date and prior to the Effective Date in connection with or in relation to the operation of the undertaking and all the rights, titles, interests, benefits, facilities and advantages of whatsoever nature and where ever situated belonging to or in the possession of or granted in favour of or enjoyed by the Transferor Company as on the Appointed Date and prior to the Effective Date shall, pursuant to the applicable provisions of the Act, without any further act, instrument or deed, be and stand transferred to and vested in or deemed to be transferred to and vested in the Transferee Company.
- a. With effect from the Appointed Date, all the equity shares, debentures, bonds, notes or other securities held by the Transferor Company, whether convertible into equity or not and whether quoted or not shall, without any further act or deed, be and stand transferred to the Transferee Company as also all the movable assets including cash in hand, if any, of the Transferor Company shall be capable of passing by manual delivery or by endorsement and delivery, as the case may be, to the Transferee Company to the end and intent that the property therein passes to the Transferee Company on such manual delivery or by endorsement and delivery.



- b. In respect of movable properties of the Transferor Company other than specified in Clause 4.2 (a) above, including sundry debtors, 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, the Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, give notice in such form as it may deem fit and proper to each person, debtor or depositor, as the case may be, that pursuant to the National Company Law Tribunal (Tribunal) having sanctioned the Scheme, the said debts, loans, advances or deposits be paid or made good or held on account of the Transferee Company as the person entitled thereto to the end and intent that the right of the Transferor Company to recover or realize all such debts, deposits and advances (including the debts payable by such persons, debtor or deposit to the Transferor Company) stands transferred and assigned to the Transferee Company and that appropriate entries should be passed in their respective books to record the aforesaid changes.
- 4.3 With effect from the Appointed Date, all the debts, unsecured debts, liabilities, duties and obligations of every kind, nature and description of the Transferor Company shall also under the applicable provisions of the Act, without any further act or deed be transferred to or be deemed to be transferred to the Transferee Company so as to become as and from the Appointed Date, the debts, liabilities, duties and obligations of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company and further that it shall not be necessary to obtain the consent of any third party or other person who is a party to the contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen, in order to give effect to the provisions of this clause.
- 4.4 It is clarified that all debts, loans and liabilities, duties and obligations of the Transferor Company as on the Appointed Date and all other liabilities which may accrue or arise after the Appointed Date but which relate to the period on or upto the day of the Appointed Date shall be the debts, loans and liabilities, duties and obligations of the Transferee Company including any encumbrance on the assets of the Transferor Company or on any income earned from those assets.
- 4.5 It is further specifically clarified, admitted, assured and declared by the Transferee Company that on this Scheme becoming effective, it will take over, absorb and pay and discharge on due dates all the liabilities including liabilities for income tax, wealth tax, central sales tax, value-added tax, service tax, Goods and Services Tax (GST), excise duty, custom duty, fringe benefit tax, dividend distribution tax, if any, of the Transferor Company.



- 4.6 With effect from the Appointed Date all debts, liabilities, dues, duties and obligations including all income tax, wealth tax, central sales tax, value added tax, service tax, excise duty, custom duty, fringe benefit tax, dividend distribution tax, Good and Service Tax (GST) and other Government and Semi-Government and Statutory liabilities of the Transferor Company shall pursuant to the applicable provisions of the Act and without any further act or deed be also transferred or be deemed to be transferred to and vest in and be assumed by the Transferee Company so as to become as from the Appointed Date the debts, liabilities, duties and obligations of Transferee Company on the same terms and conditions as were applicable to the respective Transferor Company.
- 4.7 This Part of the Scheme has been drawn up to comply with the conditions relating to “Amalgamation” as specified under Section 2(1B) of the Income Tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section of the Income Tax Act, 1961 at a later date, the provisions of the said Section of the Income Tax Act, 1961, shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the Income Tax Act, 1961. Such modification will however not affect the other parts of the Scheme.

5. CONTRACTS, BONDS AND OTHER INSTRUMENTS

Without any further acts or deeds, upon the coming into effect of this Scheme and subject to other provisions contained in the Scheme, all contracts, bonds, lease deeds, debentures, indentures and other instruments to which the Transferor Company is a party subsisting or having effect immediately before the Effective Date shall remain 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 as effectually as if, instead of the Transferor Company, the Transferee Company had been a party thereto.

6. LEGAL PROCEEDINGS

If any, suit, writ petition, appeal, revision or other proceedings (hereinafter called “the Proceedings”) by or against the Transferor Company are pending, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer of the Undertaking of the Transferor Company or of anything contained in the Scheme, but all such Proceedings may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would be or might have been continued, prosecuted and enforced by or against the Transferor Company as if the Scheme had not been made. On and from the Effective Date, the Transferee Company shall and may initiate any legal proceedings for and on behalf of the Transferor Company.



7. OPERATIVE DATE OF THE SCHEME

The Scheme set out herein in its present form with or without any modifications(s) approved or imposed or directed by the National Company Law Tribunal (Tribunal) or made as per Clause 17 of the Scheme though effective from the Appointed Date shall be operative from the Effective Date.

8. TRANSFEROR COMPANY STAFF, WORKMEN AND EMPLOYEES

All the staff, workmen and other employees in the service of the Transferor Company immediately before the transfer of the Undertaking under the Scheme shall become the staff, workmen and employees of the Transferee Company on the basis that :

- 8.1 Their respective services shall have been continuous and shall not have been interrupted by reason of the transfer of the Undertaking of the Transferor Company;
- 8.2 The terms and conditions of service applicable to the said staff, workmen or employees after such transfer shall not in any way be less favorable to them than those applicable to them immediately before the transfer; and
- 8.3 It is provided that as far as Provident Fund, Gratuity Fund, Superannuation Fund or other special fund, if any, created or existing for the benefit of the staff, workmen and other 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 of the Scheme herein that all the rights, duties, powers and obligations of the Transferor Company in relation to such funds shall become those of the Transferee Company and all the rights, duties and benefits of the employees employed in different units of the Transferor Company under such Funds and Trusts shall remain fully protected.



9. CONDUCT OF BUSINESS BY THE TRANSFEROR COMPANY TILL EFFECTIVE DATE

With effect from the Appointed Date and upto the Effective Date, the Transferor Company:

- 9.1 shall carry on and shall be deemed to be carrying on all its respective business activities and shall stand possessed of its respective properties and assets for and on account of and in trust for the Transferee Company and all the profits or income accruing or arising to the Transferor Company and/or any cost, charges, expenditure or losses arising or incurred by it shall, for all purposes, be treated and be deemed to be and accrue as the profits or incomes or cost, charges, expenditure or losses of the Transferee Company;
- 9.2 shall in the ordinary course of its respective business activities, assign, transfer or sell or exchange or dispose of or deal with all or any part of the rights vested with or title and interest in the property, assets, immovable or movable properties including assignment, alienation, charge, mortgage, encumbrance or otherwise deal with the rights, title and interest in the actionable claims, debtors and other assets etc., with the consent of the Transferee Company and such acts or actions would be deemed to have been carried on by the Transferor Company for and behalf of the Transferee Company and such acts or actions would be enforceable against or in favour of the Transferee Company and all the profits or incomes or losses or expenditure accruing or arising or incurred by the Transferor Company shall, for all purposes, be treated as the profits or incomes or expenditure or losses of the Transferee Company;
- 9.3 hereby undertakes to carry on its respective businesses until the Effective Date with reasonable diligence, utmost prudence 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 the Transferor Company business;
- 9.4 shall not, without the written consent of the Transferee Company, undertake any new business.
- 9.5 shall not vary the terms and conditions of the employment of their employees except in the ordinary course of business.
- 9.6 pay all statutory dues relating to the respective Undertaking for and on account of the Transferee Company.



10. ISSUE OF SHARES BY THE TRANSFEREE COMPANY

- 10.1 Upon the Scheme becoming finally effective, in consideration of the transfer and vesting of the Undertaking of the Transferor Company in the Transferee Company in terms of the Scheme, the Transferee Company shall subject to the provisions of the Scheme and without any further application or deed, issue and allot 5 (Five) Equity Shares of Rs. 10/- (Rupees Ten) each, credited as fully paid-up in the capital of the Transferee Company to all Equity Shareholders of the Transferor Company whose names appear in the Register of Members, on a record date to be fixed by the Board of the Transferee Company, for every 3 (Three) Equity Share of the face value of Rs. 10/- (Rupees Ten) each held by the Shareholders of the Transferor Company.
- 10.2 If necessary, the Transferee Company shall, before allotment as aforesaid of the equity shares in terms of the Scheme, increase its authorized capital by the creation of at least such number of equity shares of Rs. 10/- each as may be necessary to satisfy its obligations under the Scheme.
- 10.3 No fractional shares shall be issued by the Transferee Company and the fractional share entitlements, if any, arising out of such allotment, shall be rounded off to the nearest complete share.

11. PROFITS, DIVIDENDS, BONUS / RIGHTS SHARES

- 11.1 With effect from the Appointed Date, the Transferor Company shall not without the prior written consent of the Transferee Company, utilize the profits, if any, for declaring or paying of any dividend to its shareholders and shall also not utilize, adjust or claim adjustment of profits/ reserves, as the case may be earned/ incurred or suffered after the Appointed Date.
- 11.2 The Transferor Company shall not after the Appointed Date, issue or allot any further securities, by way of rights or bonus or otherwise without the prior written consent of the Board of Directors of the Transferee Company.

12. ACCOUNTING TREATMENT

- 12.1 The Transferee Company shall account for the merger in its books of accounts as per the "Pooling of Interests Method" as set out in Accounting Standard (AS) 14, "Accounting for Amalgamations" notified under section 133 of the Companies Act, 2013, read with rules made thereunder.
- 12.2 The Transferee Company shall record the assets, liabilities and reserves of the Transferor Company transferred to and vested in the Transferee Company, at the existing carrying amounts and in the same form as at the date of amalgamation. The balance of profit and loss account of the transferor company will be aggregated with the corresponding balance of the transferee company.



- 12.3 The Transferee Company shall issue and allot 5 (Five) equity shares of Rs 10 each for every 3 (Three) share held by the shareholders of the Transferor Company.
- 12.4 To the extent there are inter-corporate loans, advances, deposits balances or other obligations as between the Transferee Company and the Transferor Company, the same shall stand cancelled and corresponding effect shall be given in the books of accounts and records of the Transferee Company for the reduction of any assets or liabilities, as the case may be.
- 12.5 The difference between the amount recorded as share capital issued and the amount of the share capital of the transferor company will be adjusted in capital reserves and after that in general reserves.

13. TREATMENT OF TAXES

- 13.1 This Scheme has been drawn up to comply with the conditions relating to “Amalgamation” as specified under Section 2(1B) and other relevant provisions of the Income-tax Act. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said section and other related provisions of the Income-tax Act at a later date including resulting from a retrospective amendment of law or for any other reason whatsoever, till the time the Scheme becomes effective, the provisions of the said section and other related provisions of the Income-tax Act shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) and other relevant provisions of the Income-tax Act.
- 13.2 Any tax liabilities under the Income-tax Act, Wealth Tax Act, 1957, applicable value added tax (“VAT”) legislations, Service Tax Act, Goods and Services Tax (GST), stamp laws as amended from time to time or other applicable laws/regulations (hereinafter in this Clause referred to as “Tax Laws”) dealing with taxes/ duties/ levies allocable or related to the business of the Transferor Company to the extent not provided for or covered by appropriate tax provisions in the Accounts made as on the date immediately preceding the Appointed Date shall be transferred to the Transferee Company.
- 13.3 All taxes (including but not limited to Income-tax, wealth tax, service tax, VAT, Goods and Services Tax (GST) etc.) paid or payable by the Transferor Company in respect of the operations and/or the profits of the business on and from the Appointed Date, shall be on account of the Transferee Company and, insofar as it relates to the tax payment (including without limitation Income-tax, wealth tax, service tax, VAT, Goods and Services Tax (GST) etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operation of the business on and from the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company, and shall in all proceedings, be dealt with accordingly.



- 13.4 Upon the Scheme becoming effective, the Transferor Company (if required) and the Transferee Company are expressly permitted to revise its financial statements and returns along with prescribed forms, filings and annexures under the Income-tax Act, central sales tax, applicable state value added tax, Service tax Act, Goods and Services Tax (GST) excise duty laws and other tax laws, and to claim refunds and/or credit for taxes paid (including minimum alternate tax, tax deducted at source, wealth tax, etc) and for matters incidental thereto, if required to give effect to the provisions of the Scheme.
- 13.5 All tax assessment proceedings/ appeals of whatsoever nature by or against the Transferor Company pending and/or arising at the Appointed Date and relating to them shall be continued and/or enforced until the Effective Date by the Transferor Company. In the event of the Transferor Company failing to continue or enforce any proceeding/appeal, the same may be continued or enforced by the Transferee Company, at the cost of the Transferee Company. As and from the Effective Date, the tax proceedings shall be continued and enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company. Further, the aforementioned proceedings shall not abate or be discontinued nor be in any way prejudicially affected by reason of the amalgamation of the Transferor Company with the Transferee Company or anything contained in the Scheme.
- 13.6 Any refund under the Tax Laws received by/due to the Transferor Company consequent to the assessments made on the Transferor Company subsequent to the Appointed Date and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company.
- 13.7 Without prejudice to the generality of the foregoing, all benefits including but not limited to benefits relating to Income-tax, wealth tax, service tax, VAT, Goods and Services Tax (GST) etc., to which the Transferor Company is entitled in terms of the applicable Tax Laws of the Union and State Governments, shall be available to and vest in the Transferee Company.
- 13.8 Further, any tax deducted at source by Transferor Company/ Transferee Company on transactions with the Transferee Company/ Transferor Company, if any (from Appointed Date to Effective Date) shall be deemed to be advance tax paid by the Transferee Company and shall, in all proceedings, be dealt with accordingly.
- 13.9 Obligation for deduction of tax at source on any payment made by or to be made by the Transferor Company shall be made or deemed to have been made and duly complied with by the Transferee Company.



14. COMBINATION OF AUTHORISED CAPITAL

14.1 Upon the coming in to effect of this Scheme, the authorised share capital of the Transferee Company shall automatically stand increased without any further act, instrument or deed on the part of the Transferee Company including therein the payment of stamp duty and fees payable to Registrar of Companies, by the authorised share capital of the Transferor Company aggregating to Rs. 1,00,00,000/- (Rupees One Crore Only) comprising of 10,00,000 (Ten Lakhs only) Equity Shares of Rs.10/- each and the Memorandum of Association and Articles of Association of the Transferee Company (relating to the authorised share capital) shall, without any further act, instrument or deed, shall stand altered, modified and amended, pursuant to Sections 13, 15, 61 and 230 to 232 and other applicable provisions, if any, of the Companies Act, 2013 as the case may be and for this purpose the stamp duties and the fees paid on the authorised capital of the Transferor Company shall be utilized and applied to the above referred increased authorized share capital of the Transferee Company and no payment of any extra stamp duty and/or fee shall be payable by the Transferee Company for increase in its authorised share capital to that extent.

14.2 Consequent upon the amalgamation, the authorised share capital of the Transferee Company will be as under:

Particulars	Amount (in Rs.)
Authorised Capital	
60,00,000 Equity Shares of Rs.10/- each	6,00,00,000
Total	6,00,00,000

It is clarified that the approval of the members of the Transferee Company to the Scheme shall be deemed to be their consent / approval also to the alteration of the Memorandum and Articles of Association of the Transferee Company as may be required under the Act.

14.3 The 1st para of Clause V of the Memorandum of Association of the Transferee Company would stand amended as follows:

“The Authorised Share Capital of the Company is Rs. 6,00,00,000/- (Rupees Six Crore only) comprising of 60,00,000 (Sixty Lakhs only) Equity Shares of Rs.10/- (Rupees Ten only) each.”

15. DISSOLUTION OF THE TRANSFEROR COMPANY

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



PART-C – GENERAL

16. APPLICATIONS TO TRIBUNAL

The Transferor Company and the Transferee Company herein shall, with all reasonable dispatch, make applications/petitions under the applicable provisions of the Act to the National Company Law Tribunal (Tribunal) having jurisdiction or any other appropriate authority, for sanction of this Scheme and for dissolution of the Transferor Company without being wound up.

17. MODIFICATIONS/AMENDMENTS TO THE SCHEME

17.1 The Transferor Company (by its Directors) and the Transferee Company (by its Directors) may assent to any modifications or amendments to the Scheme or agree to any terms and/or conditions which the Courts and/or any other authorities under law may deem fit to direct or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/or carrying out the Scheme and do all acts, deeds and things as may be necessary, desirable or expedient for putting the Scheme into effect. All amendments/modifications to the Scheme shall be subject to approval of National Company Law Tribunal (Tribunal).

17.2 For the purpose of giving effect to the Scheme or to any modification thereof, the Directors of the Transferee Company are hereby authorised to give such directions and/or to be take such steps as may be necessary or desirable including any directions for settling any question or doubt or difficulty whatsoever that may arise.

18. SCHEME CONDITIONAL ON APPROVALS / SANCTIONS

The Scheme is conditional on and subject to:

18.1 The approval to the Scheme by the requisite majorities of the members and creditors of the Transferor Company and of the members and creditors of the Transferee Company.

18.2 The requisite resolution(s) under the applicable provisions of the said Act being passed by the Shareholders of the Transferor Company and Transferee Company for any of the matters provided for or relating to the Scheme, as may be necessary or desirable.

18.3 The sanction of the National Company Law Tribunal (Tribunal) under the applicable provisions of the Act, in favour of the Transferor Company and the Transferee Company and to the necessary Order or Orders under the said Act being obtained.



- 18.4 Any other sanction or approval of the Appropriate Authorities concerned, as may be considered necessary and appropriate by the respective Boards of Directors of the Transferor Company and the Transferee Company being obtained and granted in respect of any of the matters for which such sanction or approval is required.
- 18.5 The requisite consent, approval or permission of the Central Government or any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme.
- 18.6 The certified copy of the Order of the National Company Law Tribunal (Tribunal) sanctioning the Scheme being filed with the Registrar of Companies, Maharashtra, Mumbai.
- 18.7 Each part of the Scheme shall be given effect to as per the chronology in which it has been provided for in the Scheme. The provisions contained in this Scheme are inextricably inter-linked with the other provisions and the Scheme constitutes an integral whole. The Scheme would be given effect to only if it is approved in its entirety unless specifically agreed otherwise by respective Board of Directors or any Committee constituted by such Board of the Transferor Company and the Transferee Company.

19. EFFECT OF NON RECEIPT OF APPROVALS/ SANCTIONS

In the event of any approvals or conditions enumerated in the Scheme not being obtained or complied with, or for any other reason, the Scheme cannot be implemented, the Boards of Directors of the Transferee Company and the Transferor Company shall mutually waive such conditions as they consider appropriate to give effect, as far as possible, to this Scheme and failing such mutual agreement, or in case the Scheme not being sanctioned by the Hon'ble Tribunal, the Scheme shall become null and void.

20. EXPENSES CONNECTED WITH THE SCHEME

All costs, charges, taxes including duties, levies and all other expenses of the Transferor Company and the Transferee Company respectively in relation to or in connection with the Scheme and of carrying out and implementing/ completing the terms and provisions of the Scheme and/or incidental to the completion of Amalgamation of the said Undertaking of the Transferor Company in pursuance of the Scheme shall be borne and paid solely by the Transferee Company.



Report of the Board of Directors on the Draft Scheme of Amalgamation of PRAGATI CHEMICALS LIMITED ("Transferor Company") with RESINS & PLASTICS LIMITED ("Transferee Company or "Company")

The Company had placed before the Board of Directors on 24th October, 2019, the Draft Scheme of Amalgamation of Pragati Chemicals Limited with Resins & Plastics Limited under the applicable provisions of the Companies Act, 2013.

At the Board meeting, the following documents were placed before the Board of Directors for their consideration:

- a. Scheme of Amalgamation;
- b. Memorandum of Association and Article of Association of the Companies;
- c. Audited accounts of Companies as on 31st March, 2019 ; and
- d. Valuation Report of SSPA & Co. C.A. dated 23rd October, 2019

BOARD REPORT

Based on review of the Scheme and the abovementioned documents, the Board approved the Scheme and was of the opinion that:

1. A consolidation of Pragati Chemicals Limited and Resins & Plastics Limited by way of amalgamation would lead to a more efficient utilization of capital. This is because Pragati Chemicals Limited and Resins & Plastics Limited are same group of Companies and are into the similar line of business. The main business activities of Pragati Chemicals Limited and Resins & Plastics Limited can also be carried out by Resins & Plastics Limited in a more efficient and economical manner.
2. As the entire undertaking of Pragati Chemicals Limited shall be transferred to Resins & Plastics Limited, the rights and interests of the shareholders or the creditors of Resins & Plastics Limited shall not be affected and the Scheme shall not be prejudicial to the interest of the shareholders and creditors of Resins & Plastics Limited.
3. The proposed amalgamation will result in administrative and organizational efficiencies, reduction in overheads and other expenses and optimal utilization of resources. It will prevent cost duplication that can affect financial efficiencies and the resultant operations would be substantially cost-efficient. Consequently, Resins & Plastics Limited will offer a strong financial structure to all creditors including the creditors of Pragati Chemicals Limited and achieve better cash flows. The synergies created by the amalgamation would increase operational efficiency and integrate business functions.





4. The creditors of Pragati Chemicals Limited will not be affected by the Scheme since the assets of the Pragati Chemicals Limited are more than the liabilities of Pragati Chemicals Limited. Further even the creditors of Resins & Plastics Limited, will not be affected by the Scheme since the assets of Resins & Plastics Limited are more than their liabilities.
5. The effect of the proposed Scheme on the stakeholders of Resins & Plastics Limited would be as follows:

Effect of the Scheme of Amalgamation on:	
(a) Shareholders;	No impact
(b) key managerial personnel;	No impact
(c) directors;	No impact
(d) promoters;	No impact
(e) non-promoter members;	No impact
(f) depositors;	Not Applicable
(g) creditors;	No impact
(h) debenture holders;	Not Applicable
(i) deposit trustee and debenture trustee;	Not Applicable
(j) employees of the Company	No impact

In the opinion of the Board, the said Scheme will be fair and reasonable for all stakeholders.

For and on behalf of the Board of Directors

Rupen Ashwin Choksi
Director



Place: Mumbai
Date: 24th October, 2019



Report of the Board of Directors on the Draft Scheme of Amalgamation of PRAGATI CHEMICALS LIMITED ("Transferor Company") with RESINS & PLASTICS LIMITED ("Transferee Company or "Company")

The Company had placed before the Board of Directors on 23rd October, 2019, the Draft Scheme of Amalgamation of Pragati Chemicals Limited with Resins & Plastics Limited under the applicable provisions of the Companies Act, 2013.

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- a. Scheme of Amalgamation;
- b. Memorandum of Association and Article of Association of the Companies;
- c. Audited accounts of Companies as on 31st March, 2019 ; and
- d. Valuation Report of SSPA & Co. C.A. dated 23rd October, 2019

BOARD REPORT

Based on review of the Scheme and the abovementioned documents, the Board approved the Scheme and was of the opinion that:

1. A consolidation of Pragati Chemicals Limited and Resins & Plastics Limited by way of amalgamation would lead to a more efficient utilization of capital. This is because Pragati Chemicals Limited and Resins & Plastics Limited are same group of Companies and are into the similar line of business. The main business activities of Pragati Chemicals Limited and Resins & Plastics Limited can also be carried out by Resins & Plastics Limited in a more efficient and economical manner.
2. As the entire undertaking of Pragati Chemicals Limited shall be transferred to Resins & Plastics Limited, the rights and interests of the shareholders or the creditors of Resins & Plastics Limited shall not be affected and the Scheme shall not be prejudicial to the interest of the shareholders and creditors of Resins & Plastics Limited.
3. The proposed amalgamation will result in administrative and organizational efficiencies, reduction in overheads and other expenses and optimal utilization of resources. It will prevent cost duplication that can affect financial efficiencies and the resultant operations would be substantially cost-efficient. Consequently, Resins & Plastics Limited will offer a strong financial structure to all creditors including the creditors of Pragati Chemicals Limited and achieve better cash flows. The synergies created by the amalgamation would increase operational efficiency and integrate business functions.





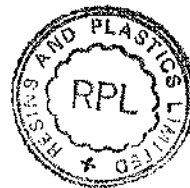
4. The creditors of Pragati Chemicals Limited will not be affected by the Scheme since the assets of the Pragati Chemicals Limited are more than the liabilities of Pragati Chemicals Limited. Further even the creditors of Resins & Plastics Limited, will not be affected by the Scheme since the assets of Resins & Plastics Limited are more than their liabilities.
5. The effect of the proposed Scheme on the stakeholders of Resins & Plastics Limited would be as follows:

Effect of the Scheme of Amalgamation on:	
(a) Shareholders;	No impact
(b) key managerial personnel;	No impact
(c) directors;	No impact
(d) promoters;	No impact
(e) non-promoter members;	No impact
(f) depositors;	Not Applicable
(g) creditors;	No impact
(h) debenture holders;	Not Applicable
(i) deposit trustee and debenture trustee;	Not Applicable
(j) employees of the Company	No impact

In the opinion of the Board, the said Scheme will be fair and reasonable for all stakeholders.

For and on behalf of the Board of Directors

Rupen Ashwin Choksi
Jt. Managing Director



Place: Mumbai
Date: 23rd October, 2019

CA Sujal A. Shah
SSPA & Co., Chartered Accountants
1st Floor, Arjun Building, Plot No. 6A,
V.P. Road, Andheri (West),
Mumbai – 400 058
Tel: 91-22-2670 4376/77
91-22-2670 3682

STRICTLY PRIVATE & CONFIDENTIAL

October 23, 2019

The Board of Directors,
Resins and Plastics Limited
A-8, Marol Industrial Estate of MIDC,
Cross Road B, Street No. 5,
Andheri (East),
Mumbai – 400 093.

The Board of Directors,
Pragati Chemicals Limited
A-8, Marol Industrial Estate of MIDC,
Cross Road B, Street No. 5,
Andheri (East),
Mumbai – 400 093.

Sub: Recommendation of fair equity share exchange ratio for the proposed amalgamation of Pragati Chemicals Limited with Resins and Plastics Limited

Dear Sir(s) / Madam(s),

I refer to the engagement letter dated September 03, 2019 whereby I, Mr. Sujal Anil Shah, have been appointed by Resins and Plastics Limited and Pragati Chemicals Limited to issue a report containing recommendation of fair equity share exchange ratio for the proposed amalgamation of Pragati Chemicals Limited (hereinafter referred to as 'PCL' or 'Transferor Company') with Resins and Plastics Limited (hereinafter referred to as 'RPL' or 'Transferee Company') with effect from April 01, 2019 ('Appointed Date').

PCL and RPL are hereinafter collectively referred to as the 'Companies'.

1. SCOPE AND PURPOSE OF THIS REPORT

1.1 I have been informed by the management of RPL and PCL (hereinafter together referred to as the 'Management') that they are considering a proposal for amalgamation of PCL with RPL (hereinafter referred to as 'Amalgamation') pursuant to the Scheme of Amalgamation between the Companies and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, including rules and regulations made thereunder (hereinafter referred to as the 'Scheme').

1.2 In this regards, I have been appointed by the Management to carry out the relative valuation of equity shares of PCL and RPL to recommend the fair equity share exchange



ratio for the proposed Amalgamation.

- 1.3 For the purpose of this valuation, the bases of value is 'relative value' and the valuation is based on 'going concern' premise. For the purpose of this valuation, October 22, 2019 has been considered as the 'Valuation Date'.

2. BRIEF BACKGROUND

2.1. RESINS AND PLASTICS LIMITED

RPL is engaged in manufacturing and marketing of synthetic resins in India. Its products include Alkyds, Acrylics, Phenolics, Polyurethane and Maleic Resins. It also provides technical service and support to customers operating in Surface Coating, Adhesives, Printing Inks, and Construction Chemicals. It has 2 Manufacturing Plants – one at Talaja, Maharashtra and another at Ankleshwar, Gujarat. The revenue from operations of Transferee Company for financial year (FY) 2018-19 as per the audited accounts is INR 125.36 crores.

The equity shares of RPL are not listed on any Stock Exchange.

2.2. PRAGATI CHEMICALS LIMITED

PCL is engaged in manufacturing of Synthetic Resins catering to industries such as Adhesives, high performance coatings, Printing Inks, Construction & Cosmetics. It manufactures Epoxy Resins, Ketonic Resins, Amino resins and Speciality resins for coatings. It has a manufacturing plant located at GIDC – Ankleshwar, Gujarat. The revenue from operations of Transferor Company for FY 2018-19 as per the audited accounts is INR 21.15 crores.

The equity shares of PCL are not listed on any Stock Exchange.

3. REGISTERED VALUER - MR. SUJAL A. SHAH

I am a fellow member of The Institute of Chartered Accountants of India ('ICAI') practising as a partner with SSPA & Co., Chartered Accountants. I am also registered with the Insolvency and Bankruptcy Board of India ('IBBI'), as a Registered Valuer for asset class – 'Securities or Financial Assets' with Registration No. IBBI/RV/06/2018/10140.

4. SOURCES OF INFORMATION

The valuation exercise is based on the following information which has been received from the Management and information available in the public domain:



- (a) Audited financial statements of PCL and RPL for the financial year ended March 31, 2019.
- (b) Projections of the Companies from FY 2019-20 to FY 2025-26, as provided by the Management.
- (c) Other relevant details regarding the Companies such as their history, past and present activities and other relevant information and data.
- (d) Such other information and explanations as I required and which have been provided by the Management including Management Representation.

5. SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

- 5.1. This report is subject to the scope limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made. Further my report on recommendation of fair equity share exchange ratio of the Companies is in accordance with ICAI Valuation Standards 2018.
- 5.2. This report has been prepared for the Board of Directors of the Companies solely for the purpose of recommending a fair equity share exchange ratio for the proposed amalgamation of PCL with RPL.
- 5.3. Valuation is not a precise science and the conclusions arrived at will be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. While I have provided an assessment of value by applying certain formulae which are based on the information available, others may place a different value.
- 5.4. The Management has represented that the Companies have clear and valid title of assets. No investigation on the Companies' claim to title of assets has been made for the purpose of this valuation and their claim to such rights has been assumed to be valid.
- 5.5. For the purpose of this exercise, I was provided with both written and verbal information including information detailed hereinabove in para 'Sources of Information'. Further, the responsibility for the accuracy and completeness of the information provided to me by the Companies / auditors / consultants is that of the Companies. Also, with respect to explanations and information sought from the Companies, I have been given to understand by the Management that they have not omitted any relevant and material factors about the Companies. The Management has indicated to me that they have



understood that any omissions, inaccuracies or misstatements by the Management may materially affect my valuation analysis / conclusions. My work does not constitute an audit, due diligence or certification of these information referred to in this report including information sourced from public domain. Accordingly, I am unable to and do not express an opinion on the fairness or accuracy of any information referred to in this report and consequential impact on the present exercise. However, nothing has come to my attention to indicate that the information provided / obtained was materially misstated / incorrect or would not afford reasonable grounds upon which to base the report.

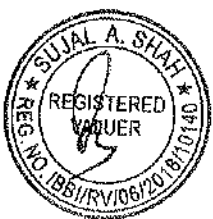
- 5.6. Valuation analysis and results are specific to the purpose of valuation and the Valuation Date mentioned in the report and is as per agreed terms of the engagement.
- 5.7. My recommendation is based on the estimates of future financial performance as projected by the Management, which represents their view of reasonable expectation at the point of time when they were prepared, after giving due considerations to commercial and financial aspects of the Companies and the industry in which the Companies operates. But such information and estimates are not offered as assurances that the particular level of income or profit will be achieved or events will occur as predicted. Actual results achieved during the period covered by the prospective financial statements may vary from those contained in the statement and the variation may be material. The fact that I have considered the projections in this exercise of valuation should not be construed or taken as me being associated with or a party to such projections.
- 5.8. A valuation of this nature involves consideration of various factors including those impacted by prevailing market trends in general and industry trends in particular. This report is issued on the understanding that Management has drawn my attention to all the matters, which they are aware of concerning the financial position of the Companies and any other matter, which may have an impact on my opinion, on the fair value of the shares of the Companies including any significant changes that have taken place or are likely to take place in the financial position of the Companies. Events and transactions occurring after the date of this report may affect the report and assumptions used in preparing it and I do not assume any obligation to update, revise or reaffirm this report.
- 5.9. The fee for the engagement and this report is not contingent upon the results reported.



- 5.10. My report is not, nor should it be construed as me opining or certifying the compliance of the proposed transaction with the provisions of any law including companies, competition, taxation and capital market related laws or as regards any legal implications or issues arising in India or abroad from such proposed amalgamation.
- 5.11. Any person/party intending to provide finance/invest in the shares/convertible instruments/business of the Companies shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.
- 5.12. The decision to carry out the transaction (including consideration thereof) lies entirely with the Management/the Board of Directors and my work and my finding shall not constitute a recommendation as to whether or not the Management/the Board of Directors should carry out the transaction.
- 5.13. This Report is meant for the purpose mentioned in Para 1 only and should not be used for any purpose other than the purpose mentioned therein. This Report should not be copied or reproduced without obtaining my prior written approval for any purpose other than the purpose for which it is prepared. In no event, regardless of whether consent has been provided, shall I assume any responsibility to any third party to whom the report is disclosed or otherwise made available.
- 5.14. I, nor my partners and employees of SSPA & Co., Chartered Accountants make any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the valuation is carried out. All such parties expressly disclaim any and all liability for/or based on or relating to any such information contained in the valuation.

6. VALUATION APPROACH AND METHODOLOGIES

- 6.1. For the purpose of valuation, generally following approaches can be considered, viz,
- (a) the 'Market' approach;
 - (b) the 'Income' approach; and
 - (c) the 'Cost' approach
- 6.2. The 'Cost' approach represents the value with reference to historical cost of assets owned by the company and the attached liabilities. Such value generally represents the support value in case of profit-making business and thus, has limited relevance in the valuation of



the business of a going concern.

In the present case, the business of the Companies are intended to be continued on a 'going concern basis' and there is no intention to dispose-off the assets, therefore the Cost approach is not adopted for the present valuation exercise.

6.3. Considering the above, I have thought fit to consider 'Market' approach and 'Income' approach for valuation of equity shares of PCL and RPL.

6.4. **MARKET APPROACH**

6.4.1. Under the Market approach, since the equity shares of the Companies are not listed on any stock exchanges, we have thought fit to consider Comparable Companies Multiple ('CCM') method for valuation of equity shares of PCL and RPL under the Market approach.

6.4.2. **COMPARABLE COMPANIES MULTIPLE METHOD**

Under CCM method, the value of equity shares of the Companies are determined by using multiples derived from valuations of comparable companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully. In the present case, Enterprise Value (EV) to Earnings before Interest Tax Depreciation and Amortization (EBITDA) multiples of comparable listed companies are used to arrive at EV of the Companies.

To the value so arrived, appropriate adjustments have been made for net cash and cash equivalents and value of investments after considering the tax impact wherever applicable, to arrive at the adjusted earnings value.

The adjusted earnings value as arrived above is divided by the outstanding number of equity shares to arrive at the value per share.

6.5. **INCOME APPROACH**

6.5.1. Under the 'Income' approach, equity shares of PCL and RPL have been valued using 'Discounted Cash Flow' (DCF) method.

6.5.2. Under the DCF method the projected free cash flows from business operations after considering fund requirements for projected capital expenditure and incremental working capital are discounted at the Weighted Average Cost of Capital (WACC). The sum of the discounted value of such free cash flows and discounted value of perpetuity is the value of the business.

6.5.3. WACC is considered as the most appropriate discount rate in the DCF Method, since it



reflects both the business and the financial risk. In other words, WACC is the weighted average of the company's cost of equity and debt. Considering that the Companies do not have any debt, nor intend to borrow any debt in future, cost of equity has been considered as the WACC for discounting the Free Cash Flows of the Companies.

- 6.5.4. To the value so arrived, appropriate adjustment has been made for net cash and cash equivalents and value of investments, after considering the tax impact wherever applicable, to arrive at the equity value.
- 6.5.5. The value as arrived above is divided by the outstanding number of equity shares to arrive at the value per share.

7. RECOMMENDATION OF FAIR EQUITY SHARE EXCHANGE RATIO

- 7.1. The fair basis of amalgamation of PCL with RPL would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at under different methods, for the purposes of recommending a ratio of exchange it is necessary to arrive at a single value for the shares of the Companies. It is however important to note that in doing so, I am not attempting to arrive at the absolute values of the shares of each company. My exercise is to work out relative value of shares of the Companies to facilitate the determination of a ratio of exchange. For this purpose, it is necessary to give appropriate weightage to the values arrived at under each approach.
- 7.2. To arrive at the relative values of PCL and RPL, I have considered average of values arrived based on CCM method under 'Market' approach and DCF Method under Income approach.
- 7.3. The fair equity share exchange ratio has been arrived on the basis of a relative valuation of equity shares of PCL and RPL based on the approaches explained herein earlier and various qualitative factors relevant to the companies and the business dynamics and growth potential of the businesses, having regard to information base, management representation and perceptions, key underlying assumptions and limitations.
- 7.4. In the ultimate analysis, valuation will have to involve the exercise of judicious discretion and judgement taking into account all the relevant factors. There will always be several factors, e.g. present and prospective competition, yield on comparable securities and market sentiments, etc. which are not evident from the face of the balance sheets but



which will strongly influence the worth of a share. This concept is also recognized in judicial decisions. For example, Viscount Simon Bd in Gold Coast Selection Trust Ltd. vs. Humphrey reported in 30 TC 209 (House of Lords) and quoted with approval by the Supreme Court of India in the case reported in 176 ITR 417 as under:

'If the asset takes the form of fully paid shares, the valuation will take into account not only the terms of the agreement but a number of other factors, such as prospective yield, marketability, the general outlook for the type of business of the company which has allotted the shares, the result of a contemporary prospectus offering similar shares for subscription, the capital position of the company, so forth. There may also be an element of value in the fact that the holding of the shares gives control of the company. If the asset is difficult to value, but is nonetheless of a money value, the best valuation possible must be made. Valuation is an art, not an exact science. Mathematical certainty is not demanded, nor indeed is it possible.'

- 7.5. In light of the above and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove earlier in this report, in my opinion, a fair equity share exchange ratio for the proposed amalgamation of PCL with RPL is as under:
- 5 (Five) equity shares of RPL of INR 10 each fully paid up for every 3 (Three) equity shares of PCL of INR 10 each fully paid up**

Thanking you,

Yours faithfully,

S. A. Shah



Mr. Sujal A. Shah

Registered Valuer No.: IBBI/RV/06/2018/10140

ICAI Membership Number: 045816

UDIN: 19045816AAAAAJ7441

Date: October 23, 2019

Place: Mumbai



PRAGATI CHEMICALS LTD.

(CIN: U24110MH1979PLC031289)

Registered Office: A-8 Marol Industrial Estate of MIDC, Cross Road B, Street No. 5, Andheri (East),
Mumbai 400 093

Email: info@resplast.com Website: www.resplast.com Phone: 022-61987000

POSTAL BALLOT FORM

Name of the first named
Shareholder (In block letters) :

Name(s) of the Joint Holder(s),
if any :

Postal Address :

Registered Folio No. / Client ID No.*
(*Applicable to investors holding
Shares in dematerialized form) :

No. of Shares :

I/We hereby exercise my/our vote(s) in respect of the Resolution as detailed in the Notice dated 22nd January, 2020 for the meeting of the Equity Shareholders of Pragati Chemicals Limited being convened pursuant to Order dated 17th January, 2020 of the Hon'ble National Company Law Tribunal, Mumbai Bench to be held on **Friday, March 6, 2020** at **10:00 a.m. IST** at IMC Chamber of Commerce and Industry, Kilachand Conference Room, IMC Bldg., IMC Marg, Churchgate, Mumbai 400020, by sending my/our assent or dissent to the said Resolution by placing a tick mark (v) in the appropriate box below:

Description of Resolution	No. of Shares for which votes cast	I/We assent to the Resolution (FOR)	I/We dissent from the Resolution (AGAINST)
Resolution for approving the Scheme of Amalgamation of Pragati Chemicals Limited ("the Transferor Company") with Resins & Plastics Limited ("the Transferee Company") and their respective shareholders under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.			

Place :

Date :

(Signature of the Shareholder)

***Notes:- Please read the Instructions printed below carefully before exercising your vote.**

INSTRUCTIONS

1. GENERAL INFORMATION

- a) The Mumbai Bench of the Hon'ble National Company Law Tribunal ("NCLT"), vide its Order dated January 17, 2020 has directed that a meeting of the Equity Shareholders of the Company be convened and held at IMC Chamber of Commerce and Industry, Kilachand Conference Room, IMC Bldg., IMC Marg, Churchgate, Mumbai 400020 on **Friday, March 6, 2020 at 10:00 a.m. IST** for the purpose of considering, and if thought fit, approving the Scheme of Amalgamation of Pragati Chemicals Limited ("the Transferor Company") with Resins & Plastics Limited ("the Transferee Company") and their respective shareholders under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("Act") read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

Pursuant to Sections 230 to 232 read with Sections 108 and 110 of the Act and the Companies (Management & Administration) Rules, 2014, assent or dissent of the members in respect of the resolution detailed in the Notice dated January 22, 2020 is being sought through Postal Ballot process, as per the directions of NCLT.

- b) Voting rights shall be reckoned on the paid-up value of shares registered in the name of member(s) as on the cut-off date i.e. Friday, January 17, 2020.
- c) The proposed Scheme, if assented to by the requisite majority, by way of Postal Ballot and voting at the meeting shall be considered as passed on the date of the meeting.

2. PROCESS FOR MEMBERS OPTING FOR VOTING BY BALLOT

- a) Members desiring to cast their vote by Postal Ballot should complete and sign this Ballot Form and send it to Mr P N Parikh, SCRUTINIZER, c/o Pragati Chemicals Ltd., A-8 Marol Industrial Estate of MIDC, Cross Road B, Street No. 5, Andheri (East), Mumbai 400 093 in the enclosed postage prepaid self-addressed envelope. Ballot Forms deposited in person or sent by post or courier at the expense of the member will also be accepted.
- b) In case of joint holding, this Ballot Form should be completed and signed by the first named member and in his absence by the next named member (as per the specimen signature registered with the Company). A member may sign the Postal Ballot Form through an attorney, in which case a certified true copy of the Power of Attorney should be attached to the Postal Ballot Form.
- c) There will be one Ballot Form for every Client ID No. / Folio No., irrespective of the number of joint holders.

- d) In respect of shares held by corporate and institutional shareholders (companies, trusts, societies, etc.), the duly completed Ballot Form should be signed by its authorised signatory(ies) and shall be accompanied by a certified copy of the relevant board resolution / appropriate authorisation, with the specimen signature(s) of the authorised signatory(ies) duly attested.
- e) Voting rights by way of Ballot Form cannot be exercised by a proxy.
- f) Completed Ballot Forms should reach the Scrutinizer no later than on Thursday, March 5, 2020 at 5.00 p.m. IST. Incomplete Ballot Forms or Ballot Forms received after this date will be considered invalid.
- g) An incomplete, unsigned, incorrectly completed, incorrectly ticked, defaced, torn, mutilated, overwritten, wrongly signed Postal Ballot Form will be rejected. The Scrutinizer's decision in this regard shall be final and binding.
- h) A member seeking duplicate Ballot Form or having any grievance pertaining to the Ballot process can write to the Company to their registered office.
- i) Members are requested not to send any paper (other than the resolution/authority as mentioned under "Process for Members opting for voting by Ballot") along with the Ballot Form in the enclosed self-addressed postage pre-paid envelope as all such envelopes will be sent to the Scrutinizer and if any extraneous paper is found in such envelope the same would not be considered and would be destroyed by the Scrutinizer.



PRAGATI CHEMICALS LTD.

(CIN: U24110MH1979PLC031289)

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Mumbai 400 093

Email: info@resplast.com Website: www.resplast.com Phone: 022-61987000

**IN THE NATIONAL COMPANY LAW TRIBUNAL BENCH, AT MUMBAI
IN THE MATTER OF THE COMPANIES ACT, 2013**

And

**In the matter of
PRAGATI CHEMICALS LIMITED,
(‘the Transferor Company’)**

And

**RESINS & PLASTICS LIMITED
(‘the Transferee Company’)**

And

Their Shareholders

M/s. PRAGATI CHEMICALS LIMITED, the Transferor Company / the Company

PROXY FORM

Name of the Member(s): _____

Registered address: _____

E-mail ID: _____ Folio No./Client ID: _____ DPID: _____

I/We being the member(s) of _____ shares of **PRAGATI CHEMICALS LIMITED**,
hereby appoint-

1) Name _____

Address _____

Email id _____ Signature: _____ Or failing
him/her

2) Name _____

Address _____

Email id _____ Signature: _____ Or failing
him/her

3) Name _____

Address _____

Email id _____ Signature: _____

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at meeting of the Equity Shareholders of the Company, convened pursuant to the Order dated January 17, 2020 of the National Company Law Tribunal Bench at Mumbai, at IMC Chamber of Commerce and Industry, Kilachand Conference Room, IMC Bldg., IMC Marg, Churchgate, Mumbai 400020 on **Friday, March 6, 2020 at 10.00 A.M.** and at any adjournment thereof in respect of the resolution indicated below:

Sr.No.	Particulars	For	Against
1	Approval of Scheme of Amalgamation of PRAGATI CHEMICALS LIMITED , ('the Transferor Company') with RESINS & PLASTICS LMITIED , ('the Transferee Company') and their respective Shareholders and related matters thereto.		

Signed this _____ day of _____ 2020

Affix Re. 1
Revenue
Stamp

(Signature of shareholder(s))

Signature of Proxy _____

NOTES:

1. This form in order to be effective should be duly completed and deposited at the Registered Office of the Company at Plot No.A-8 Marol Industrial Estate of MIDC, Cross Road B, Street No.5, Andheri East, Mumbai – 400093 not later than 48 hours before the commencement of the Meeting.
2. Please affix revenue stamp before putting signature.
3. Alterations, if any, made in the Form of Proxy should be initialed.
4. In case of multiple proxies, the proxy later in time shall be accepted.
5. Proxy need not be the shareholder of the Company.



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ATTENDANCE SLIP - NCLT CONVENED MEETING

NOTE: Shareholders attending the meeting in Person or by Proxy or through Authorised Representative are requested to complete and bring the Attendance Slip with them and hand it over at the entrance of the meeting hall.

I hereby record my presence at the meeting of the equity shareholders of the Company, convened pursuant to the Orders dated January 17, 2020 of the National Company Law Tribunal Bench at Mumbai, at IMC Chamber of Commerce and Industry, Kilachand Conference Room, IMC Bldg., IMC Marg, Churchgate, Mumbai 400020 on Friday, March 6, 2020 at 10.00 A.M.

Name and Address of the
Equity Shareholder (in block letters) :

Folio No. :
DPID No.* :
Client ID No.* :
No. of Share(s) held :

Full name of the Equity Shareholder/Proxy
(in block letters)

Signature

*Applicable for Shareholders holding Shares in dematerialized form.

Note:

- (1) Shareholders attending the meeting in person or by proxy or through authorised representative are requested to complete and bring the attendance slip with them and hand it over at the entrance of the meeting hall.
- (2) Shareholder/proxy holder who desires to attend the meeting should bring his/her copy of the Notice for reference at the meeting.
- (3) Members are informed that no duplicate slips will be issued at the venue of the meeting and they are requested to bring this slip for the meeting.