

Dear Tanmayi / BSE Team,

**Ref: Application no. 142783 for Scheme of Arrangement**

We have uploaded all the required documents and information at the BSE Listing Centre. Physical copy of all the documents uploaded at BSE Listing Centre are enclosed herewith.

Please see below our responses (along with relevant attachments) to your queries raised in relation to proposed Scheme of Arrangement for Gokak Textiles Limited. As mentioned in the mail, we had to file our reply with BSE within 30 days from the date on which we had received comments (i.e. 30 days from 06 December 2021, which is 05 January 2022). Therefore, our response shared today (i.e. 16 December 2021) is within the specified time limit.

1. Require (Pre & Post)-SHP details of Preference Shares & post 7% cumulative debenture
  1. Please see **Annexure 1A** for Post Shareholding Details post issuance of Perpetual Debentures - there were no debentures issued by Gokak Textiles prior to the Scheme, hence pre-SHP details is not applicable. The existing SHP details of Gokak Textiles (Transferee Entity) and Suryoday One Energy Private Limited (Transferor Company) has been submitted earlier
  2. Please see **Annexure 1B** and **1C** for pre and post shareholding details of preference shares (submitted earlier vide annexure dated 24 November 2021)
2. Clause 6.2 of the scheme- what is exact written back amount?
  1. Total amount of outstanding loans as on 30 September 2021 to be written back = INR 60.81 Crores
  2. Total face value of issued and subscribed preference shares to be extinguished = INR 175 Crores
3. Whether debenture as per clause 6.2 will be listed, also provide full nomenclature for debentures, whether the same are convertible or nonconvertible?
  1. Debentures shall not be listed given that the issuance would only be to Shapoorji Pallonji and Company Private Limited, against write back of loan extinguishment of preference shares.
  2. Debentures are non-convertible and unsecured. The full nomenclature shall be as follows: 7% Unsecured Cumulative Non-Convertible Perpetual Debentures -  
Full terms of issuance are elaborated in Annexure 1 to the Scheme
4. As per clause 12.1 of the scheme- whether NCRPS will be listed or not? If yes, whether the additional documents are submitted by the Company?
  1. NCRPS shall not be listed.
5. Please clarify whether shareholding approval by e-voting mentioned in the conditional clause 22.3 of the scheme is applicable to transferee or transferor company or both?

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## **GOKAK TEXTILES LIMITED**

Registered Office: #1, 2<sup>nd</sup> Floor, 12<sup>th</sup> Cross, Ideal Homes, Near Jayanna Circle,  
Rajarajeshwari Nagar, Bengaluru - 560 098  
Telephone No. : +91 80 29744077 / +91 80 29744078, [www.gokakmills.com](http://www.gokakmills.com)  
GSTIN: 29AACCG8244P1ZX CIN: L17116KA2006PLC038839

Approval of public shareholders through e-voting is only applicable to Transferee Company, i.e. Gokak Textiles Limited, since Suryoday One Energy private limited (i.e. Transferor Company) is an unlisted private limited entity, and there are no public shareholders in the Transferor Company.

6. Require clarification on reorganization of reserves (clause 7 of the scheme)  
As per Part C of the Scheme, Clause 6 provides for write back of loans and extinguishment of preference shares, against which debentures will be issued, as provided under Clause 6.2 of the Scheme. As a result, and given that Gokak Textiles Limited has adopted IndAS, under Appendix D to IndAS 109, full value of loans written back and preference shares extinguished shall be cancelled, the fair value of such debentures issued will be recorded in the books of Gokak Textiles Limited and the difference between the full value of loans/ preference shares so written back/ extinguished and the fair value of debentures issued will be recognised as profit or loss in the books of Gokak Textiles Limited.
7. Valuation report from Independent Chartered Accountant: Valuation of issuance of Debentures is missing, provisional figures are used as workings instead of audited figures For Transferor Company, require working of Suryoday One- Value per share (Rs 12.2) as per Income approach.
  1. Valuation for debentures is not required as per SEBI Master Circular dated 23 November 2021, since there is no change in shareholding pattern of the listed entity as a result of issuance of debentures (Part IA - Clause 4b).
  2. Please see **Annexure 2** for updated valuation report considering audited financials of Suryoday One Energy Private Limited for 31 March 2021. Considering that audited financial statements of Suryoday One Private Limited for the period ended 30 Sep 2021 were finalised on 23 November 2021, BDO have considered unaudited / provisional figures for the said period in their valuation report dated 12 November 2021.
  3. As per Page 01 of PDF of the updated Valuation Report, total Adjusted Equity Value of Suryoday One is INR 425.7 Mn. Total number of equity shares outstanding is 3.5 crs. Accordingly, value per share of Suryoday One as per Income Approach is ~ INR 12.2. The updated valuation report captures the same.
8. Valuation report from Registered Valuer, as applicable, as per Para (A)(4) of Part I of SEBI Master Circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/000000665 dated November 23, 2021 ["SEBI Master Circular"]. The valuation report shall be as per the format given in Annexure I.  
Format of valuation report is given in Annexure V of SEBI Master Circular dated 23 November 2021. Valuation report has been issued by BDO as per format given in the said Annexure V - refer Page 22 of PDF of the updated Valuation report.
9. Confirmation from the listed entity signed by Company Secretary/ Compliance Officer stating that: a) No material event impacting the valuation has occurred during the intervening period of filing the scheme documents with Stock Exchange and period under consideration for valuation. b) Declaration/ details on any past defaults of listed debt obligations of the entities forming part of the scheme.  
Attached herewith as **Annexure 3A and 3B**

10. Fairness opinion by Independent SEBI Registered Merchant Banker: Opinion about Debenture missing in the report.  
Since there is no requirement for valuation report (Refer to our response for Sr. No. 7), fairness opinion will not be required.
11. Shareholding pattern of all the companies pre and post Amalgamation / Arrangement as per the format provided under Regulation 31 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 ( with PAN & without PAN Nos.) :Submit SHP of all non -equity shares as per reg 37 and SHP of transferor company as per Reg 31.  
Please see **Annexure 4A and 4B** covering pre and post-amalgamation shareholding details of preference shares of Gokak Textiles Limited as per format of Reg 31.  
Please see **Annexure 4C** for pre-amalgamation shareholding pattern of Suryoday One Energy Private Limited as per format of Reg 31.
12. Audited financials : - reference to audited or unaudited financials are missing as per Annexure IV. Please clarify why Book Value of Gokak is mentioned as NA?  
1. In relation to Gokak Textiles Limited, which is a listed entity, Annexure IV provides for limited review/ unaudited financial for the period ended 30 September 2021  
2. In relation to Suryoday One Energy Private Limited, Annexure IV provides for audited financials for the period ended 30 September 2021. Attached herewith is **Annexure 5** to reflect the same.  
3. Book value of Gokak Textiles Limited is negative for the relevant period, and hence mentioned as NA.
13. Kindly provide status of each pointer individually in the compliance report. Signature of MD is missing for confirmation with Accounting Standards in the compliance report.  
1. Attached herewith is the updated report as **Annexure 6**
14. Brief details of the transferee/resulting and transferor/demerged companies as per format enclosed at Annexure VIII: No of shares issued, quantity preference shares, Pre net worth of Gokak not matching with interface, equity shareholders of gokak not matching with shp, PAN numbers are not mentioned in the details of Board of Directors  
1. Given that the book net worth of Gokak (on the interface) is as per IndAS only the equity component of preference shares issued are reflected in the books (and not the liability component) and therefore, in the interface; however, the pre net worth certificate submitted is as per the definition of net worth under the Companies Act, 2013 which is defined to mean the entire paid up share capital (equity + preference) and reserves.  
2. Attached herewith is updated document as **Annexure 7**.
15. Confirmation by the Managing Director/ Company Secretary as per format enclosed as Annexure XI. :To be submitted as per latest format  
Attached herewith is the updated report as **Annexure 8**.
16. Statutory Auditor's Certificate confirming the compliance of the accounting treatment etc.: Needed strictly as per the format.  
Attached herewith is updated certificate as **Annexure 9**.

17. Processing fee (non-refundable): Company to provide for working.  
Attached herewith is the calculations as **Annexure 10**.
18. Report from the Committee of Independent Directors recommending the draft scheme taking into consideration, inter alia, that the scheme is not detrimental to the shareholders of the listed entity, as per Para (A)(2)(i) of Part I of SEBI Master Circular: Not submitted.  
Attached herewith is the Report as **Annexure 11**.
19. No objection certificate (NOC) from lending scheduled commercial banks/ financial institutions/ debenture trustees :Not submitted.  
Attached herewith is the Undertaking as **Annexure 12**.
20. Kindly provide Undertaking that the transferee entity will not issue/reissue shares not covered under the draft scheme. :To be confirmed by Listed company. (ii) Undertaking that as on date of application there are no outstanding Warrants/instruments/agreements which give right to any person to take the equity shares in the transferee entity at any future date : To be confirmed by listed company.  
Attached herewith is the Undertaking as **Annexure 13**.
21. Mention effect of scheme in the capital evolution statement.  
Attached herewith is the updated statement as **Annexure 14**
22. Please add point no d) of Annexure XI in the Confirmation by the Managing Director/ Company Secretary.  
We have included the same in Point 15, attached herewith as Annexure 8.
23. Shareholding pattern of all the Companies pre and post Amalgamation / Arrangement in Word Format as given in Annexure II: please attach the same in word format.  
Attached herewith is updated word file as **Annexure 15**.

For Gokak Textiles Limited



Rakesh M. Nanwani  
Company Secretary & Compliance Officer,  
Gokak Textiles Limited  
Mobile: + 91 9449873913  
Email: [rakesh.nanwani@gokaktextiles.com](mailto:rakesh.nanwani@gokaktextiles.com)

Encl: As above

Ref. No.: SD/Dec15-103/2021

December 15, 2021

To,

The Board of Directors  
Gokak Textiles Limited  
#1, 2nd Floor, 12th Cross, Ideal Homes,  
Near Jayanna Circle, Rajarajeshwari Nagar,  
Bengaluru - 560 098

The Board of Directors  
Suryoday One Energy Private Limited  
41/44, SP Centre, Minoo Desai Marg,  
Colaba, Mumbai, Maharashtra - 400 005

Dear Sir(s)/ Madam(s),

Sub: Addendum to Valuation Report dated November 12, 2021 bearing its reference number SD/Nov12-87/2021 and Valuation Annexure dated November 12, 2021 bearing its reference number SD/Nov12-88/2021 issued to Recommend the Share Swap Ratio for the Proposed Composite Scheme of Arrangement

We, BDO Valuation Advisory LLP (**'BDO Val' or 'We' or 'Us'**), have been appointed by Gokak Textiles Limited (**"GTL"**) & Suryoday One Energy Private Limited (**"Suryoday One"**) vide letter dated July 30, 2021 bearing reference number SD/Jul302/2021 to recommend the fair share swap ratio for amalgamation of Suryoday One Energy Private Limited (**'Suryoday One' or 'Transferor Company'**) with Gokak Textiles Limited (**'GTL' or 'Transferee Company'**) on a going concern basis, as per the proposed Composite Scheme of Arrangement and Merger by Absorption between GTL and Suryoday One and their respective shareholders (**"the Proposed Scheme"**) under sections 230 to 232 of the Transferor Company Act, 2013 (**'the Act'**) and other applicable provisions of the Act.

Further to our report, we are requested to clarify and provide the workings of Suryoday One's value per share of INR 12.2 as per Income approach. In this regard, please note the following, which is an extension to the Annexure 3 of our Valuation Annexures bearing reference no. SD/Nov12-88/2021:

Particulars	INR Mn
NPV of Explicit Period	2,694.3
Enterprise Value (EV)	2,694.3
Net Debt Adjustment	(2,199.2)
Equity Value	495.1
Equity Value as at Valuation Date	500.8
Illiquidity Discount	15%
Adjusted Equity Value	425.7
No. of Shares Outstanding (in Mn)	35.0
Value per share (INR)	12.2



Revision: Point number 2&3 of Section 5.1 of our Valuation Report dated November 12, 2021 bearing its reference number SD/Nov12-87/2021 shall be read as follows:

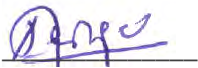
- Audited financial statements of the Transferor Company for the year ended March 31, 2021;
- Provisional financial statements of the Transferor Company for the period ended September 30, 2021

This clarification shall be read in conjunction to the Valuation Report. All other terms and conditions & other contents mentioned in the Valuation Report shall remain unchanged and would apply to this clarification to the Valuation Report as well.

Regards,

For BDO Valuation Advisory LLP

IBBI No.: IBBI/RV-E/02/2019/103



Swanand Kishor Deshpande

Partner

IBBI No.: IBBI/RV/05/2019/11148



# Fair Share Swap Ratio in relation to the 'Scheme of Amalgamation'

November 2021

Ref. No.: SD/Nov12-87/2021

November 12, 2021

To,

The Board of Directors  
Gokak Textiles Limited  
#1, 2nd Floor, 12th Cross, Ideal Homes,  
Near Jayanna Circle, Rajarajeshwari Nagar,  
Bengaluru - 560 098

To,

The Board of Directors  
Suryoday One Energy Private Limited  
41/44, SP Centre, Minoo Desai Marg,  
Colaba, Mumbai, Maharashtra - 400 005

Dear Sir(s)/ Madam(s),

**Sub: Recommendation of Fair Share Swap Ratio in relation to the Proposed Composite Scheme of Arrangement**

We, BDO Valuation Advisory LLP (**'BDO Val' or 'We' or 'Us'**), have been appointed by Gokak Textiles Limited (**"GTL"**) & Suryoday One Energy Private Limited (**"Suryoday One"**) vide letter dated July 30, 2021 bearing reference number SD/Jul302/2021 to recommend the fair share swap ratio for amalgamation of Suryoday One Energy Private Limited (**'Suryoday One' or 'Transferor Company'**) with Gokak Textiles Limited (**'GTL' or 'Transferee Company'**) on a going concern basis, as per the proposed Composite Scheme of Arrangement and Merger by Absorption between GTL and Suryoday One and their respective shareholders (**"the Proposed Scheme"**) under sections 230 to 232 of the Transferor Company Act, 2013 (**'the Act'**) and other applicable provisions of the Act.

GTL and Suryoday One shall be collectively referred as **'the Companies' or 'the Client'**.

We are pleased to present herewith our report (**'Report'**) on the same. We have determined the share swap ratio for the Proposed Scheme as at the Report date (**'Valuation Date'**).

A summary of the analysis is presented in the accompanying Report, as well as description of the methodology and procedure we used, and the factors we considered in formulating our opinion.



We believe that our analysis must be considered as a whole. Selected portions of our analysis or the factors we considered, without considering all factors and analysis together could create a misleading view of the process underlying the valuation conclusions. The preparation of valuation is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

This letter should be read in conjunction with the attached report.

For BDO Valuation Advisory LLP

IBBI Regn No.: IBBI/RV-E/02/2019/103



Swanand Kishor Deshpande

Partner

IBBI Regn No.: IBBI/RV/05/2019/11148



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## 1. Brief Background of the Companies

### Gokak Textiles Limited

- 1.1. Gokak Textiles Limited (“GTL” or “Transferee Company”) was incorporated as a public limited company in the State of Karnataka. The registered office of GTL is situated at #1, 2nd Floor, 12th Cross, Ideal Homes, Near Jayanna Circle, Rajarajeshwari Nagar, Bengaluru - 560 098
- 1.2. GTL in the business of textile, manufacturing cotton yarn, blended yarn, industrial fabrics, terry towels, t-shirts, polos, undergarments, sweaters, etc.
- 1.3. The ordinary equity shares of GTL are listed on BSE Limited (‘BSE’). GTL has also issued unlisted non-cumulative, non-convertible redeemable preference shares to its promoter Shapoorji Pallonji and Company Private Limited.
- 1.4. The authorised share capital and the issued, subscribed and fully paid-up share capital of GTL, as on September 30, 2021 was as follows:

Particulars	INR Mn
<b><u>Authorised Share Capital</u></b>	
7.0 Mn equity shares of INR 10/- each	70.0
220.0 Mn non-cumulative, non-convertible redeemable preference shares of INR 10/- each	2200.0
<b>Total</b>	<b>2,270.0</b>
<b><u>Issued, Subscribed &amp; Fully Paid-up Share Capital</u></b>	
6.5 Mn equity shares of INR 10/- each	64.9
<b>Total</b>	<b>64.9</b>

We have been informed by the management and representatives of GTL that there has been no change in the above share capital of GTL from September 30, 2021, till the date of issuance of this Report.

- 1.5. The summarized shareholding pattern of GTL as on September 30, 2021, is as follows:

Shareholder Category	No. of Equity Shares (Mn)	% Holding
I. Promoter and Promoter Group	4.8	73.6%
II. Public	1.7	26.4%
<b>Total</b>	<b>6.5</b>	<b>100.0%</b>



Suryoday One Energy Private Limited

- 1.6. Suryoday One Energy Private Limited (“Suryoday One” or “Transferor Company”) operates a solar photovoltaic power project with a capacity of around 40MW in the state of Karnataka to supply annually around 90 Mn Units of solar power. Suryoday One is incorporated as a private limited company and has its registered office at 41/44, SP Centre, Minoo Desai Marg, Colaba, Mumbai, Maharashtra - 400 005.
- 1.7. The authorised share capital and the issued, subscribed and fully paid-up share capital of Suryoday One, as on September 30, 2021, was as follows:

Particulars	INR Mn
<b><u>Authorised Share Capital</u></b>	400.0
40.0 Mn equity shares of INR 10/- each	
<b>Total</b>	<b>400.0</b>
<b><u>Issued, Subscribed &amp; Fully Paid-up Share Capital</u></b>	350.0
35.0 Mn equity shares of INR 10/- each	
<b>Total</b>	<b>350.0</b>

- 1.8. The summarized shareholding pattern of Suryoday One as on September 30, 2021, is as follows:

Shareholder Name	No. of Equity Shares (Mn)	% Holding
I. Shapoorji Pallonji Infrastructure Capital Company Private Limited	34.9	99.9%
II. Gokak Power & Energy Limited	0.03	0.01%
III. Mr. Sunil Kulkarni	0.00	0.00%
<b>Total</b>	<b>35.0</b>	<b>100.0%</b>

- 1.9. We have been informed by the management and representatives of Suryoday One that there has been no change in the above share capital from September 30, 2021 till the date of issuance of this Report. Pursuant to the Proposed Scheme, GTL will acquire Suryoday One by way of absorption.



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## 2. Purpose of Valuation

- 2.1. Companies under the Proposed Scheme and their respective shareholders shall comply with the provisions of section 230 to 232 and other relevant provisions of the Act along with the applicable provisions of Securities and Exchange Board of India ('SEBI').
- 2.2. As per the terms of the scheme, the arrangement involves Reduction of Share Capital and Reorganisation of reserves of GTL, prior to the Amalgamation by absorption of Suryoday One with and into GTL. This report does not refer on the reduction & reorganization of capital of GTL since there is no change in shareholding pattern of GTL as a result of the said Reduction of Share Capital and Reorganization of Reserves of GTL and hence, no valuation report is required with respect to the same as per Para 4(b) of Part - I of SEBI Master Circular on, inter alia, Scheme of Arrangement dated 22 December 2020 notified vide SEBI/HO/CFD/DIL1/CIR/P/2020/249.
- 2.3. In this regard, we have been appointed to undertake the valuation to recommend the fair share swap ratio for Amalgamation of Suryoday One into GTL as per the Proposed Scheme.
- 2.4. The Appointed Date for the Scheme is April 01, 2021, or such other date as may be approved by the National Company Law Tribunal for the purpose of the Proposed Scheme.



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### 3. Terms of Engagement

#### Context and Purpose

- 3.1. BDO Val has been appointed to determine the fair share swap ratio for the Proposed Scheme as mentioned in para 2.2 of this Report. This valuation exercise and Valuation Report are solely for the purpose mentioned in the Report.

#### Restricted Audience

- 3.2. This Report and the information contained herein are absolutely confidential and are intended for the use of the Client only for submitting to the statutory authorities for compliance under section sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and applicable provisions and circular issued by Securities and Exchange Board of India ('SEBI') applicable to the Proposed Scheme. The results of our valuation analysis and our Report cannot be used or relied by the Companies for any other purpose or by any other party for any purpose whatsoever.
- 3.3. This Report will be placed before the Board of Directors, Audit Committee and Independent Directors of the Client and intended only for their sole use and information only. To the extent mandatorily required under applicable laws of India, this Report maybe produced before judicial, regulatory or government authorities, in connection with the Proposed Scheme. We are not responsible to any other person or party, for any decision of such person or party based on this Report. Any person or party intending to provide finance/ invest in the shares/ business of the Companies or their holding companies, subsidiaries, associates, joint ventures 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. If any person/ party (other than the Client) chooses to place reliance upon any matters included in the Report, they shall do so at their own risk and without recourse to BDO Val.
- 3.4. It is hereby notified that usage, reproduction, distribution, circulation, copying or otherwise quoting of this Report or any part thereof, except for the purpose as set out earlier in this Report, without our prior written consent, is not permitted, unless there is a statutory or a regulatory requirement to do so.
- 3.5. Without limiting the foregoing, we understand that the Client may be required to share this Report with regulatory or judicial authorities including stock exchanges, SEBI, Regional Director, Registrar of Companies, National Company Law Tribunal, professional advisors of the Client including merchant banker providing fairness opinion on the fair share swap ratio, in connection with the Proposed Scheme ('Permitted Recipients'). We hereby give consent to such disclosure of this Report, on the basis that we owe responsibility only to the Client that has engaged us, under the terms of the engagement, and no other person; and that, to the fullest extent permitted by law, we accept no responsibility or liability to any other party, in connection with this Report. It is clarified that reference to this Report in any document and/or filing with Permitted Recipients, in



connection with the Proposed Scheme, shall not be deemed to be an acceptance by us of any responsibility or liability to any person/ party other than the Client.

#### 4. Caveats, Limitations and Disclaimers

- 4.1. This Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.
- 4.2. This Report, its contents, and the analysis herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement, (ii) the Report date and (iii) based on the data detailed in the section - Sources of Information. The management of the Companies have represented that the business activities of the Companies have been carried out in the normal and ordinary course till the Report date and that no material changes are expected in their respective operations and financial position to occur upto the Report date.
- 4.3. We were provided with relevant information and time to make our opinion for this valuation exercise. However, our opinion may change if any material information is not disclosed / hidden from us during our valuation exercise.
- 4.4. The scope of the assignment did not include performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was used during the course of the work. Accordingly, we express no audit opinion or any other form of assurance on this information on behalf of the Companies. The assignment did not involve us to conduct the financial or technical feasibility study. We have not done any independent technical valuation or appraisal or due diligence or legal title search of the assets or liabilities of the Companies and have considered them at the value as disclosed by the Companies in their regulatory filings or in submissions, oral or written, made to us.
- 4.5. Further, this Valuation Report is based on the extant regulatory environment and the financial, economic, monetary and business/market conditions, and the information made available to us or used by us up to the date hereof, which are dynamic in nature and may change in future, thereby impacting the valuation of the Transferor Company. Subsequent developments in the aforementioned conditions may affect this Report and the assumptions made in preparing this Report and we shall not be obliged to update, review or reaffirm this Report if the information provided to us changes. Further events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.
- 4.6. We have no present or planned future interest in the Companies or any of their group entities.
- 4.7. The recommendation contained herein is not intended to represent value at any time other than the Valuation Date.
- 4.8. This Report is subject to the laws of India.
- 4.9. The fee for this engagement is not contingent upon the outcome of the Report.



- 4.10. In rendering this Report, we have not provided legal, regulatory, tax, accounting or actuarial advice and accordingly we do not assume any responsibility or liability in respect thereof.
- 4.11. This Report is based on the information received from the sources mentioned herein and discussions with the representatives of the Companies. We have assumed that no information has been withheld that could have influenced the purpose of our Report.
- 4.12. We have assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to us or used by us, we have assumed that the same are not misleading and do not assume or accept any liability or responsibility for any independent verification of such information or any independent technical valuation or appraisal of any of the assets, operations or liabilities of the Companies. Nothing has come to our knowledge to indicate that the material provided to us was mis-stated or incorrect or would not afford reasonable grounds upon which to base our Report.
- 4.13. For the present valuation exercise, we have also relied upon information available in the public domain; however, the accuracy and timeliness of the same has not been independently verified by us.
- 4.14. In addition, we do not take any responsibility for any changes in the information used by us to arrive at our conclusion as set out here in which may occur subsequent to the date of our Report or by virtue of fact that the details provided to us are incorrect or inaccurate.
- 4.15. We have arrived at a valuation as required for 'Part D' of the Proposed Scheme. Any transaction price may however be significantly different and would depend on the negotiating ability and motivations of the respective buyers and sellers in the transaction.
- 4.16. Our scope is limited to recommendation of fair share swap ratio. The Report should not be construed as, our opinion or certifying the compliance of the Proposed Scheme with the provisions of any law including the Companies Act 2013, Foreign Exchange Management Act, 1999, taxation related laws, capital market related laws, any accounting, taxation or legal implications or issues arising from Proposed Scheme.
- 4.17. The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all their areas of operation unless otherwise stated and that the Companies will be managed in competent and responsible manner. Further, except as specifically stated to the contrary, this Report has given no consideration to matters of legal nature, including issues of legal title and compliance with local laws, litigation and other contingent liabilities that are not recorded in the financial statements of the Companies.
- 4.18. This Report does not look into the business/commercial reasons behind the Proposed Scheme nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Proposed Scheme as compared with any other alternative business transaction or any other alternatives, whether or not such alternatives could be achieved or are available. The assessment of commercial and investment merits in the Companies is sole responsibility of the investors of the





Companies and we don't express opinion on the suitability or otherwise of entering into any financial or other transactions with the Companies.

- 4.19. Valuation and determination of a fair share swap ratio is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. There is therefore no indisputable single value. While we have provided an assessment of the value based on an analysis of information available to us and within the scope of our engagement, others may place a different opinion.
- 4.20. Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations taking into consideration the economic, social and market patterns existing at that point in time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and the variations may be material.
- 4.21. Whilst all reasonable care has been taken to ensure that the factual statements in the Report are accurate, neither us, nor any of our partners, officers or employees shall in any way be liable or responsible either directly or indirectly for the contents stated herein. Accordingly, we make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such factual statements. We expressly disclaim any and all liabilities, which may arise based upon the information used in this Report.
- 4.22. We owe responsibility to only the Board of Directors of the Client and nobody else. We will not be liable for any losses, claims, damages, or liabilities arising out of the actions taken, omissions of or advice given by any other party to the Companies. In no event shall we be liable for any loss, damages, cost, or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Companies, their directors, employees or agents. In the particular circumstances of this case, our liability, if any (in contract or under statute or otherwise) for any economic loss or damage arising out of or in connection with this engagement, howsoever the loss or damage caused, shall be limited to the amount of fees actually received by us from the Client as laid out in the engagement letter, for such valuation work.
- 4.23. We do not accept any liability to any third party in relation to the issue of this Report. It is understood that this analysis does not represent a fairness opinion. This Report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.
- 4.24. This Report does not in any manner address the prices at which equity shares of GTL will trade following the announcement and/or implementation of the Proposed Scheme and we express no opinion or recommendation as to how the shareholders of the Companies should vote at the shareholders' meeting(s) to be held in connection with the Proposed Scheme.



- 4.25. The recommendation(s) rendered in this report only represent our recommendation(s) based upon information furnished by the Companies (or its representatives) and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice, (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors).
- 4.26. Client has informed us that Fedex Securities Private Limited has been appointed to provide fairness opinion on the recommended Fair share swap ratio for the purpose of aforementioned Proposed Scheme. Further at the request of the Companies, we have had discussions with the Fairness Opinion provider on the valuation approach adopted and assumptions made by us.
- 4.27. Further, after declaration of COVID-19 as a pandemic by World Health Organization had caused a widespread disruption in businesses as well as on financial markets in India and globally alike. Our assumptions for the valuation is surrounded by this unprecedented uncertainty across all the industries and sectors including the time period over which these circumstances could prevail. The valuation assumptions, the underlying projections and the outcome of the valuation analysis could materially change as a result of the continued or increased uncertainty around the prevalence of COVID-19 circumstances and hence a reliance on our valuation must be placed considering these unprecedented circumstances.



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## 5. Sources of Information

- 5.1. For the purpose of undertaking this valuation exercise, we have relied on the following sources of information provided by the management and representatives of the Transferor Company:
- Detailed business profile and information of current business operations of the Transferor Company;
  - Provision financial statements of the Transferor Company for the year ended March 31, 2021;
  - Provision financial statements of the Transferor Company for the period ended September 30, 2021;
  - Latest Shareholding pattern of the Transferor Company as at September 30, 2021;
  - Projected financial statements of Suryoday One for the period starting from October 01, 2021 to March 31, 2043;
  - Income Tax Return (ITR) of Suryoday One for FY20;
  - Terms of Issue of Cumulative, Non-Convertible, Non-Participating Redeemable Preference Shares by GTL;
  - Management Representation Letter;
  - Relevant data and information provided to us by the management and representatives of the Client either in written or oral form or in form of soft copy and information available in public domain;
  - Information provided by leading database sources (proprietary databases subscribed by us or our network firm), market research reports and other published data (including the Stock Exchanges); and
  - Draft of Proposed Scheme.
- 5.2. We have also obtained the explanations, information and representations, which we believed were reasonably necessary and relevant for our exercise from the Management of the Transferor Company. Client has been provided with the opportunity to review the draft Report (excluding the recommended Fair share swap ratio) as part of our standard practice to make sure that factual inaccuracies/ omissions are avoided in our final Report.
- 5.3. The management of Companies has informed us that there would be no significant variation between the draft Scheme and the final scheme approved and submitted with the relevant authorities.



## 6. Procedures Adopted

6.1. Procedures used in our analysis included such substantive steps as we considered necessary under the circumstances, including but not limited to the following:

- Requested and received financial information;
- Obtained data available in public domain;
- Undertook industry analysis such as researching publicly available market data including economic factors and industry trends that may impact the valuation;
- Discussions (over call/emails/conferences) with the management of the Companies to understand the business and fundamental factors that could affect its earning-generating capability including strengths, weaknesses, opportunity and threats analysis, historical financial performance, terms of the Proposed Scheme etc;
- Selection of valuation methodology/(ies) as per internationally accepted valuation methodologies;
- Determined the fair share swap ratio based on the selected methodology.

For the purpose of arriving at the valuation of Suryoday One we have considered the valuation base as 'Fair Value' and the premise of value is 'Going Concern Value'. Any change in the valuation base, or the premise could have significant impact on our valuation exercise, and therefore, this report.



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## 7. Valuation Approaches

- 7.1. It is pertinent to note that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, and prospects, financial and otherwise, of the companies/businesses, and other factors which generally influence the valuation of the companies, its businesses and assets.
- 7.2. The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, analysis of businesses, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.
- 7.3. It may be noted that BDO Val is enrolled with IOV Registered Valuers Foundation, which has recommended to follow International Valuation Standards (“IVS”) for undertaking valuation and accordingly we have considered the International Valuation Standards issued by International Valuation Standards Council (‘IVSC’) in carrying out the valuation exercise.
- 7.4. The Report Date is the valuation date (**Valuation Date**). For valuation exercise, market parameters have been considered up to and including November 11, 2021.
- 7.5. There are three generally accepted approaches to valuation:
  - (a) “Asset” / “Cost” Approach
  - (b) “Income” Approach
  - (c) “Market” Approach

Within these three basic approaches, several methods may be used to estimate the value. An overview of these approaches is as follows:

### **Asset / Cost Approach**

#### **Summation Method**

The summation method, also referred to as the underlying asset method, is typically used for investment companies or other types of assets or entities for which value is primarily a factor of the values of their holdings.

This valuation approach is mainly used in case where the assets base dominates earnings capability.



## Income Approach

The income approach is widely used for valuation under "Going Concern" basis. It focuses on the income generated by the company in the past as well as its future earning capability. The Discounted Cash Flow Method under the income approach seeks to arrive at a valuation based on the strength of future cash flows.

### Discounted Cash Flow Method

Under the Discounted Cash Flow ('DCF') method, the value of the undertaking is based on expected 'cash flows for future, discounted at a rate, which reflects the expected returns and the risks associated with the cash flows as against its accounting profits. The value of the undertaking is determined as the present value of its future free cash flows.

Free cash flows are discounted for the explicit forecast period and the perpetuity value thereafter. Free cash flows represent the cash available for distribution to both, the owners and creditors of the business.

Discount rate is the Weighted Average Cost of Capital ('WACC'), based on an optimal vis-à-vis actual capital structure. It is appropriate rate of discount to calculate the present value of future cash flows as it considers equity-debt risk and also debt-equity ratio of the firm.

The perpetuity (terminal) value is calculated based on the business's potential for further growth beyond the explicit forecast period. The "constant growth model" is applied, which implies an expected constant level of growth (for perpetuity) in the cash flows over the last year of the forecast period.

The discounting factor (rate of discounting the future cash flows) reflects not only the time value of money, but also the risk associated with the business's future operations.

The Business/Enterprise Value so derived, is further reduced by value of debt, if any, (net of cash and cash equivalents) to arrive at value to the owners of business. The surplus assets / non-operating assets are also adjusted.

In case of free cash flows to equity, the cash available for distribution to owners of the business is discounted at the Cost of Equity and the value so arrived is the Equity Value before surplus/ non-operating assets. The surplus assets / non-operating assets are further added to arrive at the Equity Value.

## Market Approach

Under the Market approach, the valuation is based on the market value of the company in case of listed companies and comparable companies trading or transaction multiples for unlisted companies. The Market approach generally reflects the investors' perception about the true worth of the company.



i. Market Price Method

Under this method, the market price of an equity shares of the company as quoted on a recognized stock exchange is normally considered as the fair value of the equity shares of that company where such quotations are arising from the trading. The market value reflects the investors' perception about the true worth of the company.

ii. Comparable Companies Multiple Method

Under the Comparable Companies Multiple ('CCM') method, the value is determined on the basis of multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed 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 and adjusted for differences between the circumstances.

To the value of the business so arrived, adjustments need to be made for the value of contingent assets/liabilities, surplus Asset and dues payable to preference shareholders, if any, in order to arrive at the value for equity shareholders.

iii. Comparable Transactions Multiple Method

Under the Comparable Transactions Multiple ('CTM') method, the value of a company can be estimated by analyzing the prices paid by purchasers of similar companies under similar circumstances. This is a valuation method where one will be comparing recent market transactions in order to gauge current valuation of target company. Relevant multiples have to be chosen carefully and adjusted for differences between the circumstances. This valuation approach is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation.



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## 8. Conclusion on Valuation Approach

### GTL

- 8.1. In order to consider reasonable methods for the valuation exercise, we have referred to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation 2018 as amended from time to time (**'ICDR Regulations'**) and the specific information/explanations available of GTL. As per the proposed agreement of amalgamation, GTL will issue Cumulative, Non-convertible, Non-Participating Redeemable Preference Shares to the existing shareholders of Suryoday One. Therefore, as no equity shares are issued, ICDR Regulations are not applicable to GTL and accordingly we have not valued equity shares of GTL.
- 8.2. We understand that the instrument does not have any embedded option. Therefore, preference shares issued by GTL are valued in accordance with the discounted cash flow method under the income approach, discounting the present value of future dividends and redemption amount. The discount rate is arrived, considering the financial position of GTL, other market and economic factors and the terms of preference shares.
- 8.3. The value of a cumulative, non-convertible, non-participating and redeemable preference shares shall be reflected in the future cash flows of the instrument. Therefore, the market approach/cost approach shall not be considered for the current exercise.

### Suryoday One

- 8.4. We have considered the DCF method under Income Approach for the valuation of Suryoday One as it reflects "going concern value" of the business. We have used the Free Cash Flows to Firm ("FCFF") method under DCF method to calculate equity value of Suryoday One.
- 8.5. The Transferor Company operates a solar power generation plant and distributes the energy to the consumers on the basis of Power Purchase Agreement ("PPA"). The value of a power plant is a function of the tariff rate agreed in the PPA, location of the plant, contracted capacity, term of the agreement, etc. Therefore, the financial & operational parameters and valuation of different power plants shall differ. Further, Suryoday One has only one operating plant as compared to other solar power companies. Hence, Comparable Companies Multiple Method ("CCM") and Comparable Transactions Multiple Method ("CTM") is not considered for determining the fair equity value of Suryoday One.
- 8.6. In a going concern scenario, the earning power, as reflected under the Income Approach, is of greater importance to the basis of amalgamation, than the values arrived at on the net asset basis being of limited relevance. Therefore, we have not considered Asset / Cost approach for valuation since the asset / cost approach does not reflect the intrinsic value of the business in a "going concern scenario".





## 9. Basis of Fair Share Swap ratio

- 9.1. The basis of the fair share swap ratio for the Proposed Scheme would have to be determined after taking into consideration all the factors and methods mentioned hereinabove and to arrive at a final value. It is, however, important to note that in doing so, we are not attempting to arrive at the absolute values of the Transferor Company, but at their relative values to facilitate the determination of the fair share swap ratio. In the current case, the equity valuation of GTL was not considered since the consideration shall be discharged via preference shares.
- 9.2. We have independently applied methods discussed above, as considered appropriate, and arrived at the assessment of value of the Transferor Company.
- 9.3. The fair share swap ratio has been arrived at, based on the various approaches/methods explained herein earlier and various qualitative factors relevant to each Company and the business dynamics and growth potentials of the business, having regard to information base, key underlying assumptions and limitations. For this purpose, we have assigned appropriate weights to the values arrived at under each approach/method.

## 10. Major factors that were considered during the valuation

- 10.1. Key operating/ financial parameters of the Transferor Company;
- 10.2. Terms of issue of the Preference Shares;
- 10.3. Financial Projections of Transferor Company provided to us; and
- 10.4. Discussion with the management of the Transferor Company on future business aspects.



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## 11. Conclusion

11.1. In the ultimate analysis, valuation will have to involve the exercise of judicious discretion and judgment 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 Honorable 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".*

11.2. As discussed earlier, we have used Discounted Cash Flow method to value the Transferor Company and arrived at the recommended fair share swap ratio for amalgamation of Suryoday One into GTL as follows:

Valuation Approach	Valuation Method	GTL <sup>1</sup>		Suryoday One	
		Value Per Share (INR)	Weights	Value Per Share (INR)	Weights
Cost Approach	Summation Method	NA	NA	NA	NA
Income Approach <sup>2</sup>	DCF Method	10.0	1	12.2	1
Market Approach <sup>3</sup>	MP Method	NA	NA	NA	NA
Market Approach <sup>4</sup>	CCM/CTM Method	NA	NA	NA	NA
Value Per Share		10.0		12.2	
Share Swap Ratio (Rounded Off)		1216		1000	

NA means Not Adopted / Not Applicable.



1. Based on the Proposed Scheme, GTL will issue cumulative, non-convertible, non-participating and redeemable preference shares of INR 10/- each to shareholder of Suryoday One. Therefore, the equity shares of GTL are not valued for this exercise.
2. Discounted Cash Flow Method under Income Approach has been considered for valuing Suryoday One based on projections made available by the Transferor Company. The preference shares of GTL are valued based on the discounted cash flow model under the income approach.
3. Since the Transferor Company is an unlisted Company, Market Price Method is not considered for determining the fair value of Suryoday One. Further, such approach is not used for valuation of preference shares of GTL as they are not listed on any recognized stock exchange. We have not considered **Comparable Companies Multiple Method (“CCM”) and Comparable Transactions Multiple Method (“CTM”)** for valuing preference shares of GTL as there are no exact comparable instruments similar to the proposed issue of preference shares of GTL.
4. The Transferor Company operates a solar power generation plant and distributes the energy to the consumers on the basis of Power Purchase Agreement (“PPA”). The value of a power plant is a function of the tariff rate agreed in the PPA, location of the plant, contracted capacity, term of the agreement, etc. Therefore, the financial & operational parameters and valuation of different power plants shall differ. Further, Suryoday One has only one operating plant as compared to other solar power companies. Hence, CCM and CTM is not considered for determining the fair equity value of Suryoday One.

Following is the recommended Fair share swap ratio for Amalgamation:

1216 11% cumulative, non-convertible, non-participating redeemable preference shares of Gokak Textiles Limited (of INR 10/- each fully paid up) for every 1000 equity shares held in Suryoday One Energy Private Limited (of INR 10/- each fully paid up).



# Valuation Annexure

November 2021

Ref. No.: SD/Nov12-88/2021

November 12, 2021

To,

The Board of Directors  
Gokak Textiles Limited  
#1, 2nd Floor, 12th Cross, Ideal Homes,  
Near Jayanna Circle, Rajarajeshwari Nagar,  
Bengaluru - 560 098

The Board of Directors  
Suryoday One Energy Private Limited  
41/44, SP Centre, Minoo Desai Marg,  
Colaba, Mumbai, Maharashtra - 400 005

Dear Sir(s)/ Madam(s),

**Sub: Valuation Annexure in relation to Fair Share Swap Ratio Report for the Proposed Composite Scheme of Arrangement**

This is with reference to BDO Valuation Advisory LLP (**'BDO Val' or 'Us'**) report dated November 12, 2021 with Ref. No.: SD/Nov12-87/2021 (**'Report'**). Please find enclosed relevant computations based on which our recommendation of the fair share swap ratio for the proposed amalgamation of Suryoday One Energy Private Limited (**'Suryoday One' or 'Transferor Company'**) with Gokak Textiles Limited (**'GTL' or 'Transferee Company'**) (together referred to as **'the Companies'**) is arrived.

In this connection, we mention that the computations enclosed herewith need to be viewed in conjunction with the Report and the documents referred to in the Report. The recommendation of the fair share swap ratio for the proposed amalgamation is arrived on the approach and methodology detailed in the Report and various qualitative factors relevant to each specific company having regard to the information, management representations, key underlying assumptions and limitations as referred in the Report.

Regards,

For BDO Valuation Advisory LLP

IBBI Regn No.: IBBI/RV-E/02/2019/103



Swanand Kishor Deshpande

Partner

IBBI Regn No.: IBBI/RV/05/2019/11148



## Annexure 1: Summary of Valuation Approaches & Methodologies used for Valuation Exercise

Company	Market Approach <sup>(1)</sup>	Income Approach - DCF Method <sup>(2)</sup>	Cost Approach
Suryoday One <sup>(3)</sup>	X	✓	X
GTL <sup>(3)</sup>	X	✓	X

Notes:

1. Since the Transferor Company is an unlisted Company, Market Price Method is not considered for determining the fair value of Suryoday One. Further, such approach is not used for valuation of preference shares as they are not listed on any recognized stock exchange. We have not considered Comparable Companies Multiple Method (“CCM”) and Comparable Transactions Multiple Method (“CTM”) for valuing preference shares of GTL as there are no exact comparable instruments similar to the proposed issue of preference shares of GTL. Transferor Company runs a solar power generation plant and distributes the energy to the consumers on the basis of Power Purchase Agreement (“PPA”). The value of a power plant is a function of the tariff rate agreed in the PPA, location of the plant, contracted capacity, term of the agreement, etc. Therefore, CCM and CTM is not used for determining the fair value of Suryoday One.
2. Based on the Proposed Scheme, GTL will issue cumulative non-convertible non-participating and redeemable preference shares of INR 10/- each to shareholder of Suryoday One. Therefore, the equity shares of GTL are not valued for this exercise.
3. Discounted Cash Flow Method under Income Approach has been considered for valuing Suryoday One based on projections made available by the Transferor Company. The preference shares of GTL are valued based on the discounted cash flow model under the income approach.



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In the light of the above, and on consideration of all the relevant factors and circumstances as discussed and outlined in the Report and hereinabove, in our opinion fair share swap ratio for the proposed amalgamation of Suryoday One into GTL is as follows (as per the Report):

Valuation Approach	Valuation Method	GTL		Suryoday One	
		Value Per Share (INR)	Weights	Value Per Share (INR)	Weights
Cost Approach	Summation Method	NA	NA	NA	NA
Income Approach	DCF Method	10.0	1	12.2	1
Market Approach	MP Method	NA	NA	NA	NA
Market Approach	CCM/CTM Method	NA	NA	NA	NA
<b>Value Per Share</b>		<b>10.0</b>		<b>12.2</b>	
<b>Swap Ratio (Rounded Off)</b>		<b>1216</b>		<b>1000</b>	

NA= Not Adopted/Not Applicable

#### Recommendation:

1216 11% cumulative, non-convertible, non-participating redeemable preference shares of Gokak Textiles Limited (of INR 10/- each fully paid up) for every 1000 equity shares held in Suryoday One Energy Private Limited (of INR 10/- each fully paid up).



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## Annexure 2: Valuation of Preference Shares of Gokak Textiles Limited:

The Management of GTL has provided us with the terms of the preference shares. The Management has also confirmed that the GTL shall be able to service the dividend obligations from year 2 onwards. The value of a cumulative, non-convertible, non-participating and redeemable preference shares shall be reflected in the future cash flows of the instrument. Therefore, we have used the income approach to value the preference shares.

### Income Approach

#### A) GTL

Discounting Rate		10.9%									
<i>(Amount in INR)</i>											
Date of Payment	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Coupon Payments	-	2.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Redemption Price											10.0
<b>Total Payment</b>	-	2.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	11.1
Discounting Factor	0.9	0.8	0.7	0.7	0.6	0.5	0.5	0.4	0.4	0.4	
<b>Present Value of Total Payment</b>	-	1.8	0.8	0.7	0.7	0.6	0.5	0.5	0.4	0.4	3.9
<b>Value of RPS</b>											10.0

The discount rate is arrived, considering the financial position of GTL, other market and economic factors and the terms of preference shares.

## Annexure 3: Valuation of Suryoday One as per DCF approach

We have considered the DCF method under Income Approach for the valuation of Suryoday One as it reflects “going concern value” of the business. We have used the Free Cash Flows to Firm (“FCFF”) method under DCF method to calculate equity value of the Suryoday One.

Particulars	INR Mn
NPV of Explicit Period	2,694.3
<b>Enterprise Value (EV)</b>	<b>2,694.3</b>
<i>Net Debt Adjustment</i>	<i>(2,199.2)</i>
<b>Equity Value</b>	<b>495.1</b>
<b>Equity Value as on Valuation Date</b>	<b>500.8</b>
Illiquidity Discount	15%
<b>Adjusted Equity Value</b>	<b>425.7</b>







To,  
The General Manager  
Department of Corporate Services  
BSE Limited, P J Towers,  
Dalal Street, Fort,  
Mumbai - 400 001

November 24, 2021

BSE Scrip Code: 532957

Dear Sir,

**Sub: Declaration under Part I Para A 2(b) of SEBI Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020 as amended by SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/ P/2021/ 657 dated November 16, 2021 ("SEBI Circular")**

In connection with our application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") for the Draft Composite Scheme of Arrangement for (i) Reduction of Share Capital and Re-organisation of reserves of Gokak Textiles Limited ("Gokak" or "Transferee Company" for Part D of the Scheme); and (ii) Amalgamation of by way of absorption of Suryoday One Energy Private Limited ("Suryoday" or "Transferor Company" for Part D of the Scheme) with and into Gokak Textiles Limited, we have obtained valuation report from BDO Valuation Advisory LLP dated November 12, 2021 for determining share swap ratio upon proposed merger. The valuation is based upon draft financials of Gokak Textiles Limited and Suryoday One Energy Private Limited for the period under September 30, 2021.

As required under aforesaid SEBI Circular, we hereby undertake that no material event impacting the valuation has occurred during the intervening period of filing the scheme documents with the BSE and period under consideration for valuation.

For Gokak Textiles Limited

Ramesh R. Patil  
Chief Executive Officer & Managing Director  
DIN: 07568951  
Date: November 24, 2021  
Place: Mumbai





To,  
The General Manager  
Department of Corporate Services  
BSE Limited, P J Towers,  
Dalal Street, Fort,  
Mumbai - 400 001

November 24, 2021

**BSE Scrip Code: 532957**

Dear Sir,

Sub: Declaration under Part I Para A 2(j) of SEBI Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020 as amended by SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/ P/2021/ 657 dated November 16, 2021 (“SEBI Circular”)

This is in connection with our application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR Regulations”) for the Draft Composite Scheme of Arrangement for (i) Reduction of Share Capital and Re-organisation of reserves of Gokak Textiles Limited (“Gokak” or “Transferee Company” for Part D of the Scheme); and (ii) Amalgamation of by way of absorption of Suryoday One Energy Private Limited (“Suryoday” or “Transferor Company” for Part D of the Scheme) with and into Gokak Textiles Limited.

As required under aforesaid SEBI Circular, we hereby declare that Gokak Textiles Limited and Suryoday One Energy Private Limited have not issued any listed debt obligations, and hence the requirement of declaration of on any past defaults in relation to listed debt obligations under Part I Para A 2(j) of the SEBI Circular does not apply.

For Gokak Textiles Limited

*R. Patil*

Ramesh R. Patil  
Chief Executive Officer & Managing Director  
DIN: 07568951  
Date: November 24, 2021  
Place: Mumbai







Compliance Report with the requirements specified in Annexure IV of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 read with SEBI Circular No. CFD/DIL3/CIR/2018/2 ("Circulars")

Sub: Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") for the Draft Composite Scheme of Arrangement for (i) Reduction of Share Capital and Re-organisation of reserves of Gokak Textiles Limited ("Gokak" or "Transferee Company" for Part D of the Scheme); and (ii) Amalgamation of by way of absorption of Suryoday One Energy Private Limited ("Suryoday" or "Transferor Company" for Part D of the Scheme) with and into Gokak Textiles Limited

It is hereby certified that the draft Composite Scheme of Arrangement involving Gokak Textiles Limited and Suryoday One Energy Private Limited does not, in any way violate, override or limit the provisions of securities laws or requirements of the Stock Exchange(s) and the same is in compliance with the applicable provisions of LODR Regulations and the Circulars, including the following:

Sr. No.	Reference	Particulars	Status
1	Regulations 17 to 27 of LODR Regulations	Corporate governance requirements.	Complied
2	Regulation 11 of LODR Regulations	Compliance with securities laws.	Complied
Requirements of this circular			
(a)	Para (I)(A)(2)	Submission of documents to Stock Exchanges.	Complied
(b)	Para (I)(A)(3)	Conditions for schemes of arrangement involving unlisted entities.	Complied
(c)	Para (I)(A)(4)(a)	Submission of Valuation Report	Complied
(d)	Para (I)(A)(5)	Auditors certificate regarding compliance with Accounting Standards.	Complied

*Gokak Textiles Limited*

*Report*





(e)	Para (I)(A)(9)	As conditions mentioned in Para (I)(A)(9) of the SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 are not triggered, no requirement of approval of majority of public shareholders. A certificate from statutory auditor of the company and an undertaking in this behalf is submitted by the Company separately.	Not applicable since listed company will obtain approval of majority of public shareholders
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Rakesh M. Nanwani  
Company Secretary & Compliance Officer  
Gokak Textiles Limited



Ramesh R. Patil  
Chief Executive Officer & Managing Director  
Gokak Textiles Limited

Certified that the transactions / accounting treatment provided in the draft composite scheme of arrangement involving Gokak Textiles Limited and Suryoday One Energy Private Limited are in compliance with all the Accounting Standards applicable to a listed entity.

Vipin Kumar Sharma  
Chief Financial Officer  
Gokak Textiles Limited



Ramesh R. Patil  
Chief Executive Officer & Managing Director  
Gokak Textiles Limited







To,  
The General Manager  
Department of Corporate Services  
BSE Limited, P J Towers,  
Dalal Street, Fort,  
Mumbai - 400 001

December 13, 2021

**BSE Scrip Code: 532957**

Dear Sir,

**Sub: Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") for the Draft Composite Scheme of Arrangement for (i) Reduction of Share Capital and Re-organisation of reserves of Gokak Textiles Limited ("Gokak" or "Transferee Company" for Part D of the Scheme); and (ii) Amalgamation of by way of absorption of Suryoday One Energy Private Limited ("Suryoday" or "Transferor Company" for Part D of the Scheme) with and into Gokak Textiles Limited**

In connection with the above application, we hereby confirm that:

- a) The proposed composite scheme of arrangement to be presented to any Tribunal does not in any way violate or override or circumscribe the provisions of the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, Securities Contracts (Regulation) Rules, 1957, RBI Act, the Depositories Act, 1996, the Companies Act, 1956 / Companies Act, 2013, the rules, regulations and guidelines made under these Acts, the provisions as explained in Regulation 11 of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 and the requirements of SEBI circulars and BSE Limited.
- b) In the explanatory statement to be forwarded by the company to the shareholders u/s 230-232 of the Companies Act, 2013 it shall disclose:
  - i) the pre and post - arrangement (expected) capital structure and shareholding pattern;
  - ii) the "fairness opinion" obtained from an Independent merchant banker on valuation of shares done by the valuer for the company and unlisted company;
  - iii) Information about unlisted companies involved in the scheme as per the format provided in Part E of Schedule VI of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - iv) The Complaint report as per Annexure III;
  - v) The observation letter issued by BSE Limited
- c) The draft composite scheme of arrangement together with all documents mentioned in Para I(A)(7)(a) of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017, has been disseminated on company's website as per Website link given hereunder:  
<http://www.gokakmills.com/>



*R.P. Pallonji*





- d) The listed company shall submit to the designated stock exchange a report from its Audit Committee and the Independent Directors certifying that the listed entity has compensated the eligible shareholders, within a period of 90 days from the date of allotment as per the draft scheme submitted to SEBI. Both the reports shall be submitted within 7 days of compensating the shareholders.
- e) The company shall disclose the observation letter of the stock exchange on its website within 24 hours of receiving the same.
- f) The company shall obtain shareholders' approval by way of special resolution passed through e-voting, if applicable. Further, the company shall proceed with the draft scheme only if the vote cast by the public shareholders in favor of the proposal is more than the number of votes cast by public shareholders against it.
- g) The documents filed by the Company with the Exchange are same in all respect, which have been filed by the Company with Registrar of Companies/ SEBI/ Reserve Bank of India, wherever applicable.
- h) There will be no alteration in the Share Capital of Suryoday One Energy Private Limited from the one given in the draft Scheme of Arrangement.
- i) None of the promoters or directors of the companies involved in the scheme is a fugitive economic offender.

For Gokak Textiles Limited

Ramesh R. Patil  
Chief Executive Officer & Managing Director  
DIN: 07568951  
Date: December 13, 2021  
Place: Mumbai





# BATLIBOI & PUROHIT

## Chartered Accountants

The Board of Directors,  
Gokak Textiles Limited,  
No. 1, 2<sup>nd</sup> Floor, 12<sup>th</sup> Cross,  
Ideal Homes, Near Jayanna Circle,  
Rajeshwari Nagar,  
Bangalore – 560 098.

### Independent Auditor's certificate on the proposed accounting treatment included in the Draft Composite Scheme of Arrangement

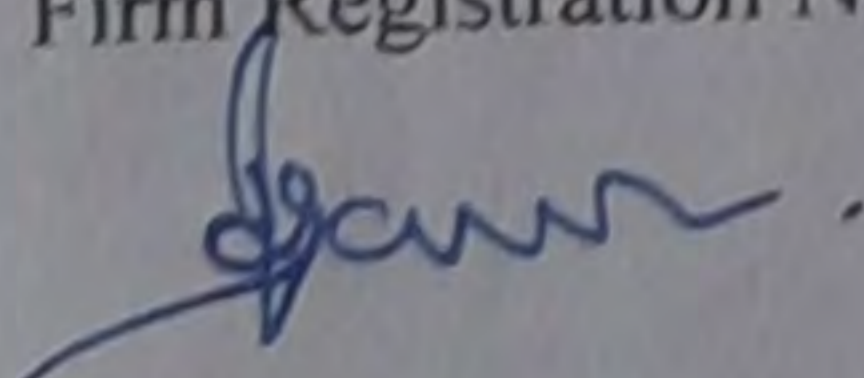
We, the statutory auditors of Gokak Textiles Limited (hereinafter referred to as "the Company"), have examined the proposed accounting treatment specified in Clause 7 and Clause 13 of the Draft Scheme of Arrangement, approved by the Board of Directors of the Company on November 12, 2021, between Suryoday One Energy Private Limited and Gokak Textiles Limited in terms of the provisions of sections 230-232 read with section 66 and other applicable provisions of the Companies Act, 2013 with reference to its compliance with the applicable Accounting Standards notified under the Companies Act, 2013 and Other Generally Accepted Accounting Principles.

The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Accounting Standards as aforesaid, is that of the Board of Directors of the Companies involved. Our responsibility is to examine and report whether the Draft Scheme complies with the applicable Accounting Standards and Other Generally Accepted Accounting Principles. Nothing contained in this Certificate, nor anything said or done in the course of, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company. We carried out our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes, issued by the Institute of Chartered Accountants of India.

Based on our examination and according to the information and explanations given to us, we confirm that the accounting treatment contained in the aforesaid scheme is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder and all the applicable Accounting Standards notified by the Central Government under the Companies Act, 2013.

This Certificate is issued at the request of the Gokak Textiles Limited pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for onward submission to the BSE Limited. This Certificate should not be used for any other purpose without our prior written consent.

**For Batliboi & Purohit**  
Chartered Accountants  
Firm Registration No. 101048W



**N. S. Gaur**  
Partner  
Membership No. 137138  
ICAI UDIN: 21137138AAAAAL3216  
Place: Mumbai  
Date: December 15, 2021







To,  
The General Manager  
Department of Corporate Services  
BSE Limited, P J Towers,  
Dalal Street, Fort,  
Mumbai - 400 001

November 24, 2021

**BSE Scrip Code: 532957**

Dear Sir,

**Sub: Declaration under Part I Para A 2(k) of SEBI Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020 as amended by SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/ P/2021/ 657 dated November 16, 2021 (“SEBI Circular”)**

This is in connection with our application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR Regulations”) for the Draft Composite Scheme of Arrangement for (i) Reduction of Share Capital and Re-organisation of reserves of Gokak Textiles Limited (“Gokak” or “Transferee Company” for Part D of the Scheme); and (ii) Amalgamation of by way of absorption of Suryoday One Energy Private Limited (“Suryoday” or “Transferor Company” for Part D of the Scheme) with and into Gokak Textiles Limited.

We hereby declare that Gokak Textiles Limited does not have any outstanding loans from scheduled commercial banks / financial institutions, and hence requirement of obtaining NOC from scheduled commercial banks/ financial institutions does not apply.

For Gokak Textiles Limited

Ramesh R. Patil  
Chief Executive Officer & Managing Director  
DIN: 07568951  
Date: November 24, 2021  
Place: Mumbai







To,  
The General Manager  
Department of Corporate Services  
BSE Limited, P J Towers,  
Dalal Street, Fort,  
Mumbai - 400 001

December 13, 2021

**BSE Scrip Code: 532957**

Dear Sir,

**Sub: Declaration under Part II Para A 1(c) and 1(d) of SEBI Circular No. SEBI/HO/CFD/DIL1/CIR / P/2021/665 dated November 23, 2021 ("SEBI Master Circular")**

This is in connection with our application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") for the Draft Composite Scheme of Arrangement for (i) Reduction of Share Capital and Re-organisation of reserves of Gokak Textiles Limited ("Gokak" or "Transferee Company" for Part D of the Scheme); and (ii) Amalgamation of by way of absorption of Suryoday One Energy Private Limited ("Suryoday" or "Transferor Company" for Part D of the Scheme) with and into Gokak Textiles Limited.

As required under aforesaid SEBI Circular, we hereby declare that:

- a. Gokak Textiles Limited will not issue / reissue any shares, not covered under the Draft Scheme of Arrangement
- b. As on date of application, there are no outstanding warrants/ instruments/agreements which give right to any person to take the equity shares in Gokak Textiles Limited at any future date.

For Gokak Textiles Limited

Rakesh M. Nanwani  
Company Secretary & Compliance Officer



Date: December 13, 2021

Place: Mumbai



Dear Mr. Prasad / BSE Team,

**Ref: Application no. 142783 for Scheme of Arrangement**

Please see below our responses (along with relevant attachments) to your queries raised on December 22, 2021 in relation to proposed Scheme of Arrangement for Gokak Textiles Limited.

1. Submit 7% cumulative debenture as per Reg 31 format - **Attached**
2. Valuation report from Independent Chartered Accountant as applicable as per Para I(A)(4) of Annexure I of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 : It is observed that financials considered for the Transferor Company are provisional figures and not audited in terms of SEBI Circular. - **Attached addendum to the Valuation report and also attached the Valuation report for reference.**
3. No objection certificate (NOC) from lending scheduled commercial banks/ financial institutions/ debenture trustees : Company has not submitted confirmation from the debenture trustee in the document submitted. - **Attached updated NOC**
4. In the clause 22.3 of the draft scheme, kindly mention e-voting applicable to the Transferor Company. Further, in a tabular format confirmation of old and new clause and further confirmation that no change apart from aforesaid changes. - **Attached updated scheme and confirmation in tabular format.**
5. Also attached PDF of responses by Gokak Textiles Limited to queries raised by BSE on December 06, 2021.

For Gokak Textiles Limited



Rakesh M. Nanwani  
Company Secretary & Compliance Officer,  
Gokak Textiles Limited  
Mobile: + 91 9449873913  
Email: [rakesh.nanwani@gokaktextiles.com](mailto:rakesh.nanwani@gokaktextiles.com)

Encl: As above

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## **GOKAK TEXTILES LIMITED**

Registered Office: #1, 2<sup>nd</sup> Floor, 12<sup>th</sup> Cross, Ideal Homes, Near Jayanna Circle,  
Rajarajeshwari Nagar, Bengaluru - 560 098  
Telephone No. : +91 80 29744077 / +91 80 29744078, [www.gokakmills.com](http://www.gokakmills.com)  
GSTIN: 29AACCG8244P1ZX      CIN: L17116KA2006PLC038839



Tel: +91 22 6277 1600

BDO Valuation Advisory LLP  
The Ruby, Level 9, North West Wing  
Senapati Bapat Marg, Dadar (W)  
Mumbai 400028, India

Ref. No.: SD/Dec23-107/2021

December 23, 2021

To,

The Board of Directors  
Gokak Textiles Limited  
#1, 2nd Floor, 12th Cross, Ideal Homes,  
Near Jayanna Circle, Rajarajeshwari Nagar,  
Bengaluru - 560 098

The Board of Directors  
Suryoday One Energy Private Limited  
41/44, SP Centre, Minoo Desai Marg,  
Colaba, Mumbai, Maharashtra - 400 005

Dear Sir(s)/ Madam(s),

**Sub: Addendum to Report dated November 12, 2021 bearing its reference number SD/Nov12-87/2021 and Valuation Annexure dated November 12, 2021 bearing its reference number SD/Nov12-88/2021 issued to Recommend the Share Swap Ratio for the Proposed Composite Scheme of Arrangement.**

We, BDO Valuation Advisory LLP (**'BDO Val' or 'We' or 'Us'**), have been appointed by Gokak Textiles Limited (**"GTL"**) & Suryoday One Energy Private Limited (**"Suryoday One"**) vide letter dated July 30, 2021 bearing reference number SD/Jul302/2021 to recommend the fair share swap ratio for amalgamation of Suryoday One Energy Private Limited (**'Suryoday One' or 'Transferor Company'**) with Gokak Textiles Limited (**'GTL' or 'Transferee Company'**) on a going concern basis, as per the proposed Composite Scheme of Arrangement and Merger by Absorption between GTL and Suryoday One and their respective shareholders (**"the Proposed Scheme"**) under sections 230 to 232 of the Transferor Company Act, 2013 (**'the Act'**) and other applicable provisions of the Act.

In this regard, we had issued Report dated November 12, 2021 bearing its reference number SD/Nov12-87/2021 and Valuation Annexure dated November 12, 2021 bearing its reference number SD/Nov12-88/2021, recommending the Share Swap Ratio for the Proposed Composite Scheme of Arrangement.

We had considered the provisional financial statements of Suryoday One as at September 30, 2021 for determining the swap ratio, since the audited financial statements were approved subsequent to our report date. We have been requested to issue this addendum considering the audited financial statements of Suryoday One.

We have reviewed the audited financial statements of Suryoday One for the six months period ended September 30, 2021, provided to us on December 23, 2021 and we believe that there shall be no material impact on the valuation of Suryoday One and the recommended share swap ratio.

BDO Valuation Advisory LLP, an Indian limited liability partnership firm, with LLP Identity No. AAN 9463, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



This clarification shall be read in conjunction to the Valuation Report & our previous addendum bearing reference number SD/Dec15-103/2021. All other terms and conditions & other contents mentioned in the Valuation Report shall remain unchanged and would apply to this clarification to the Valuation Report as well.

Regards,

For BDO Valuation Advisory LLP

IBBI No.: IBBI/RV-E/02/2019/103

A handwritten signature in blue ink, appearing to read 'Swanand', written over a horizontal line.

Swanand Kishor Deshpande

Partner

IBBI No.: IBBI/RV/05/2019/11148







To,  
The General Manager  
Department of Corporate Services  
BSE Limited, P J Towers,  
Dalal Street, Fort,  
Mumbai - 400 001

December 23, 2021

BSE Scrip Code: 532957

Dear Sir,

**Sub: Declaration under Part I Para A 2(k) of SEBI Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020 as amended by SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/ P/2021/ 657 dated November 16, 2021 ("SEBI Circular")**

This is in connection with our application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") for the Draft Composite Scheme of Arrangement for (i) Reduction of Share Capital and Re-organisation of reserves of Gokak Textiles Limited ("Gokak" or "Transferee Company" for Part D of the Scheme); and (ii) Amalgamation of by way of absorption of Suryoday One Energy Private Limited ("Suryoday" or "Transferor Company" for Part D of the Scheme) with and into Gokak Textiles Limited.

We hereby declare that Gokak Textiles Limited does not have any outstanding loans from scheduled commercial banks / financial institutions / debenture trustees, and hence requirement of obtaining NOC from scheduled commercial banks/ financial institutions/ debenture trustees does not apply.

For Gokak Textiles Limited

*R.R. Patil*

Ramesh R. Patil  
Chief Executive Officer & Managing Director  
DIN: 07568951  
Date: December 23, 2021  
Place: Mumbai







To,  
The Manager  
Listing Operations/ Further Issues  
BSE Limited, P J Towers,  
Dalal Street, Fort,  
Mumbai - 400 001

December 23, 2021

BSE Scrip Code: 532957

Dear Sir,

**Subject: Correspondence from the BSE dated December 22, 2021 regarding certain clarifications required from Gokak Textiles Limited in relation to the draft Scheme of Arrangement proposed to be filed under Sections 230-232 and Section 66 of Companies Act, 2013 for (i) Reduction of Share Capital and Re-organisation of reserves of Gokak Textiles Limited ("Gokak" or "Transferee Company" for Part D of the Scheme); and (ii) Amalgamation of by way of absorption of Suryoday One Energy Private Limited ("Suryoday" or "Transferor Company" for Part D of the Scheme) with and into Gokak Textiles Limited**

In connection with the captioned subject, we hereby undertake and confirm that other than the changes/ modifications mentioned in the below table, there are no other changes/ modifications that have been carried out in the revised draft Scheme of Arrangement.

Old Scheme	Revised Scheme
22.3 The scheme is conditional upon scheme being approved by the public shareholders through e-voting in terms of Part - I (A)(10)(a) of SEBI Master circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020, and the scheme shall be acted upon only if vote cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it.	22.3 The scheme is conditional upon scheme being approved by the public shareholders <b>of the Transferee Company</b> through e-voting in terms of Part - I (A)(10)(a) of SEBI Master circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020, and the scheme shall be acted upon only if vote cast by the public shareholders <b>of the Transferee Company</b> in favour of the proposal are more than the number of votes cast by the public shareholders <b>of the Transferee Company</b> against it.

For Gokak Textiles Limited

*R.R. Patil*

Ramesh R. Patil  
Chief Executive Officer & Managing Director  
DIN: 07568951  
Date: December 23, 2021  
Place: Mumbai



Dear Mr. Prasad / BSE Team,

January 11, 2022

**Ref: Application no. 142783 for Scheme of Arrangement**

Please see below our responses (along with relevant attachments) to your queries raised on January 06, 2022 in relation to proposed Scheme of Arrangement for Gokak Textiles Limited

1) As per the scheme against in lieu of cancellation of 17,50,00,000 preference shares and write-back of borrowings, GTL shall issue 23,58,10,000 7% Cumulative Debentures of face value of Rs.10/- each. In this regard, kindly submit rational for the same and basis for arriving at this swap ratio.

- Pursuant to Para 6.1 of the draft Scheme, 17,50,00,000 preference shares of face value INR 10 each shall be cancelled, amounting to INR 175 crores
- Further, borrowings of GTL from Shapoorji Pallonji and Company Private Limited ('SPCPL') shall be written-back, except to the extent of INR 50 crores
- Total borrowings (incl. accrued interest) of GTL from SPCPL amounts to INR 110.81 crores. Accordingly, borrowings to extent of INR 60.81 crores shall be written back.
- Therefore, total of preference shares cancelled and borrowings written back shall be INR 235.81 crores (175 + 60.81) pursuant to the Scheme becoming effective.
- In lieu of the above, an equivalent number of debentures amounting to 235.81 Crore of INR 10 each shall be issued in order to restructure the balance sheet of GTL.

2) As per para 3.13 of the draft scheme, the definition of the Stock Exchanges, names of BSE Ltd and National Stock Exchange of India Ltd. have been mentioned. However, GTL is listed only on BSE Ltd. Further, in para 5.1 of the draft scheme below the table giving capital details of GTL it is mentioned that "As on the date of approval of the Scheme by the Board of Directors of the Transferor Company, there is no change in the authorised, issued, subscribed and paid-up share capital of the Transferor Company". Thus it is observed that instead of Transferee Company, the transferor company is mentioned. In this regard, kindly make necessary changes in the draft scheme and submit revised draft scheme and a confirmation inter alia highlighting the changes made in the scheme and also confirming that other than the changes mentioned in said confirmation letter, there is no other change in the scheme which was earlier filed with the Exchange(s) - **Attached updated Scheme as Annexure A and undertaking as Annexure B.**

3) Confirmation from the Company as to whether the Debentures to be issued as per para 6.2 of the draft scheme and NCRPs to be issued as per para 12.1 of the draft scheme will get listed or not. Further also confirm whether the debentures issued pursuant to the para 6.2 of the draft scheme are convertible or non-convertible debenture. - **Attached confirmation letter as Annexure C.**

For Gokak Textiles Limited



Rakesh M. Nanwani  
Company Secretary & Compliance Officer

Encl: As above

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## GOKAK TEXTILES LIMITED

Registered Office: #1, 2<sup>nd</sup> Floor, 12<sup>th</sup> Cross, Ideal Homes, Near Jayanna Circle,  
Rajarajeshwari Nagar, Bengaluru - 560 098

Telephone No. : +91 80 29744077 / +91 80 29744078, www.gokakmills.com

GSTIN: 29AACCG8244P1ZX CIN: L17116KA2006PLC038839

## COMPOSITE SCHEME OF ARRANGEMENT

AMONGST

SURYODAY ONE ENERGY PRIVATE LIMITED

("Transferor Company" for Part D of the Scheme)

AND

GOKAK TEXTILES LIMITED

("Transferee Company" for Part D of the Scheme)

AND

THEIR RESPECTIVE SHAREHOLDERS

UNDER SECTIONS 230 TO 232 READ WITH SECTIONS 66 AND OTHER  
APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND RULES FRAMED THEREUNDER

## (A) PREAMBLE

This Composite Scheme of Arrangement and Merger by Absorption ("**Scheme**") is presented under Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 and the rules and regulations made thereunder for

- a. Reduction of Share Capital and Re-organisation of reserves of Gokak Textiles Limited ("**Gokak**") or "**Transferee Company**" for Part D of the Scheme) in a manner as set out in the Scheme;
- b. Amalgamation of by way of absorption of Suryoday One Energy Private Limited ("**Suryoday**" or "**Transferor Company**" for Part D of the Scheme) with and into Gokak Textiles Limited

## (B) Parts of the Scheme

This Scheme is divided into the following parts: -

**Part A** deals with the description of the companies and the rationale for the Scheme;





**Part B** deals with the definitions and the share capital of the Transferor Company and Transferee Company;

**Part C** deals with the Reduction of Share Capital and Re-organisation of reserves of Gokak Textiles Limited;

**Part D** deals with the Amalgamation by absorption of Transferor Company with and into Transferee Company; and

**Part E** deals with the general terms and conditions applicable to this Scheme.

The Scheme also provides for various other matters consequential, incidental or otherwise integrally connected herewith.

## **PART A – GENERAL**

### **1. DESCRIPTION OF THE COMPANIES**

- 1.1. Suryoday One Energy Private Limited ("**Suryoday**" or "**Transferor Company**" for Part D of the Scheme) was incorporated as a private limited company in the State of Maharashtra under the provisions of the Companies Act, 2013 on 14 February, 2017 vide Corporate Identity Number U40101MH2017PTC291189, having registered office at #1, 2nd Floor, 12th Cross, Ideal Homes, Near Jayanna Circle, Rajarajeshwari Nagar, Bengaluru – 560098 and having PAN AAYCS1295A and email ID of its authorised representative is [secretarial.infra@shapoorji.com](mailto:secretarial.infra@shapoorji.com) . The Transferor Company was incorporated to develop, execute, manage and run solar power generation plant (project) at Gokak Falls, Belagavi District, in the State of Karnataka in accordance with the policy of the Government of Karnataka relating to production, supply and distribution of solar energy.
- 1.2. Gokak Textiles Limited ("**Gokak**" or the Transferee Company" for Part D of the Scheme) was incorporated as a public limited company in the State of Karnataka under the provisions of the Companies Act, 1956, in the name and style of ANS Textiles (Bangalore) Limited on 27<sup>th</sup> March, 2006 and received its certificate for commencement of business on 15<sup>th</sup> December, 2006. Subsequently, on 23<sup>rd</sup> January 2007, its name was changed to its current name i.e., Gokak Textiles Limited. It has its registered office at #1, 2nd Floor, 12th Cross, Ideal Homes, Near Jayanna Circle, Rajarajeshwari Nagar, Bangalore - 560098 and having PAN AACCG8244P and email ID of its authorised



representative is [administrator@gokaktextiles.com](mailto:administrator@gokaktextiles.com) . It has its Corporate Identity Number as L17116KA2006PLC038839. The Transferee Company was incorporated to carry on, in any part of India and abroad, the business of spinners, weavers, manufacturers, ginners, pressers, packers, processors, importers, exporters, distributors, sellers, dealers, agents, factors, merchants, traders, stockists or to barter, exchange, pledge, make advances upon, speculate, convert, alter, enter into forward transactions or otherwise deal in ramie, raw jute, cotton, kapash, cotton seeds, flex, hemp, silk or any other natural fibrous material, Polyamide, Polyester, rayon or any other types of man-made fibrous materials; or, in general, of any fibres, filaments, yarns and fabrics (whether textile, felted, looped or otherwise) manufactured and/or processed from any base whether organic or inorganic or compounds or mixtures thereof, by physical, chemical or any other process.

## 2. OBJECT AND RATIONALE OF THIS SCHEME

2.1 Rationale for Part C of the Scheme which deals with the reduction of capital and re-organisation of reserves of the Transferee Company in the manner set out in this Scheme can provide benefits to the shareholders / stakeholders as under:

- a. Under this Scheme, if approved, will enable the Transferee Company, i.e. Gokak Textiles Limited to consolidate the ownership of the power business and also provide reliable source of power for its textile division;
- b. The Scheme does not involve any financial outlay / outgo and therefore, would not affect the ability or liquidity of Gokak Textiles Limited to meet its obligations / commitments in the normal course of business. Further, this Scheme would also not in any way adversely affect the ordinary operations of the Company.

2.2 Rationale for Part D of the Scheme which deals with the amalgamation by absorption of Transferor Company with and into Transferee Company. Integration of the business of the Transferee Company and the Transferor Company can provide benefits to the shareholders / stakeholders as under:

- a. Enabling the Transferee Company, i.e. Gokak Textiles Limited to further consolidate its renewable energy business by adding Solar Power business to existing Hydro Power business of its Subsidiary Company;
- b. Provide reliable source of power to its textile business; and
- c. The Transferee Company can explore better avenues for energy business for further expansion in future.



Accordingly, the Board of Directors of the Transferor Company and the Transferee Company have formulated this Scheme to undertake various steps as envisaged under Part C, and Part D of this Scheme pursuant to the provisions of Sections 230-232 read with Section 66 and other relevant provisions of the Companies Act, 2013 (including any statutory modification or re-enactment or amendment thereof).

There is no likelihood that interests of any shareholder or creditor of any of the Transferor Company, or the Transferee Company would be prejudiced as a result of the Scheme. The Scheme does not affect the rights of the creditors of the Transferor Company or the Transferee Company. There will not be any reduction in amounts payable to the creditors of the Transferor Company or the Transferee Company, nor there shall be any change in terms with creditors which is adverse to their interest, pursuant to the sanctioning of this Scheme.

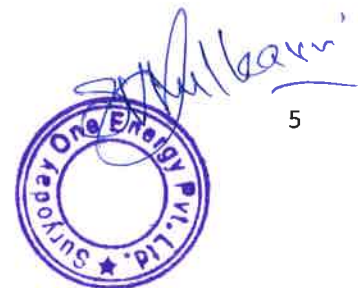


## PART B – DEFINITIONS AND SHARE CAPITAL

### 3. DEFINITIONS

In this Scheme, unless repugnant to the context, the following expressions shall have the following meaning:

- 3.1 **“Act”** means the Companies Act, 1956 and/or Companies Act, 2013, to the extent its provisions relevant for this Scheme are notified and ordinances, rules and regulations made thereunder and shall include any statutory modifications, re-enactment or amendment thereof for the time being in force;
- 3.2 **“Appointed Date”** means the 1st day of April, 2021 or such other date as may be approved by the Honorable National Company Law Tribunal(s) , for the purposes of this Scheme;
- 3.3 **“Board of Directors” or “Board”** means the Board of Directors of the Transferor Company or the Transferee Company, as the case may be, and shall include a duly constituted committee(s) thereof;
- 3.4 **“BSE”** shall mean BSE Limited;
- 3.5 **“Effective Date”** means the date on which last of the conditionalities specified in Clause 22 of the Scheme is fulfilled. Any reference in this Scheme to the date “upon the Scheme becoming effective” or “effectiveness of the Scheme” or “upon coming into effect of this Scheme” or “upon the Scheme coming into effect” shall mean the Effective Date, as defined in this Clause;
- 3.6 **“Encumbrance”** means any options, pledge, mortgage, lien, security, interest, claim, charge, pre-emptive right, easement, limitation, attachment, restraint or any other encumbrance of any kind or nature whatsoever, and the term "Encumbered" shall be construed accordingly;
- 3.7 **“Governmental Authority”** means any applicable Central, State or local government, legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction and shall include any other authority which supersedes the existing authority;



- 3.8 **“Merger” or “Merger by absorption” or “Amalgamation” or “Amalgamation by Absorption”** means the merger or amalgamation in accordance with the provisions of Section 2(1B) of the Income Tax Act, 1961 of the Transferor Company with and into the Transferee Company;
- 3.9 **“NCLT”** means Honorable National Company Law Tribunal(s), having jurisdiction in relation to the Transferor Company and Transferee Company;
- 3.10 **“Record Date”** means the date to be fixed by the Board of Directors of the Transferee Company or a committee thereof, in consultation with the Board of Directors of the Transferor Company, for the purpose of determining the members of the Transferor Company to whom new shares in the Transferee Company will be allotted under Part C of the Scheme;
- 3.11 **“Scheme” or “the Scheme” or “this Scheme” or “Composite Scheme of Arrangement and Amalgamation”** means this Composite Scheme of Arrangement, as amended or modified, in its present form submitted to the NCLT for approval, with or without any modifications, as may be approved or imposed or directed by the NCLT or any other appropriate authority.
- 3.12 **“SEBI”** means Securities and Exchange Board of India;
- 3.13 **“Stock Exchanges”** means BSE Limited;
- 3.14 **“Taxation” or “Tax” or “Taxes”** means all forms of taxes and statutory, governmental, state, provincial, local government or municipal impositions, duties, contribution and levies and whether levied by reference to income, profit, book profits, gains, net wealth, asset values, turnover, added value or otherwise and shall further include payments in respect of or on account of Tax, whether by way of deduction at source, advance tax, minimum alternate tax, minimum alternate tax credit or otherwise or attributable directly or primarily to Transferor Company and Transferee Company, as the case may be or any other person and all penalties, charges, costs and interest relating thereto;
- 3.15 **“Tax Laws”** means all the applicable laws, acts, rules and regulations dealing with Taxes including but not limited to the any tax liability under the Income-tax Act, 1961, Customs Act 1962, Central Excise Act, 1944, Goods and Services Tax Act, 2017, State Value Added Tax laws, Central Sales Tax Act, 1956 or other applicable laws/ regulations dealing with taxes/ duties/ levies of similar nature;



- 3.16 **“Transferee Company”** or **“Gokak”** means Gokak Textiles Limited, a company incorporated under the Act and having CIN L17116KA2006PLC038839 and having its registered office at #1, 2nd Floor, 12th Cross, Ideal Homes, Near Jayanna Circle, Rajarajeshwari Nagar, Bangalore – 560098 and listed its equity shares / securities on BSE Limited;
- 3.17 **“Transferor Company”** or **“Suryoday”** means Suryoday One Energy Private Limited, a company incorporated under the Act and having CIN U40101MH2017PTC291189 and having its registered office at #1, 2nd Floor, 12th Cross, Ideal Homes, Near Jayanna Circle, Rajarajeshwari Nagar, Bengaluru – 560098;
- 3.18 **“Transition period”** means period starting from the Appointed Date till the Effective Date

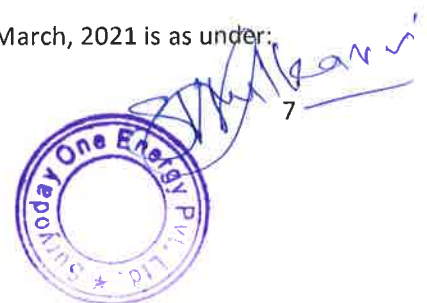
All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.

#### 4. DATE OF TAKING EFFECT AND OPERATIVE DATE

- 4.1 The Scheme shall be effective in its present form or with any modification(s) approved or imposed or directed by the NCLT or any other appropriate authority and shall become effective from the Appointed Date, as defined under this Scheme in accordance with Section 232(6) of the Act.
- 4.2 The merger of the Transferor Company with and into the Transferee Company shall be in accordance with Section 2(1B) of the Income Tax Act, 1961. If any terms or provisions of the Scheme are found to be or interpreted to be inconsistent with Section 2(1B) of the Income Tax Act, 1961 at a later date, whether as a result of any amendment of law or any judicial or executive interpretation or for any other reason whatsoever, the aforesaid provision of the Income Tax Act, 1961 shall prevail. The Scheme shall then stand modified to the extent deemed necessary to comply with the said provisions. Such modification will, however, not affect other parts of the Scheme.

#### 5. SHARE CAPITAL

- 5.1 The share capital structure of Gokak or the Transferee Company as on 31 March, 2021 is as under:





Particulars	Amount (INR)
<b>Authorised Capital/</b>	
7,000,000 Equity shares of Rs. 10 each	7,00,00,000
22,00,00,000 Preference Shares of Rs. 10 each	2,20,00,00,000
<b>Total Authorised Capital</b>	<b>2,27,00,00,000</b>
<b>Issued, subscribed and, paid-up Share Capital</b>	
64,99,308 Equity shares of Rs. 10 each fully paid up	6,49,93,080
175,000,000 Preference shares of Rs. 10 each fully paid up	1,75,00,00,000
<b>Total</b>	<b>1,81,49,93,080</b>

As on the date of approval of the Scheme by the Board of Directors of the Transferee Company, there is no change in the authorised, issued, subscribed and paid-up share capital of the Transferee Company.

- 5.2 The share capital structure of Suryoday or the Transferor Company as on 31 March, 2021 is as under:

Particulars	Amount (INR)
<b>Authorised Capital</b>	
4,00,00,000 Equity shares of Rs. 10 /- each	40,00,00,000
<b>Total</b>	<b>40,00,00,000</b>
<b>Issued, subscribed and, paid-up Share Capital</b>	
3,50,00,000 Equity shares of Rs. 10 /- each fully paid up	35,00,00,000
<b>Total</b>	<b>35,00,00,000</b>

As on the date of approval of the Scheme by the Board of Directors of the Transferor Company, there is no change in the authorised, issued, subscribed and paid-up share capital of the Transferor Company.

**PART C – REDUCTION OF CAPITAL AND REORGANISATION OF RESERVES OF GOKAK TEXTILES LIMITED**

6. **CAPITAL REORGANIZATION OF TRANSFEE COMPANY**

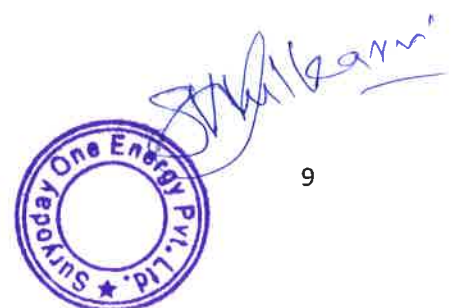


- 6.1 Upon the Scheme becoming effective, 17,50,00,000 preference shares of face value INR 10 each issued by Transferee Company to Shapoorji Pallonji and Company Private Limited shall be extinguished and cancelled through capital reduction. The consideration for such capital reduction shall be discharged as per Clause 6.2. Further, the borrowings of the Transferee Company, including outstanding interest, received from Shapoorji Pallonji and Company Private Limited shall be written-back by the Transferee Company except to the extent of Rs 50 Crs (Rupees Fifty Crores) , and the obligation of the Transferee Company to discharge any dues representing the outstanding amounts in relation to the said borrowings shall stand discharged and extinguished except to the extent of Rs 50 Crs (Rupees Fifty Crores).
- 6.2 The Transferee Company shall, in lieu of cancellation of preference shares and write-back of borrowings (pursuant to Clause 6.1 above), issue 23,58,10,000 (Twenty Three Crores Fifty Eight Lakhs and Ten Thousand Only) 7% Cumulative Debentures of face value of INR 10 each to Shapoorji Pallonji and Company Private Limited, as provided in Clause 6.1 above. The Cumulative Debentures shall be issued as per terms and conditions as set out in **Annexure I**.
- 6.3 The cancellation of preference shares and write-back of borrowings of the Transferee company as aforesaid shall be effected as an integral part of the Scheme and the order of the NCLT sanctioning this Scheme shall be deemed to be an order under Section 66 and other applicable provisions of the Act and no separate sanction under Section 66 and other applicable provisions of the Act will be necessary.

**7. ACCOUNTING TREATMENT FOR REDUCTION OF SHARE CAPITAL AND REORGANISATION OF RESERVES OF GOKAK TEXTILES LIMITED AS PER CLAUSE 6 ABOVE:**

Upon Scheme becoming effective, Transferee Company shall pass following accounting entries pursuant to Clause 6.1 and Clause 6.2 above:

- 7.1 Accounting treatment for giving effect to Clause 6.1 and Clause 6.2 shall be as per Appendix D of Ind AS 109. Accordingly, issue of Non-Convertible Debentures as per Clause 6.2 above shall be considered as consideration for extinguishment of preference shares and borrowings (including outstanding interest) of the Transferee company





- 7.2 Accordingly, the said Non-Convertible Debentures so issued shall be measured at fair value, and the difference between the carrying amount of preference shares and borrowings (including outstanding interest) so extinguished in terms of Clause 6.1 above, and the fair value of Non-convertible Debentures so issued in terms of Clause 6.2 above, shall be recognized as profit or loss of the Transferee Company.

**PART D – MERGER BY ABSORPTION OF TRANSFEROR COMPANY WITH AND INTO THE TRANSFEEE COMPANY**

**8. AMALGAMATION AND VESTING OF ASSETS AND LIABILITIES AND THE BUSINESS OF THE TRANSFEROR COMPANY WITH THE TRANSFEEE COMPANY**

- 8.1 With effect from the Appointed Date and upon the Scheme becoming effective, the Transferor Company, along with all the assets, liabilities, contracts, power purchase agreements, employees, licences, records, approvals, etc. being integral parts of the Transferor Company shall, without any further act, instrument or deed, stand amalgamated with and be vested in or be deemed to have been vested in the Transferee Company on a going concern basis so as to become as and from the Appointed Date, the undertaking of the Transferee Company by virtue of and in the manner provided in this Scheme.

- 8.2 Without prejudice to the generality of the above clauses and to the extent applicable, unless otherwise stated herein, upon the coming into effect of this Scheme and with effect from the Appointed Date:

- a. All the properties and assets of the Transferor Company, tangible or intangible, balance in bank, cash or investments (including but not limited to investment in subsidiaries, if any) and other assets of whatsoever nature and tax credits including under GST law, quotas, rights, consents, entitlements, licenses, certificates, permits, tenancy rights, and facilities of every kind and description whatsoever for all intents and purposes, permissions under any Tax Laws, incentives, if any, without any further act or deed so as to become the business, properties and assets of the Transferee Company.



- b. All the movable assets of the Transferor Company or assets otherwise capable of transfer by manual delivery or by endorsement and delivery, including cash in hand, shall be physically handed over by manual delivery or by endorsement and delivery, to the Transferee Company to the end and intent that the property therein passes to the Transferee Company on such manual delivery or endorsement and delivery, without requiring any deed or instrument of conveyance for the same and shall become the property of the Transferee Company accordingly.
- c. All other movable properties of the Transferor Companies, including investments in shares of the subsidiaries of the Transferor Companies, whether in India or outside India, mutual funds, bonds and any other securities, 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, customers and other persons, shall without any further act, instrument or deed, pursuant to the orders of this Scheme becoming effective and by operation of law become the properties of the Transferee Company, and the title thereof together with all rights, interests or obligations therein shall be deemed to have been mutated and recorded as that of the Transferee company. All investments of the Transferor Company shall be recorded in the name of the Transferee Company by operation of law as transmission in favour of the Transferee Company as a successor in interest and any documents of title in the name of the Transferor Company shall also be deemed to have been mutated and recorded in the name of the Transferee Company to the same extent and manner as originally held by the Transferor Company and enabling the ownership, right, title and interest therein as if the Transferee Company was originally the Transferor Company. The Transferee Company shall subsequent to this Scheme becoming effective be entitled to the delivery and possession of all documents of title of such movable property in this regard;
- d. All the consents, permissions, licenses, certificates, insurance covers, clearances, authorities, power of attorneys given by, issued to or executed in favour of the Transferor Companies, shall stand vested in or transferred automatically to the Transferee Company without any further act or deed and shall be appropriately mutated by the authorities concerned therewith in favour of the Transferee Company as if the same were originally given by, issued to or executed in favour of the Transferee Company and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to the Transferee Company. The benefit of all statutory and regulatory permissions including the statutory or other licenses, Tax registrations, permits, permissions or approvals or consents required to carry on the operations of the Transferor Company shall automatically and



without any other order to this effect, vest into and become available to the Transferee Company pursuant to this Scheme becoming effective in accordance with the terms thereof. Without prejudice to the provisions of the above clauses, in respect of such of the assets and properties of the Transferor Company, as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and/or delivery, the same shall be so transferred by the Transferor Company and shall upon such transfer become the assets and properties of the Transferee Company without requiring any deed or instrument or conveyance for the same.

- e. All debts, liabilities, contingent liabilities, duties, Taxes (including any advance taxes paid, MAT credit, TDS deducted on behalf of the Transferor Company, etc.), GST liabilities, and obligations of the Transferor Company, as on the Appointed Date, whether provided for or not, in the books of accounts of the Transferor Company, and all other liabilities which may accrue or arise after the Appointed Date but which relates to the Transition Period, shall, pursuant to this Scheme becoming effective as per the order of the NCLT or such other competent authority, as may be applicable under Section 232 and other applicable provisions of the Act, and without any further act or deed, be vested or deemed to be vested in and be assumed by the Transferee Company, so as to become as from the Appointed Date the debts, liabilities, contingent liabilities, Taxes, duties and obligations of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company.
- f. All intangible assets including various business or commercial rights, pre-qualification for past projects / sales, customer-base, etc. belonging to but not recorded in books of the Transferor Company shall be transferred to and vested with the Transferee Company and shall include all letters of intent, request for proposal, prequalification, permits, registrations, bid acceptances, tenders, technical experience (including experience in executing projects), goodwill earned in execution of the projects, technical know-how, contracts, deeds, memorandum of understanding, bonds, agreements, track record and all other rights claims, powers in relation to or enjoyed by or granted in favour of the Transferor Company, and the historical financial strength including turnover, profitability, performance, market share, net-worth, liquid/ current assets and reserves of the previous years and all empanelments, accreditations, recognitions as approved vendors for undertaking any jobs;
- g. In so far as the various incentives, indirect tax benefits, subsidies, grants, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by the Transferor Company are concerned, the same shall, without



any further act or deed, vest with and be available to the Transferee Company on the same terms and conditions on and from the Appointed Date.

- h. The Transferee Company, may, at any time after this Scheme coming into effect, if required under law or otherwise, execute deeds of confirmation in favour of any other party with which the Transferor Company has a contract or arrangement, or give any such writing or do any such things, as may be necessary, to give effect to the above.
- i. In so far as loans and borrowings of the Transferor Company pertaining to the loans and liabilities, which are to be vested to the Transferee Company shall, without any further act or deed, become loans and borrowings of the Transferee Company, and all rights, powers, duties and obligations in relation thereto shall be and stand vested in and shall be exercised by or against the Transferee Company as if it had entered into such loans and incurred such borrowings. Thus, the primary obligation to redeem or repay such liabilities upon the Scheme becoming effective shall be that of the Transferee Company. However, without prejudice to such vesting of liability amount, where considered necessary for the sake of convenience and towards facilitating single point creditor discharge, the Transferee Company may discharge such liability (including accretions thereto) by making payments on the respective due dates to the Transferor Company, which in turn shall make payments to the respective creditors.
- j. The vesting of the assets comprised in the Transferor Company to the Transferee Company under this Scheme shall be subject to the mortgages and charges, if any, affecting the same as hereinafter provided.
- (i) The existing securities, mortgages, charges, encumbrances or liens , if any, created by the Transferor Company after the Appointed Date and during the Transition Period, in terms of this Scheme, over the assets comprised in the Transferor Company, or any part thereof, shall be vested in the Transferee Company by virtue of this Scheme, and the same shall, after the Transition Period, continue to relate and attach to such assets or any part thereof to which they relate or attached prior to the Transition Period and are vested with the Transferee Company, and such Encumbrances shall not relate or attach to any of the other assets, of the Transferor Company.
- (ii) In so far as the existing Encumbrances, if any, in respect of the loans, borrowings, debts, liabilities, is concerned, such Encumbrance shall, without any further act, instrument or deed be modified and shall be extended to and shall operate only over the assets comprised in the Transferor Company which have been Encumbered in respect of the



transferred liabilities as transferred to the Transferee Company pursuant to this Scheme. Provided that if any of the assets comprised in the Transferor Company which are being transferred to the Transferee Company pursuant to this Scheme have not been Encumbered in respect of the transferred liabilities, such assets shall remain unencumbered and the existing Encumbrance referred to above shall not be extended to and shall not operate over such assets. The absence of any formal amendment which may be required by a lender or third party shall not affect the operation of the above.

(iii) In so far as the existing security in respect of the loans or borrowings of the Transferor Company and other liabilities relating to the Transferor Company are concerned, such security shall, without any further act, instrument or deed be continued with the Transferor Company. The Transferor Company and the Transferee Company shall file necessary particulars and/or modification(s) of charge, with the Registrar of Companies to give formal effect to the above provisions, if required.

(iv) The foregoing provisions insofar as they relate to the vesting of liabilities with the Transferee Company shall operate, notwithstanding anything to the contrary contained in any deed or writing or the terms of sanction or issue or any security documents, all of which instruments shall stand modified and/or superseded by the foregoing provisions.

k. With effect from the Appointed Date and during the Transition Period, subject to the other provisions of the Scheme, all approvals, quotas, rights, consents, entitlements, licenses, certificates, permits, and facilities of every kind and description whatsoever, privileges, deeds, bonds, quality certifications and approvals, powers of attorneys, agreements and other instruments of whatsoever nature in relation to the Transferor Company, as the case may be, is a party, or the benefit to which the Transferor Company may be eligible, subsisting or operative immediately on or before the Effective Date, shall be in full force and effect against or in favour of the Transferee Company and may be enforced fully and effectively as if instead of the Transferor Company, the Transferee Company had been a party or beneficiary thereto for continuation of operations of the Transferor Company by the Transferee Company without any hindrance or disruption after the Transition Period. The Transferee Company shall enter into and/or issue and/or execute deeds, writings, endorsements or confirmation or enter into any tripartite agreement, confirmations or novation's to which the Transferor Company will, if necessary, also be a party, in order to give formal effect to the provisions of this Scheme, if so required or if it becomes necessary. Further, the Transferee Company shall be deemed to be authorized to execute any such deeds, writings, endorsements or confirmations on behalf of the





Transferor Company and to implement or carry out all formalities required on the part of the Transferor Company to give effect to the provisions of this Scheme.

- l. With effect from the Appointed Date and upon the Scheme becoming effective, the entitlement to various benefits under incentive schemes and policies, if any, in relation to the Transferor Company shall stand vested in and/or be deemed to have been vested in the Transferee Company together with all benefits and entitlements of any nature whatsoever. Such entitlements shall include Taxes benefits under the Tax Laws in the nature of exemption, deferment, refunds and incentives in relation to the Transferor Company to be claimed by the Transferee Company with effect from the Appointed Date as if the Transferee Company was originally entitled to all such benefits under such scheme and/or policies, subject to continued compliance by the Transferee Company of all the terms and conditions subject to which the benefits and entitlements under such incentive schemes were made available to the Transferor Company. The Transferee Company shall be entitled to such benefits in its name, without any additional liabilities or expenses whatsoever.
- m. Taxes as per the Tax Laws of the Transferor Company to the extent not provided for or covered by the Tax provision in the accounts made as on the date immediately preceding the Appointed Date related to the Transferor Company shall be vested with the Transferee Company.
- n. All Taxes paid or payable by the Transferor Company in respect of the operations and/ or the profits of Transferor Company before the Appointed Date shall be on account of the Transferor Company and in so far as it relates to the Tax payment whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operations of the Transferor Company after 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.
- o. On and from the Appointed Date, if any Certificate for Tax Deducted at Source or any other tax credit certificate relating to the Transferor Company is received in the name of the Transferor Company, it shall be deemed to have been received by the Transferee Company, which alone shall be entitled to claim credit for such tax deducted or paid.



- p. Upon the Scheme becoming effective, the Transferor Company shall have right to revise their respective returns filed under Tax Laws, along with prescribed forms, filings and annexures under the Tax Laws and claim refunds and / or credit for Taxes paid and for matters incidental thereto, if required, to give effect to the provisions of the Scheme;
- q. On and from the Appointed Date, the benefit of all balances relating to Taxes under the Tax Laws being balances pertaining to the Transferor Company, if any, shall stand vested in the Transferee Company as if the transaction giving rise to the said balance or credit was a transaction carried out by the Transferee Company. The liabilities of the Transferor Company as on the Appointed Date shall stand vested in the Transferee Company, save as otherwise in respect of the liabilities, which were met by the Transferor Company during the Transition Period, which shall be construed to have been met by the Transferee Company as if the transaction giving rise to the said liability was a transaction carried out by the Transferee Company.
- r. Upon the coming into effect of this Scheme and notwithstanding the other provisions of this Scheme, all contracts, deeds, agreements, licenses, engagements, certificates, permissions, consents, approvals, concessions and incentives (including but not limited to benefits and waivers under the Solar Policy 2014-2021 for the State of Karnataka and under the Orders of the Karnataka Electricity Regulatory Commission), remissions, remedies, subsidies, guarantees, etcetera of whatsoever nature to which the Transferor Company is a party or to the benefit of which the Transferor Company or any Project owned or promoted by the Transferor Company may be eligible and which have not lapsed and are vested, subsisting or having effect on the Effective Date shall be in full force and effect in favour of the Transferee Company, as the case may be, and may be enforced by the Transferee Company as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party thereto or beneficiary thereof. The Transferee Company may enter into and/or issue and/or execute deeds, writings or confirmations, or enter into any bipartite or multipartite arrangements, confirmations or novations, in order to give formal effect to the provisions of this Scheme, if so required or if so considered necessary. The Transferee Company shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of the Transferor Company and to implement or carry out all formalities required on the part of the Transferor Company to give effect to the provisions of this clause. The Transferor Company shall perform the Transferee Company's obligations under all existing contracts, deeds, agreements, licenses, and other such instruments, as the new obligor replacing the original obligor, i.e., the Transferor Company.



- s. On and from the Effective Date, and till such time that the name of the bank accounts of the Transferor Company has been replaced with that of the Transferee Company, the Transferee Company shall be entitled to maintain and operate the bank accounts of the Transferor Company in the name of the Transferor Company and for such time as may be determined to be necessary by the Transferee Company. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company after the Effective Date shall be accepted by the bankers of the Transferee Company and credited to the account of Transferee Company, is presented by the Transferee Company;
- t. It is hereby clarified that the vesting of the Transferor Company in the Transferee Company shall be on a going concern basis.

**9. STAFF & EMPLOYEES**

- 9.1 The Transferee Company will take over all the staff in the service of the Transferor Company immediately preceding Effective Date, and that they shall become the staff and employees, of the Transferee Company on the basis that their services shall be deemed to have been continuous and not have been interrupted by reasons of the said transfer. The terms and conditions of service applicable to such staff or employees after such transfer shall not in any way be less favourable to them than those applicable to them immediately preceding the transfer.
- 9.2 The equitable interest in accounts/funds of the employees and staff, if any, whose services are vested with the Transferee Company, relating to superannuation, provident fund and gratuity fund, if any, shall be identified, determined and vested with the respective trusts/funds of the Transferee Company and such employees shall be deemed to have become members of such trusts/funds of Transferee Company. Until such time, the Transferor Company may, subject to necessary approvals and permissions, if any, continue to make contributions pertaining to the employees of the Transferor Company to the relevant funds of the Transferor Company.
- 9.3 The Transferee Company, at any time after the Scheme becoming effective in accordance with the provisions hereof, if so required under any law or otherwise, will execute deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to the Transferor Company to which any of the Transferor Company is a party in





order to give formal effect to the provisions of the Scheme. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances, referred to above, on behalf of the Transferor Companies.

**10. LEGAL PROCEEDINGS**

10.1 If any suit, appeal or proceedings of whatsoever nature (hereinafter referred to as "the said proceedings") by or against the Transferor Company be pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of the transfer of the Transferor Company or by anything in this Scheme, but the said proceedings may be continued, prosecuted and enforced, as the case may be, by or against the Transferee Company in the same manner and to the same extent as it would be or might have been continued and enforced, as the case may be, by or against the Transferor Company if this Scheme had not been made. On and from the Effective Date, the Transferee Company may initiate any legal proceeding for and on behalf of the Transferor Company.

10.2 The Transferee Company undertakes to have all legal or other proceedings initiated by or against the Transferor Company referred to above transferred into its name and to have the same continued, prosecuted and enforced by or against the Transferee Company to the exclusion of Transferor Company.

10.3 After the Effective Date, the Transferee Company shall and may, if required, initiate any legal proceedings in relation to the Transferor Company.

**11. AMALGAMATION NOT TO AFFECT TRANSACTIONS / CONTRACTS OF TRANSFEROR COMPANY:**

11.1 The transfer and vesting of the business of the Transferor Company and the continuance of the said proceedings by or against the Transferee Company shall not affect any transaction or proceedings already concluded by or against the Transferor Company after the Appointed Date to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done or executed by the Transferor Company after the Appointed Date as done and executed on its behalf. The said transfer and vesting pursuant to Sections 230 to 232 of the Act, shall take effect from the Appointed Date unless the NCLT otherwise directs.

**12. CONSIDERATION / ISSUE OF SHARES**



12.1 Upon coming into effect of Part D of the Scheme and in consideration for amalgamation of the Transferor Company with and into the Transferee Company, the Transferee Company shall, without any further application or deed, issue and allot Preference Shares of face value INR 10/- each (terms of which are specified in Annexure II) , credited as fully paid up, to all the equity shareholders of the Transferor Company whose names appear in the register of members as on the Record Date of the Transferor Company or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title, as the case may be, in the following proportion:

*1216 fully paid-up 11% Redeemable Non-Convertible Cumulative Non-Participating Preference Shares of INR 10/- each of Transferee Company for every 1000 equity shares held in Transferor Company, in proportion to their shareholding in the Transferor Company.*

Preference Shares shall be issued on terms and conditions as set out in **Annexure II**.

12.2 The Preference Shares to be issued by the Transferee Company to the equity shareholders of the Transferor Company shall be subject to the Scheme and the Memorandum and Articles of Association of the Transferee Company, shall rank for dividend in priority to the equity shares of the Transferee Company, and shall, on winding up of the Transferee Company be entitled to rank, as regards repayment of capital upto the commencement of winding up, in priority to the equity shares of the Transferee Company.

12.3 In case of any equity shareholder's shareholding in the Transferor Company is such that such shareholder becomes entitled to a fraction of a Preference Share of the Transferee Company, the Transferee Company shall round of all entitlements to the next whole number above the fractional entitlement and issue such number of securities to the relevant shareholders;

12.4 Preference Shares shall be issued by the Transferee Company in dematerialized form to those equity shareholders of the Transferor Company who hold shares of the Transferor Company in dematerialized form, in to the account in which the Transferor Company shares are held or such other account as is intimated by the shareholders to the Transferee Company and/ or its Registrar. All those shareholders who hold shares of the Transferor Company in physical form shall also have the option to receive the Preference Shares in the Transferee Company in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to the



Transferee Company and/ or its Registrar. Otherwise, they would be issued Preference Shares in physical form.

- 12.5 The Transferee Company shall take necessary steps to increase or alter or re-classify, (if necessary), its authorized share capital suitably to enable it to issue and allot Preference Shares required to be issued and allotted by it under this Scheme.
- 12.6 Approval of this Scheme by the equity shareholders of the Transferee Company shall be deemed to be the due compliance of the provisions of Section 55 of the Act and / or any other applicable provisions of the Act for the issue of Preference Shares by the Transferee Company to the equity shareholders of the Transferor Company, as provided in this Scheme.
- 12.7 The approval of this Scheme by the equity shareholders of both the companies under Sections 230 to 232 of the Act shall be deemed to have the approval under Sections 13 and 14 of the Act and other applicable provisions of the Act and any other consents and approvals required in this regard.

### 13. ACCOUNTING TREATMENT

- 13.1 Amalgamation of the Transferor Company with the Transferee Company shall be accounted in the books of the Transferee Company for by way of as per "Pooling of Interests Method" under Appendix C of Ind-AS 103 (Accounting for Business Combinations) and any other relevant Indian Accounting Standard prescribed under Section 133 of the Act.
- 13.2 All the assets and liabilities of Transferor Company shall be recorded in the financial statements of the Transferee Company at the carrying value as appearing in the financial statements of the Transferor Company as on the Appointed Date.
- 13.3 The identity of the reserves pertaining to the Transferor Company, shall be preserved and shall appear in the merged financial statements of Transferee Company in the same form in which they appeared in the financial statements of the Transferor Company and it shall be aggregated with the corresponding balance appearing in the financial statements of the Transferee Company, as on the Appointed Date.



- 13.4 To the extent that there are inter-company loans, deposits, obligations, balances or other outstanding including any interest thereon, as between the Transferor Company and the Transferee Company as the case may be, the obligations in respect thereof shall come to an end and there shall be no liability in that behalf and corresponding effect shall be given in the books of account and records of the Transferee Company for the reduction of such assets or liabilities as the case may be.
- 13.5 The excess / deficit of the value of the assets over the value of liabilities of the Transferor Company, pursuant to Amalgamation of the Transferor Company with and into the Transferee Company, and as recorded in the books of account of the Transferee Company shall, after adjusting as above, be recorded as 'Capital Reserve' in the books of the Transferee Company.
- 13.6 Notwithstanding anything to the contrary contained herein above, the Board of Directors of the Transferee Company, in consultation with its statutory auditors to account for any of these balances in any manner whatsoever, as may be deemed fit, in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountant of India and generally accepted accounting principles.

**14. COMBINATION OF AUTHORISED SHARE CAPITAL OF TRANSFEROR COMPANY AND THE TRANSFEE COMPANY PURSUANT TO THE MERGER**

- 14.1 Upon the Scheme becoming effective, the Authorised Share Capital of the Transferor Company will get merged with that of the Transferee Company without any further act or deed and, without any payment of additional fees, stamp duty and other duties as the said fees have already been paid by the Transferor Company and the Authorised Share Capital of the Transferee Company will be increased to that effect without any compliances in respect of the notices, meetings etc. but only by filing requisite Statutory Forms with the Registrar of Companies.
- 14.2 Thus, the Authorised Share Capital of the Transferee Company of INR 227,00,00,000/- (Rupees Two Hundred and Twenty-seven crores only) divided into 70,00,000 equity shares of INR 10 each and 22,00,00,000 preference shares of INR 10 each, shall stand increased and enhanced to INR 267,00,00,000/- (Rupees Two-hundred and sixty-seven crores only) divided into 4,70,00,000 equity shares of INR 10 each and 22,00,00,000 preference shares of INR 10 each. The capital clause of the Memorandum of Association and Articles of Association of the Transferee



Company shall be altered on such increase and hence, the capital clause of the Memorandum of Association and Articles of Association of Transferee Company will therefore be modified to be read as follows:

*"The Authorised Share Capital of the Company is Rs. 267,00,00,000/- (Rupees Two Hundred and Sixty-Seven Crores only) comprising of 4,70,00,000 Equity Shares of Rs. 10/- (Rupees Ten Only) each and 22,00,00,000 Preference shares of Rs. 10/- (Rupees Ten Only) each."*

14.3 It is clarified that approval of this Scheme by the members of the Transferee Company under Sections 230 to 232 of the Act shall be deemed to be sufficient for the alternation of the Memorandum and Articles of Association of the Transferee Company under Sections 13, 14, 61 and 63 of the Companies Act, 2013 and other applicable provisions of the Act and any other consents and approvals required in this regard.

## 15. CONDUCT OF BUSINESS

### 15.1 Transferor Company as Trustee

With effect from the Appointed Date and up to and including Effective Date, the Transferor Company shall carry on and shall be deemed to have carried on all their business and activities as hitherto and shall hold and stand possessed of and shall be deemed to have held and stood possessed on account of and for the benefit of and in trust for, the Transferee Company, as the Transferee Company is taking over the business as a going concern. The Transferor Company shall preserve and carry on their business and activities with reasonable diligence and business prudence and shall neither undertake any additional financial commitments of any nature whatsoever, borrow any amounts nor incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitments either for themselves or on behalf of any third parties, sell, transfer, alienate, charge, mortgage or encumber or deal with the assets of the Transferor Company or any part thereof save and except in the ordinary course of business as carried on by them as on the date of filing of this Scheme with the NCLT or if the written consent of the Transferee Company has been obtained.

### 15.2 Profit or Losses up to Effective Date

With effect from the Appointed Date and up to and including the Effective Date, all profits or incomes accruing or arising to the Transferor Company or all expenditure or losses incurred or



arising, as the case may be, by the Transferor Company shall, for all purposes, be treated and deemed to be and accrue as the profits or incomes or expenditures or losses, as the case may be, of the Transferee Company.

### 15.3 Taxes

- a. All taxes paid or payable by the Transferor Company in respect of the operations and / or profits of the business before the Appointed Date and from the Appointed Date till the Effective Date, shall be on account of the Transferor Company and in so far as it relates to the tax payment by the Transferor Company in respect of the profits or activities or operation of the business after 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.
- b. Any refund under Income Tax Act, 1961 or other applicable laws or regulations dealing with taxes allocable or related to the business of the Transferor Company and due to the Transferor Company consequent to the assessment made on the Transferor Company and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company.
- c. All tax benefits of any nature, duties, cesses or any other like payments or deductions available to the Transferor Company under Income Tax, Goods and Services Tax, Service Tax etc. or any Tax Deduction/Collection at Source, MAT Credit, tax credits, GST input tax credits, benefits of CENVAT credits, benefits of input credits, and in respect of set-off, carry forward of tax losses, and unabsorbed depreciation shall be deemed to have been on account of or paid by the Transferee Company and the relevant authorities shall be bound to transfer to the account of and give credit for the same to the Transferee Company upon the passing of the order on this Scheme by the NCLT upon relevant proof and documents being provided to the said authorities.

15.4 The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to the Central Government and all other agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which the Transferee Company may require to carry on the business of the Transferor Company.

### 15.5 Objects Clause





With effect from the Appointed Date, and upon the Scheme becoming effective, the main object clause of the Memorandum of Association of Transferee Company shall be altered and amended, without any further act or deed, to include the objects as required for the purpose of carrying on the business activities of Transferor Company upon the Scheme coming into effect and pursuant to provisions of Section 13 and 14 of the Companies Act, 2013 and other applicable provisions of the Act. Accordingly, the Memorandum of Association of Transferor Company shall be altered and amended and necessary revisions in numbering of the clauses inserted shall be carried out. The following clauses shall be added to the Memorandum of Association of Transferor Company, shall read as under:

*8. To carry on in India and elsewhere the business to design, engineer, build, construct, upgrade, improve, strengthen, renovate, develop, operate and maintain, finance, own or control or transfer, on "build, own, operate and transfer" basis, either alone or jointly with others, all kinds of power generation plants which include all types of fuel or combination thereof and all kinds of renewable energy sources including solar, wind, hydro and tidal and to carry on the business of developing, operating, maintaining electricity transmission network and substations.*

*9. To carry on the business of manufacturers, producers, dealers, wholesalers, retailers, distributors, importers, exporters, assemblers and fabricators, repairers, maintainers, owners, agents and operators for all kinds of renewable energy modules and systems, including solar photovoltaic systems, modules, inverters, batteries, accessories and hybrid systems combining solar photovoltaics with other forms of renewable energy and basic components for such systems and to carry on the business of generating, receiving, purchasing, developing, using, selling, supplying, distributing, transmitting, transferring, trading and accumulating any form of power and energy from conventional or non-conventional renewable sources at power stations, plants, establishments and supply such power on a commercial basis to both its users, i.e. public and private or others and to do consultancy in the fields related to energy generation and on commercial and financial activities connected to power sector.*

*10. To enter into Joint Ventures, Collaboration and the like with domestic, international firms, individuals and agencies.*

*11. To purchase, trade, build, construct, erect, acquire, lease, hire, exchange all type of suitable land, equipment and accessories related to all types of Energy and to improve, manage, operate and maintain facilities connected with Power Generation.*





15.6 Upon the Scheme becoming effective, the relevant incidental objects of the Memorandum of Association of Transferor Company shall form part of Memorandum of Association of Transferee Company.

15.7 For the purpose of amendment in the Memorandum of Association and Articles of Association of Transferee Company as provided in Clause 15.5 and 15.6 above, the consent / approval given by the members of Transferee Company to this Scheme under the Companies Act, 2013 and any other provisions of the Act shall be deemed to be sufficient and no further resolution of members of Transferee Company as required under the provisions of Section 13 and 14 of the Companies Act, 2013, and any other applicable provisions of the Act shall be required to be passed for making such amendment / change in the Memorandum of Association and Articles of Association of Transferee Company and filing of certified copy of this Scheme as sanctioned by the NCLT, and printed copy of the Memorandum of Association for the purposes of said Section 13 and 14 of the Companies Act, 2013 and all other applicable provisions of the Act and the Registrar of Companies, Mumbai shall register the same and make necessary alterations in the Memorandum of Association and Articles of Association of Transferee Company accordingly and shall certify the registration thereof in accordance with provisions of Section 13 and 14 of the Companies Act, 2013 and any other applicable provisions of the Act.

15.8 Transferee Company shall file with the jurisdictional Registrar of Companies all requisite forms and complete the compliance and procedural requirements under the Act, if any.

16. **ENFORCEMENT OF CONTRACTS, DEEDS, BONDS & OTHER INSTRUMENTS:**

16.1 Subject to other provisions contained in this Scheme, all contracts, deeds, bonds, agreements and other instruments of whatever nature to which the Transferor Company are a party, subsisting or having effect immediately before the Amalgamation, shall remain in full force and effect against or, as the case may be, in favour of the Transferee Company and may be enforced as fully and effectively as if instead of the Transferor Company, the Transferee Company was a party thereto. Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting occurs by virtue of this Scheme itself, 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, take such actions and execute such deeds, confirmations or other writings or arrangements to which the Transferor Company are a party or any writings as may be necessary in



order to give formal effect to the provisions of this Scheme. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company to be carried out or performed.

16.2 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Transferor Company shall stand transferred to the Transferee Company and the Transferee Company shall be bound by the terms thereof, the obligations and duties there under, and the rights and benefits under the same shall be available to the Transferee Company. The Transferee Company shall receive relevant approvals from the Government Authorities concerned as may be necessary in this behalf.

17. **MATTERS RELATING TO SHARE CERTIFICATES:**

The Share Certificates held by the shareholders of the Transferor Company shall automatically stand cancelled without any necessity of them being surrendered to the Transferee Company.

18. **DISSOLUTION OF THE TRANSFEROR COMPANY:**

Upon the Scheme being sanctioned by an Order made by the NCLT under Sections 230 to 232 of the Act, the Transferor Company shall stand dissolved without winding up on the Effective Date.



## PART E - GENERAL TERMS AND CONDITIONS

### 19. APPLICATION TO NCLT

19.1 Necessary applications and/ or petitions by the Transferor and the Transferee Companies shall be made for the sanction of this Scheme to the NCLT, for sanctioning of this Scheme under the provisions of law and obtain all approvals as may be required under the law.

19.2 It is prayed to the NCLT to sanction this Scheme, with or without modification.

### 20. MODIFICATION OR AMENDMENTS TO THE SCHEME

20.1 Subject to approval of NCLT, the respective Boards or the respective authorized representative appointed by the Boards of the Transferor and the Transferee Company, may assent to any modifications, alterations or amendments of this Scheme or any conditions which the NCLT and / or any other competent authority may deem fit to direct or impose and the said respective Boards and after dissolution of the Transferor Company (without winding up), the Board of the Transferee Company may do all such acts, things and deeds necessary in connection with or to carry out the Scheme into effect and take such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any order of the NCLT or any directions or order of any other authorities or otherwise howsoever arising out of, under or by virtue of this Scheme and / or matters concerned or connected therewith.

20.2 In the event of any of the conditions that may be imposed by the NCLT or other authorities which the Transferor Company and/or the Transferee Company may find unacceptable for any reason, in whole or in part, then Transferor Company and/or the Transferee Company are at liberty to withdraw the Scheme. In such a case, Transferor Company and/or the Transferee Company shall respectively bear their own cost or as may be mutually agreed. It is hereby clarified that notwithstanding anything to the contrary contained in this Scheme, the Transferor Company and/or the Transferee Company shall not be entitled to withdraw the Scheme unilaterally without the prior written consent of the other.

### 21. DECLARATION OF DIVIDEND, BONUS ETC.



21.1 The Transferor Company and the Transferee Company shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date but only in the ordinary course of business. Any declaration or payment of dividend otherwise than as aforesaid, by the Transferor Company and/or by the Transferee Company shall be subject to the prior approval of the Board of Directors of respective companies and in accordance with applicable laws. It is clarified that prior approval of any of the Board of the Directors shall not be required for payment of any dividend already announced or declared but yet to be paid, by either of the Transferor Company and / or the Transferee Company to its shareholders.

21.2 It is clarified that the aforesaid provisions in respect of declaration of dividends, whether interim or final, are enabling provisions only and shall not be deemed to confer any right on any member of the Transferor Company and / or the Transferee Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Directors of the Transferor Company and / or the Transferee Company and subject, wherever necessary, to the approval of the shareholders of the Transferor Company and / or the Transferee Company, respectively.

## 22. SCHEME CONDITIONAL ON APPROVALS/ SANCTIONS

The Scheme is conditional upon and subject to:

22.1 Receipt of approval of the Scheme by the Stock Exchanges and Securities and Exchange Board of India, pursuant to the Listing Regulations and the SEBI Circular, wherever applicable.

22.2 The approval by the requisite majorities of the respective members and/or creditors (where applicable) of the Transferor Company and/or the Transferee Company, if directed by the NCLT or any other competent authority, as may be applicable.

22.3 The scheme is conditional upon scheme being approved by the public shareholders of the Transferee Company through e-voting in terms of Part - I (A)(10)(a) of SEBI Master circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020, and the scheme shall be acted upon only if vote cast by the public shareholders of the Transferee Company in favour of the proposal are more than the number of votes cast by the public shareholders of the Transferee Company against it.



- 22.4 The sanction of the Scheme by the NCLT under Sections 230 to 232 and other applicable provisions, if any, of the Act.
- 22.5 The requisite order(s) of the NCLT being obtained for sanctioning the Scheme under Section 230 read with Section 232 of the Act being filed with the concerned Registrar of Companies.
- 22.6 Certified copies of the Orders of the NCLT at Bangalore Bench sanctioning the Scheme being filed with Registrar of Companies, Karnataka, at Bengaluru, by the Transferor Company and the Transferee Company.
- 22.7 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 the Transferor Company and the Transferee Company and by their respective Board of Directors or any Committee constituted by them.

23. **OPERATIVE DATE OF THE SCHEME**

The Scheme, although operative from the Appointed Date, as the case may be, shall become effective from the Effective Date.

24. **BINDING EFFECT**

Upon the Scheme becoming effective, the same shall be binding on the Transferor Company and/or the Transferee Company and all concerned parties without any further act, deed, matter or thing.

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

- 25.1 In the event any of the said approvals or sanctions referred to in Clause 22 above not being obtained or conditions enumerated in the Scheme not being complied with, or for any other reason, the Scheme cannot be implemented, the Boards of Directors or committee empowered thereof of the Transferor Company and/or the Transferee Company shall by mutual agreement waive such conditions as they consider appropriate to give effect, as far as possible, to this Scheme and failing such mutual agreement, the Scheme shall become null and void and shall stand revoked, cancelled and be of no effect and each party shall bear and pay their respective costs, charges and expenses in connection with the Scheme.



25.2 Further, in case of non-receipt of approvals to the Scheme, no rights and liabilities whatsoever shall accrue or to be incurred inter-se by the Transferor Company or the Transferee Company or their respective shareholders or creditors or employees or any other person.

**26. GIVING EFFECT TO THE SCHEME**

26.1 For the purpose of giving effect to the Scheme, the Board of Directors of the Transferor Company and/or the Transferee Company or any Committee thereof, is authorized to give such directions as may be necessary or desirable and to settle as they may deem fit, any question, doubt or difficulty that may arise in connection with or in the working of the Scheme and to do all such acts, deeds and things necessary for carrying into effect the Scheme.

26.2 The Transferee Company has leased a land parcel from the government of Karnataka admeasuring 968.8 acres. Out of the total land, 228.93 acres is being utilized by the Transferor Company (by way of a sub-lease agreement), and balance is utilized by Transferee Company. The said lease shall be active upto May 27, 2033. This Scheme shall render this sub-lease agreement ineffective.

**27. EFFECT OF SCHEME NOT GOING THROUGH**

In the event of this Scheme failing to take finally effect for whatsoever reasons, this Scheme shall become null and void and in that case no rights and liabilities whatsoever shall accrue to or be incurred inter se between the parties or their respective Shareholders or Creditors or employees or any other person.

**28. COSTS**

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) in relation to the Scheme shall be borne by the Transferee Company and Transferor Company in the ratio of 50:50.





Annexure I

TERMS AND CONDITIONS OF PERPETUAL CUMULATIVE DEBENTURES

Sr. No.	Criterion	Description
1.	Coupon Rate	7% per annum
2.	Terms of Coupon payment	a. Coupon shall be cumulative, at the discretion of the Board of Directors of the Transferee Company b. Coupon shall be payable on "as and when able" terms c. Coupon shall be payable at the discretion of Transferee Company, either cumulatively, or non-cumulatively, either in part or in full
3.	Face Value	INR 10/- (Rupees Ten Only) per Debenture
4.	Tenure	Perpetual
5.	Security and Ranking	Unsecured, and will be ranked senior only to equity shares, and subordinate to all other debts
6.	Terms of Redemption	Redemption shall be at face value, at the option of the Transferee Company
7.	Transferability	Each perpetual debenture shall be transferred only with prior approval of Gokak Textiles Limited





Annexure II

TERMS AND CONDITIONS OF THE REDEEMABLE PREFERENCE SHARES

Sr. No.	Criterion	Description
1.	Dividend	11 % per annum (cumulative)
2.	Face Value	INR 10/- (Rupees Ten only per share)
3.	Terms and Redemption	All redeemable preference shares shall be compulsorily redeemable at the end of 10 years from the date of allotment
4.	Transferability	Each redeemable preference share shall be freely transferable at the option of the holder subject to applicable laws





January 08, 2022

To,  
The Manager  
Listing Operations/ Further Issues  
BSE Limited, P J Towers,  
Dalal Street, Fort,  
Mumbai - 400 001

BSE Scrip Code: 532957


Dear Sir,

**Subject: Correspondence from the BSE dated January 06, 2022 regarding certain clarifications required from Gokak Textiles Limited in relation to the draft Scheme of Arrangement proposed to be filed under Sections 230-232 and Section 66 of Companies Act, 2013 for (i) Reduction of Share Capital and Re-organisation of reserves of Gokak Textiles Limited ("Gokak" or "Transferee Company" for Part D of the Scheme); and (ii) Amalgamation of by way of absorption of Suryoday One Energy Private Limited ("Suryoday" or "Transferor Company" for Part D of the Scheme) with and into Gokak Textiles Limited**

In connection with the captioned subject, we hereby undertake and confirm that other than the changes/ modifications mentioned in the below table, there are no other changes/ modifications that have been carried out in the Scheme, post the revised scheme and confirmation letter shared with BSE on December 24, 2021.

Old Scheme	Revised Scheme
3.13 "Stock Exchanges" mean BSE Limited and National Stock Exchange of India Limited;	3.13 "Stock Exchanges" mean BSE Limited;
5.1 - [Below the table giving capital details of Gokak Textiles Limited]  As on the date of approval of the Scheme by the Board of Directors of the Transferor Company, there is no change in the authorized, issued, subscribed and paid-up share capital of the Transferor Company	5.1  As on the date of approval of the Scheme by the Board of Directors of the <b>Transferee Company</b> , there is no change in the authorized, issued, subscribed and paid-up share capital of the <b>Transferee Company</b>

For Gokak Textiles Limited

  
Ramesh R. Patil  
Chief Executive Officer & Managing Director  
DIN: 07568951  
Date: January 08, 2022  
Place: Mumbai





To,  
The Manager  
Listing Operations/ Further Issues  
BSE Limited, P J Towers,  
Dalal Street, Fort,  
Mumbai - 400 001

January 08, 2022

**BSE Scrip Code: 532957**

Dear Sir,

**Subject: Correspondence from the BSE dated 06 January 2022 regarding certain clarifications required from Gokak Textiles Limited in relation to the draft Scheme of Arrangement proposed to be filed under Sections 230-232 and Section 66 of Companies Act, 2013 for (i) Reduction of Share Capital and Re-organisation of reserves of Gokak Textiles Limited ("Gokak" or "Transferee Company" for Part D of the Scheme); and (ii) Amalgamation of by way of absorption of Suryoday One Energy Private Limited ("Suryoday" or "Transferor Company" for Part D of the Scheme) with and into Gokak Textiles Limited**

In connection with the captioned subject, we hereby confirm that:

1. Debentures to be issued pursuant to Para 6.2 of the draft Scheme will not be listed;
2. Non-Convertible Preference Shares to be issued pursuant to Para 12.1 of the draft Scheme will not be listed;
3. Debentures to be issued pursuant to Para 6.2 of the draft Scheme will be Non-Convertible. Further details regarding the terms of issue of Debentures have been given in Annexure I of the draft Scheme.

For Gokak Textiles Limited

Ramesh R. Patil  
Chief Executive Officer & Managing Director  
DIN: 07568951  
Date: January 08, 2022  
Place: Mumbai

