

SCHEME OF ARRANGEMENT

BETWEEN

KHANNA PAPER MILLS LIMITED

AND

KHANNA FIBER PRIVATE LIMITED

AND

GROWND REALTY PRIVATE LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

(UNDER SECTIONS 230 TO 232 READ WITH SECTION 66 AND OTHER APPLICABLE

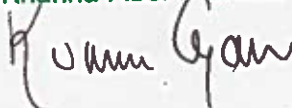
PROVISIONS OF THE COMPANIES ACT, 2013 AND RULES FRAMED THEREUNDER)

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For Khanna Paper Mills Ltd.


Auth. Signatory

For Khanna Fiber Pvt. Ltd.


Director

For Grownd Realty Pvt. Ltd.


Director

PREAMBLE

(A) **Introduction**

This Scheme of Arrangement is prepared and presented in terms of the provisions of Sections 230 to 232 read with section 66 and other applicable provisions of the Act, which provides for the transfer and vesting of the Demerged Undertaking 1 of Khanna Paper Mills Limited into Khanna Fiber Private Limited and transfer and vesting of the Demerged Undertaking 2 of Khanna Paper Mills Limited into Grownd Realty Private Limited (in each case, as defined hereinafter).

(B) **Description of Companies**

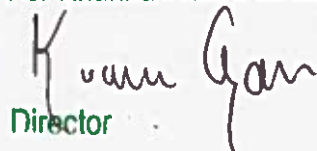
- I. Khanna Paper Mills Limited ("Demerged Company" or "KPML") is a company incorporated under the provisions of the Companies Act, 1956 on 2nd February 1985 bearing Company Identification Number U74110HR1985PLC054735. It was incorporated under the name of "Khanna Paper Mills Private Limited" which was subsequently changed to "Khanna Paper Mills Limited" on 28th June 2006. The Permanent Account Number (PAN) of the company is AAACK1375K and the correspondence email address is anuraq.saxena@khannapaper.com. The registered office is situated at B-26, Infocity-I, Sector – 34, Gurgaon 122002, Haryana, India. The Demerged Company, *inter alia*, is engaged in the business of paper manufacturing, commodity trading and construction and development of real estate for multiple commercial usage *inter alia* hospitality business.

- II. Khanna Fiber Private Limited ("First Resulting Company" or "KFPL") is a company incorporated under the provisions of the Companies Act, 2013 on 1st November 2022 bearing Company Identification Number U21000PB2022PTC057193. The Permanent Account Number (PAN) of the First Resulting Company is AAJCK8739J and the correspondence email address is saurabh.khanna@khannafiber.com. The registered office of the company is presently situated at A-50, D.R. Enclave Ajnala Road, Amritsar, Punjab 143001, India. As per Memorandum of Association of KFPL, its main objective is to carry on the business of manufacturers, buyers, sellers, importers, exporters of and dealers in all kinds and classes of paper, board and also to deal in or manufacture any other articles or things of a character similar or analogous to the foregoing or any of them or connected therewith. The entire paid up share capital of KFPL is held by KPML.

For Khanna Paper Mills Ltd.


Auth. Signatory

For Khanna Fiber Pvt. Ltd.


Director

For Grownd Realty Pvt. Ltd.


Director

III. Grownd Realty Private Limited ("Second Resulting Company" or "GRPL") is a company incorporated under the provisions of the Companies Act, 2013 on 1st November 2022 bearing Company Identification Number U70109PB2022PTC057192. The Permanent Account Number (PAN) of the company is AAKCG1237A and the correspondence email address is saurabh.khanna@khannafiber.com. The registered office is situated at A-50, D.R. Enclave Ajnala Road, Amritsar, Punjab 143001, India. As per Memorandum of Association of GRPL, its main objective is to carry on the business of purchase, acquire, take on lease or in exchange or in any other lawful manner any area, land, building, flats, offices, residential society, structures and to turn the same into account, develop the same and dispose of or maintain the same and to build townships, markets or other buildings residential and commercial or conveniences thereon. The entire paid up share capital of GRPL is held by KPML.

(It is hereby mentioned that KPML, KFPL and GRPL are companies of the same group and are hereinafter together referred to as "Companies")

(C) **Rationale**

The Demerged Company is engaged in the business of (a) Paper manufacturing (b) Commodity trading, and (c) Construction and development of real estate for multiple commercial usage *inter alia* hospitality business.

The nature of risks and competition involved in each such business undertaking is distinct and requires attribution of dissimilar technical and managerial focus. With a view to concentrate the growth efforts in a focused manner and to provide flexibility to manage each of the business divisions using strategies optimal to the nature and return profile of the division, the management of the Demerged Company, proposes to undertake a Scheme of Arrangement to demerge its interests in the commodity trading business and hospitality business on a going concern basis, and vest the same with the First Resulting Company and Second Resulting Company respectively.

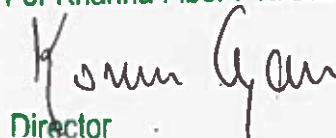
The Scheme of Arrangement is likely to be value accretive for the shareholders and would result in the following benefits:

- a) Enables focused management orientation to the core business activities due to individual specialization and leadership vision, which would provide greater visibility on the performance of the said businesses;

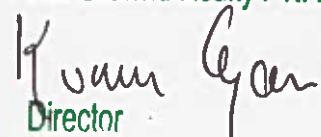
For Khanna Paper Mills Ltd.


Auth. Signatory

For Khanna Fiber Pvt. Ltd.


Director

For Grownd Realty Pvt. Ltd.


Director

- b) Attribution of appropriate risk and valuation to different business undertakings based on their respective risk return profile and cash flows;
- c) Unlocking the value of the Demerged Undertakings for the shareholders of the Demerged Company. The Scheme is in the interest of all the companies and will help in modernization, growth, and expansion of the businesses.
- d) Independent collaboration and expansion as the respective company can attract different sets of strategic partners, lenders, investors, and other stakeholders having a specific interest in the respective businesses.
- e) The Board of Directors of all the companies are of the opinion that the above Arrangement would result in benefit to the shareholders, creditors, employees, and other stakeholders of all the companies and all concerned, and the Scheme shall not in any manner be prejudicial to the interest of concerned shareholders or creditors or general public at large.

The above Scheme is in the larger interests of all shareholders, creditors, employees and other stakeholders of the Demerged Company, First Resulting Company and Second Resulting Company.

(D) Parts of the Scheme

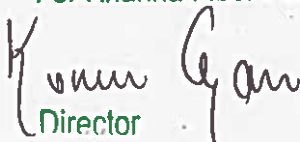
This Scheme of Arrangement is broadly divided into the following parts:

- (a) PART I provides for Definitions and Share Capital details of the Companies which are common to all parts. Specific definitions (if any) have been provided in the parts themselves.
- (b) PART II provides for specific provisions governing the transfer and vesting of the Demerged Undertaking 1 of the Demerged Company into the First Resulting Company.
- (c) PART III provides for specific provisions governing the transfer and vesting of the Demerged Undertaking 2 of the Demerged Company into the Second Resulting Company
- (d) PART IV deals with the general terms and conditions applicable to one or more parts of this Scheme.

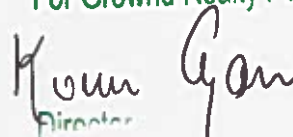
For Khanna Paper Mills Ltd.


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For Khanna Fiber Pvt. Ltd.


Director

For Grownd Realty Pvt. Ltd.


Director

PART I
DEFINITIONS AND SHARE CAPITAL

1.1. DEFINITIONS

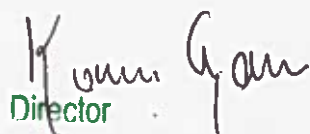
In this Scheme of Arrangement, unless inconsistent / repugnant with the subject, context or meaning thereof, the following initially and/or fully capitalized words or expressions shall have the meaning as set out herein below:

- 1.1.1. **"Act" or "The Act"** means the Companies Act, 2013 including any applicable rules and regulations made thereunder, and includes any statutory re-enactment, modification or amendment thereof from time to time.
- 1.1.2. **"Appointed Date"** means the Effective Date.
- 1.1.3. **"Board of Directors"** means the board of directors in relation to the Demerged Company or the First Resulting Company or the Second Resulting Company, as the case may be, and, unless it be repugnant to the context or otherwise, includes a committee of directors or any person authorized by the board of directors or such committee of directors.
- 1.1.4. **"Contract(s)"** means any and all contracts, agreements, deeds, documents, instruments and arrangements.
- 1.1.5. **"Companies"** collectively means the Demerged Company, First Resulting Company and Second Resulting Company.
- 1.1.6. **"Demerged Company" or "KPML"** shall have the meaning as ascribed to it in Clause B(I) above;
- 1.1.7. **"Demerged Undertaking 1"** means the business undertaking of the Demerged Company including commodity trading business, undertaken either directly or indirectly by the Demerged Company including through its subsidiaries and any other Company (ies) formed by or resulting from conversion, arrangement, demerger, amalgamation, demerger or restructuring of the aforementioned Investee Companies. Without prejudice to the generality of the above, the Demerged Undertaking 1 shall include the following:
- (a) All the business, assets and properties, and liabilities and obligations of the Demerged Company as on the Appointed Date, belonging to, or forming part of, or relating or appertaining to, or attributable to the Demerged Undertaking 1 and shall include without limitation:

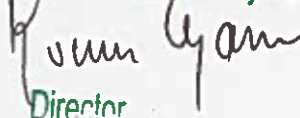
For Khanna Paper Mills Ltd.


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For Khanna Fiber Pvt. Ltd.


Director

For Grownd Realty Pvt. Ltd.


Director

- (i) Investments, shares and securities held, including any appreciation in or accretion to the assets by way of an issue of shares, bonus or otherwise pursuant to a Scheme of Amalgamation or Arrangement undertaken by the investee company(ies);
 - (ii) Land, building, furniture and fixture, vehicles and any other fixed asset;
 - (iii) All current assets, inventory, stock-in-trade, account receivables, loans and advances and other assets;
 - (iv) Security deposits, earnest monies, advance lease rentals or other payments made to the lessors or suppliers;
 - (v) Rights, powers, authorities, approvals, consents, letters of intent, registrations, contracts, leasehold rights, engagements, other rights, facilities, privileges, benefits including tax benefits, concessions and advantages of any nature whatsoever;
 - (vi) Any and all patents, trademarks, trade names, and or intellectual property owned or licensed, and;
 - (vii) All employees of the Demerged Company engaged in or in relation to the Demerged Undertaking 1 as identified by the Board of Directors of the Demerged Company, as on the Effective Date.
- (b) The liabilities which arise out of the activities or operations of the Demerged Undertaking 1;
- (c) The specific loans or borrowings raised, incurred, and utilized solely for the activities and operations of the Demerged Undertaking 1, if any;
- (d) Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the Demerged Undertaking 1 or whether it arises out of the activities or operations of the Demerged Undertaking 1, shall be decided by mutual agreement between the Board of Directors of the Demerged Company and the First Resulting Company.

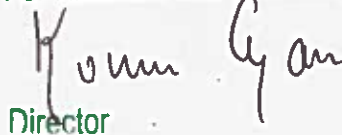
1.1.8. "Demerged Undertaking 2" shall mean the business undertaking of the Demerged Company including Hospitality Business which primarily focuses on construction and development of real estate for multiple commercial usage *inter alia* hospitality business, undertaken either directly or indirectly by the Demerged Company including through its subsidiaries and any other Company (ies) formed by or resulting from conversion, arrangement, demerger, amalgamation, demerger or restructuring of the aforementioned Investee Companies. Without

For Khanna Paper Mills Ltd.



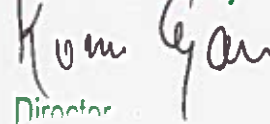
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For Khanna Fiber Pvt. Ltd.



Director

For Grownd Realty Pvt. Ltd.



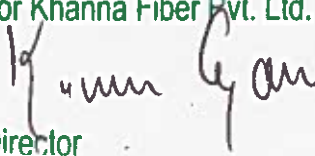
Director

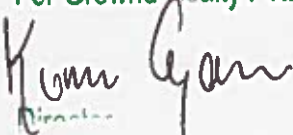
prejudice to the generality of the above, the Demerged Undertaking 2 shall include the following:

- (a) All the business, assets and properties, and liabilities and obligations of the Demerged Company as on the Appointed Date, belonging to, or forming part of, or relating or appertaining to, or attributable to the Demerged Undertaking 2 and shall include without limitation:
- (i) Investments, shares and securities held, including any appreciation in or accretion to the assets by way of an issue of shares, bonus or otherwise pursuant to a Scheme of Amalgamation or Arrangement undertaken by the investee company(ies);
 - (ii) Land, building, furniture and fixture, vehicles and any other fixed asset;
 - (iii) All current assets, inventory, stock-in-trade, account receivables, loans and advances and other assets;
 - (iv) Security deposits, earnest monies, advance lease rentals or other payments made to the lessors or suppliers;
 - (v) Rights, powers, authorities, approvals, consents, letters of intent, registrations, contracts, leasehold rights, engagements, other rights, facilities, privileges, benefits including tax benefits, concessions and advantages of any nature whatsoever;
 - (vi) Any and all patents, trademarks, trade names, and or intellectual property owned or licensed, and;
 - (vii) All employees of the Demerged Company engaged in or in relation to the Demerged Undertaking 2 as identified by the Board of Directors of the Demerged Company, as on the Effective Date.
- (b) The liabilities which arise out of the activities or operations of the Demerged Undertaking 2;
- (c) The specific loans or borrowings raised, incurred, and utilized solely for the activities and operations of the Demerged Undertaking 2, if any;
- (d) Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the Demerged Undertaking 2 or whether it arises out of the activities or operations of the Demerged Undertaking 2, shall be decided by mutual agreement between the Board of Directors of the Demerged Company and the Second Resulting Company.

or Khanna Paper Mills Ltd.


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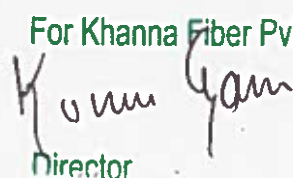
For Khanna Fiber Pvt. Ltd.

Director

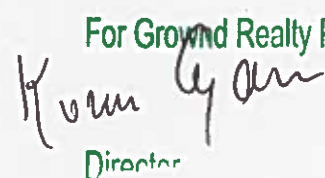
For Grownd Realty Pvt. Ltd.

Director

- 1.1.9. "Effective Date" means last of the dates on which the certified copy of the Order(s) passed by the Hon'ble National Company Law Tribunal, sanctioning the Scheme of Arrangement, are filed by the Companies with the concerned Registrar of Companies, Ministry of Corporate Affairs. Any references in this Scheme to the "date of coming into effect of this Scheme" or "effectiveness of the Scheme" or "Scheme taking effect" shall mean the Effective Date.
- 1.1.10. "First Resulting Company" or "KFPL" shall have the meaning as ascribed to it in Clause B(II) above;
- 1.1.11. "Government Entity" or "Governmental Authority" means any applicable central or state government or local body, 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.
- 1.1.12. "Income-tax Act" or "IT Act" means the Income-tax Act, 1961, and includes any statutory modifications, re-enactment or amendment thereof from time to time.
- 1.1.13. "Law" or "Applicable Law" includes all applicable statutes, enactments, acts of legislature or Parliament, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, directives and orders of any government, statutory authority, tribunal, board, court of India or any other country or jurisdiction, as may be applicable.
- 1.1.14. "NCLT" or "Tribunal" means the Hon'ble National Company Law Tribunal, Chandigarh Bench at Chandigarh, having jurisdiction in respect of the Demerged Company and the First Resulting Company and Second Resulting Company, and includes any other appropriate forum or authority or court empowered to approve this Scheme as per the Law for the time being in force.
- 1.1.15. "Person" means any individual, joint venture, company, corporation, partnership (whether limited or unlimited), proprietorship, trust or other enterprise (whether incorporated or not), Hindu undivided family, union, association, government (central, state or otherwise), or any agency, department, authority or political subdivision thereof, and includes their respective successors and in case of an individual shall include his/her legal representatives, administrators, executors and heirs and in case of a trust shall include the trustee or the trustees for the time being.
- 1.1.16. "Record Date" means (a) in relation to Part II of the Scheme means the date to be fixed by the Board of Directors of KPML, the Demerged Company in consultation with the Board of Directors of KFPL, First Resulting Company for the purpose of determining the shareholders of KPML, the Demerged Company who shall be entitled to receive shares of KFPL, pursuant

or Khanna Paper Mills Ltd.


Auth. Signatory

For Khanna Fiber Pvt. Ltd.

Director

For Ground Realty Pvt. Ltd.

Director

to the Scheme; and (b) in relation to Part III of the Scheme, means the date to be fixed by the Board of Directors of KPML, the Demerged Company in consultation with the Board of Directors of GRPL, Second Resulting Company for the purpose of determining the shareholders of KPML, the Demerged Company who shall be entitled to receive shares of GRPL, pursuant to the Scheme, whose names are recorded in the Register of Members of the Demerged Company, on such date.

- 1.1.17. **"Remaining Business"** means all paper manufacturing business, assets, properties, and liabilities, obligations, claims and demands other than that comprised in Demerged Undertaking 1 and Demerged Undertaking 2 as defined in Clause 1.1.7 and 1.1.8 of this Scheme.
- 1.1.18. **"Second Resulting Company" or "GRPL"** shall have the meaning as ascribed to it in Clause B(III) above;
- 1.1.19. **"Scheme of Arrangement" or "this Scheme" or "the Scheme"** means this scheme of arrangement between Khanna Paper Mills Limited And Khanna Fiber Private Limited And Grownd Realty Private Limited And their respective shareholders and creditors in its present form as submitted to the NCLT or this scheme with such modification(s), if any, as may be made by the respective members and the creditors of the Companies or such modification(s) as may be imposed by any competent authority and/or directed to be made by the Tribunal while sanctioning this scheme and as accepted by the respective Board of Directors of the Companies.
- 1.1.20. **"Taxation"** (including with correlative meaning, the terms **"Tax"** and **"Taxes"**) means (a) any and all taxes (direct or indirect), surcharges, cess, duties and impositions imposed by any Governmental Authority, including without limitation taxes based upon or measured by gross receipts, income, profits, sales and value added services; and (b) withholding taxes, payroll, excise and property taxes, stamp duty and registration fees, together with all interest and penalties with respect to any such amounts.

The expressions which are used in this Scheme and not defined in this Scheme, shall, unless repugnant or contrary to the context or meaning hereof, have the same meaning ascribed to them under the Income-tax Act and other applicable laws or any statutory modification or re-enactment thereof from time to time.

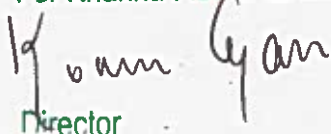
1.2. INTERPRETATION

- 1.2.1. References to statutory provisions shall be construed as references to the statutory provisions under laws of India unless otherwise specified, and in any event to those provisions as

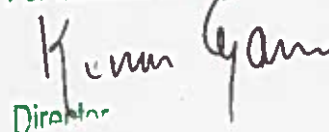
For Khanna Paper Mills Ltd.

 Auth. Signatory

For Khanna Fiber Pvt. Ltd.


Director

For Grownd Realty Pvt. Ltd.


Director

respectively amended, superseded or re-enacted or as their application is modified by any other provisions (whether made before or after the date of this Scheme) from time to time.

1.2.2. References to clauses or schedules are to the clauses or schedules of this Scheme and references to sub-clauses are to the sub-clauses of the clause of this Scheme in which the reference appears.

1.2.3. The headings and sub-headings are for information only and shall not affect the construction or interpretation of this Scheme.

1.2.4. The singular shall include the plural and vice versa; and reference to one gender shall include all genders.

1.2.5. Any phrase introduced by the terms "including", "inter alia", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense or scope of the word(s) preceding those terms.

1.3. **DATE OF TAKING EFFECT AND OPERATIVE DATE**

1.3.1 The Scheme set out herein in its present form or with any modification(s) and amendments(s) made pursuant to Clause 4.2 of the Scheme, approved or imposed or directed by the NCLT or any other authority, shall be effective from the Appointed Date, but shall be operative from the Effective date.

1.4. **SHARE CAPITAL**

1.4.1 The authorized, issued, subscribed and paid-up capital of the Demerged Company as on 28th February 2023 is as under:

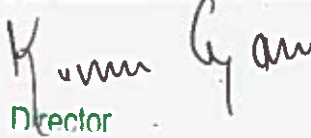
Particulars	Indian Rupees (INR)
Authorized Capital	
45,000,000 equity shares of Rs. 10 each	450,000,000
Total	450,000,000
Issued, Subscribed & Paid-up Capital	
26,537,945 equity shares of Rs.10 each fully paid-up	265,379,450
Total	265,379,450

For Khanna Paper Mills Ltd.



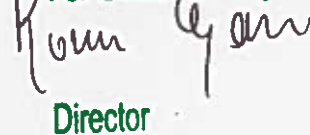
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For Khanna Fiber Pvt. Ltd.



Director

For Ground Realty Pvt. Ltd.



Director

Subsequent to the above, and till the date of approval of this Scheme by the Board of Directors of the Demerged Company, there has been no additions/changes to the Share Capital of the Demerged Company.

- 1.4.2 The authorized, issued, subscribed and paid-up capital of the First Resulting Company i.e., KFPL as on 28th February 2023 is as under:

Particulars	Indian Rupees (INR)
Authorized Capital	
250,000 equity shares of Rs. 10 each	2,500,000
Total	2,500,000
Issued, Subscribed & Paid-up Capital	
10,000 equity shares of Rs. 10 each fully paid-up	100,000
Total	100,000

Subsequent to the above, and till the date of approval of this Scheme by the Board of Directors of the First Resulting Company, there has been no additions/changes to the Share Capital of the First Resulting Company.

The entire issued and paid-up share capital of the First Resulting Company is beneficially owned by the Demerged Company. As such the First Resulting Company is a wholly owned subsidiary of the Demerged Company.

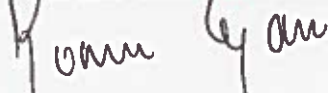
- 1.4.3 The authorized, issued, subscribed and paid-up capital of the Second Resulting Company i.e., GRPL as on 28th February 2023 is as under:

Particulars	Indian Rupees (INR)
Authorized Capital	
250,000 equity shares of Rs. 10 each	2,500,000

For Khanna Paper Mills Ltd.


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For Khanna Fiber Pvt. Ltd.


Director

For Grownd Realty Pvt. Ltd.


Director

Total	2,500,000
Issued, Subscribed & Paid-up Capital	
10,000 equity shares of Rs. 10 each fully paid-up	100,000
Total	100,000

Subsequent to the above, and till the date of approval of this Scheme by the Board of Directors of the Second Resulting Company, there has been no additions/changes to the Share Capital of the Second Resulting Company.

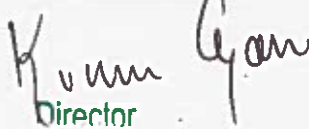
The entire issued and paid-up share capital of the Second Resulting Company is beneficially owned by the Demerged Company. As such the Second Resulting Company is a wholly owned subsidiary of the Demerged Company.

For Khanna Paper Mills Ltd.



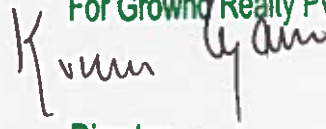
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For Khanna Fiber Pvt. Ltd.



Director

For Ground Realty Pvt. Ltd.



Director

PART II

TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING 1 OF THE DEMERGED COMPANY INTO KFPL, THE FIRST RESULTING COMPANY

2.1 TRANSFER AND VESTING

With effect from the Appointed Date or such other date as may be fixed or approved by the NCLT and upon the Scheme becoming effective, the Demerged Undertaking 1 of the Demerged Company shall be transferred to and vested in the First Resulting Company in the following manner:

2.1.1 The whole of the Demerged Undertaking 1 of the Demerged Company as defined in Clause 1.1.7 shall under the provision of Sections 230 to 232 and all other applicable provisions, if any, of the Act, and pursuant to the order of the NCLT or any other appropriate authority sanctioning this Scheme and without any further act or deed, be demerged from, transferred to and vested in or be deemed to have been demerged from, transferred to and vested in the First Resulting Company, as a going concern, as and from the Appointed Date.

2.1.2 This Scheme has been drawn up to comply with the conditions relating to "Demerger" as specified under Section 2(19AA) of the Income-tax Act. If any terms or provisions of this Scheme are found to be interpreted or inconsistent with the said provisions at a later date including resulting from amendment of any Applicable Law or for any other reason whatsoever, the provisions of the said section of the Income-tax Act shall prevail and this Scheme shall stand modified to the extent necessary to comply with the Section 2(19AA) of the Income-tax Act.

2.2 TRANSFER OF ASSETS


Upon this Scheme becoming effective and with effect from the Appointed Date, the assets of the Demerged Undertaking 1 shall stand transferred and vested in the First Resulting Company in the following manner:

2.2.1 In respect of such assets of the Demerged Undertaking 1 as are movable in nature or otherwise capable of being transferred by physical delivery, by paying over or by endorsement and delivery, the same shall be so transferred by the Demerged Company, without requiring any deed or conveyance for the same and shall become the property of the First Resulting Company as an integral part of the Demerged Undertaking 1.

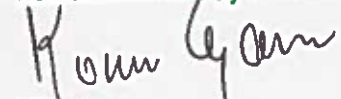
For Khanna Paper Mills Ltd.


Auth. Signatory

For Khanna Fiber Pvt. Ltd.


Director

For Grownd Realty Pvt. Ltd.

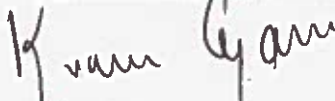

Director

- 2.2.2** In respect of assets (including all immovable properties, assets and rights whether contingent or not, in the immovable property whether freehold or leasehold or licensed or otherwise and all documents of title, rights and easements in relation thereto) forming a part of the Demerged Undertaking 1 other than those referred to in clause 2.2.1, the same shall be transferred to and vested in and/or be deemed to be transferred to and vested in the First Resulting Company on the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act. In respect of such assets including actionable claims, sundry debtors, outstanding loans, advances recoverable in cash or kind or for value to be received and deposits with the Government, Semi-Government, local and other authorities and bodies and customers, the First Resulting Company may, and the Demerged Company shall, on being so requested by the First Resulting Company, issue notices in such form as the First Resulting Company specifies stating that pursuant to the NCLT or such other competent authority having sanctioned this Scheme, the relevant debt, loan, advance, deposit or other asset, be paid or made good to, or be held on account of, the First Resulting Company, as the person entitled thereto, to the end and intent that the right of the Demerged Company to receive, recover or realize the same, stands transferred to the First Resulting Company and that appropriate entries should be passed in their respective books to record the aforesaid changes.
- 2.2.3** Without prejudice to the generality of the foregoing, upon the coming into effect of this Scheme on the Appointed Date, all consents, permissions, licenses, approvals, certificates, assignment, allotments, power of attorney given by, issued to or executed in favour of the Demerged Undertaking 1 of the Demerged Company, shall stand transferred to the First Resulting Company as if the same were originally given by, issued to or executed in favour of the First Resulting Company, and the rights and benefits under the same shall be available to the First Resulting Company. Any registration fees, charges etc. paid by the Demerged Company in relation to the aforementioned consents, permissions, licenses, approvals, certificates, clearances and authorities, etc. shall be deemed to have been paid by the First Resulting Company and consequently, the concerned Government authority shall carry out necessary mutations in favour of the First Resulting Company.
- 2.2.4** All assets, estate, rights, title, interest and authorities acquired by the Demerged Company after the Appointed Date and prior to the Effective Date in relation to the Demerged Undertaking 1, shall also stand transferred (along with the encumbrances, charges and / or rights thereon) to and vested in the First Resulting Company with effect from the relevant date in accordance with and in the manner prescribed in clause 2.2.1 and clause 2.2.2 above. Further, no duty (including stamp duty), levy, cess of any nature will be payable by the First

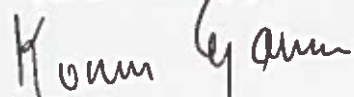
For Khanna Paper Mills Ltd.


Auth. Signatory

For Khanna Fiber Pvt. Ltd.


Director

For Grownd Realty Pvt. Ltd.


Director

Resulting Company at the time of replacement of the encumbrance, charge and/or right covered above with respect to the assets

2.2.5 It is hereby provided that all documents executed and/or filed including but not limited to documents related to charges, encumbrance or right, whether or not registered with any Governmental authority (including Registrar of Companies) or any other person as regards the transfer and vesting of Demerged Undertaking 1 of the Demerged Company, shall be deemed to have been executed and/or filed and/or registered by the First Resulting Company, and the First Resulting Company shall not be required to execute and/or perform any further act, instrument or deed separately.

2.2.6 Where there is any question as to the matter of whether any asset forms a part of or pertains to the Demerged Undertaking 1, a decision of the Board of Directors of the Demerged Company taken on such matter prior to the Effective Date with due regard to the background and rationale of this Scheme will be determinative.

2.3 TRANSFER OF LIABILITIES

Upon the coming into effect of this Scheme, the liabilities and obligations forming a part of the Demerged Undertaking 1 as on the Appointed Date shall be transferred / dealt with in the following manner:

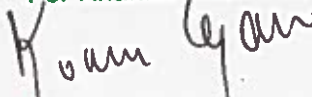
2.3.1 It is clarified that all the liabilities and obligations of the Demerged Company which arose out of the activities of the Demerged Undertaking 1 as on the Appointed Date, shall be deemed to have been transferred to the First Resulting Company and to the extent they are outstanding on the Effective Date shall, without any further act or deed, be transferred to the First Resulting Company and shall thereupon become the liabilities and obligations of the First Resulting Company which the First Resulting Company undertakes to meet, discharge and satisfy to the exclusion of the Demerged Company.

2.3.2 All liabilities including loans and borrowings present, future, and contingent liabilities and obligations of the Demerged Company allocable or pertaining to the Demerged Undertaking 1, including guarantees in respect of borrowings pertaining to or relatable to the Demerged Undertaking 1, shall without any further act or deed, become liabilities, loans and borrowings of the First Resulting Company, and all rights, powers, duties and obligations in relation thereto shall be and stand transferred to and vested in and shall be exercised by or against the First Resulting Company as if it had entered into such loans and incurred such borrowings. For the purpose of this Scheme, it is clarified that the Liabilities shall include:

For Khanna Paper Mills Ltd.


Auth. Signatory

For Khanna Fiber Pvt. Ltd.


Director

For Grownd Realty Pvt. Ltd.


Director

- (a) The liabilities which arise out of the activities or operations of the Demerged Undertaking 1;
- (b) The specific loans or borrowings raised, incurred and utilized solely for the activities and operations of the Demerged Undertaking 1, if any; and
- (c) So much of the amounts of the general or multipurpose borrowings of the Demerged Company, if any, allocable to the Demerged Undertaking 1 as stand in the same proportion in which the value of the assets transferred under this Scheme bear to the value of the assets of the Demerged Company immediately before the demerger, as prescribed under section 2(19AA) of the Income-tax Act.

2.3.3 Subject to the provisions of this clause and from the Effective Date, the First Resulting Company alone shall be eligible to perform all obligations in respect of the liabilities forming part of the Demerged Undertaking 1 as the borrower/issuer thereof, and the Demerged Company shall not have any obligation in respect of such transferred liabilities forming a part of the Demerged Undertaking 1.

2.3.4 Where any of the liabilities and obligations of the Demerged Company, as on the Appointed Date, deemed to be transferred to the First Resulting Company have been discharged by the Demerged Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the First Resulting Company, all loans raised and used and all liabilities and obligations incurred by the Demerged Company forming part of the Demerged Undertaking 1 after the Appointed Date and prior to the Effective Date, shall also without any further act or deed be and stand transferred to the First Resulting Company and shall become the liabilities and obligations of the First Resulting Company which shall meet, discharge and satisfy the same to the exclusion of the Demerged Company.

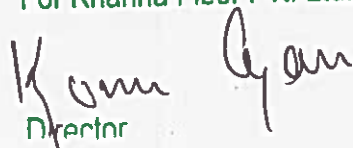
2.3.5 The provisions of this clause shall operate notwithstanding anything to the contrary contained in any instrument, deed or writing to which the relevant liability or obligation relates or the terms of sanction or issue of any security document, all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.

2.3.6 For the avoidance of doubt, it is hereby clarified and agreed that no liabilities and obligations forming a part of the Remaining Business shall be transferred or assumed by the First

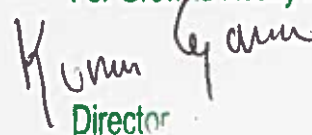
For Khanna Paper Mills Ltd.


Auth. Signatory

For Khanna Fiber Pvt. Ltd.


Director

For Growd Realty Pvt. Ltd.


Director

Resulting Company and the Demerged Company shall be responsible in relation to meeting or discharging such liabilities or obligations.

- 2.3.7 Where there is any question as to the matter of whether any liability or obligation forms a part of or pertains to the Demerged Undertaking 1, a decision of the Board of Directors of the Demerged Company taken on such matter prior to the Effective Date with due regard to the background and rationale of this Scheme will be determinative.

2.4 LEGAL PROCEEDINGS

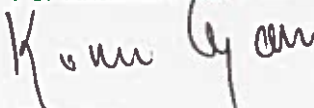
Upon the Scheme becoming effective, and with effect from the Appointed Date, all litigation, arbitration and other proceedings of the Demerged Undertaking 1 shall be transferred / dealt in the following manner:

- 2.4.1 All legal, taxation, arbitration or other proceedings (including before any statutory or quasi-judicial authority or tribunal) ('Proceedings') by or against the Demerged Company, whether pending on the Appointed Date or which may be instituted any time in future and in each case relating to the Demerged Undertaking 1 shall be continued and enforced by or against the First Resulting Company after the Effective Date to the extent legally permissible. To the extent, such proceedings cannot be taken over by the First Resulting Company, the proceedings shall be pursued by the Demerged Company as per the instruction of the First Resulting Company.
- 2.4.2 The First Resulting Company undertakes to have all legal or other proceedings initiated by or against the Demerged Company, referred to in Clause 2.4.1 above, transferred into its name and to have the same continued, prosecuted and enforced by or against the First Resulting Company as the case may be, to the exclusion of the Demerged Company, after the Effective Date. In the event that the Demerged Company is required to be joined as a necessary party in any such proceedings, the Demerged Company shall be added as a necessary party to enable the First Resulting Company to prosecute / defend such proceedings and First Resulting Company shall reimburse and indemnify KPML against all costs, liabilities and obligations incurred by KPML, if any, in respect thereof.
- 2.4.3 All legal, taxation, arbitration or other proceedings (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to

For Khanna Paper Mills Ltd.


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For Khanna Fiber Pvt. Ltd.


Director

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Director


the Remaining Business shall be continued and enforced by or against the Demerged Company.

2.5 CONTRACTS, DEEDS AND OTHER INSTRUMENTS

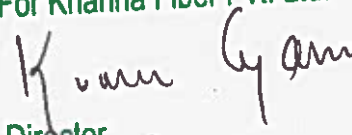
Upon this Scheme becoming effective, and with effect from the Appointed Date, all contracts, deeds, approval, permits etc. of the Demerged Undertaking 1 shall be deemed transferred /assigned and dealt in the following manner:

- 2.5.1 All contracts, deeds, bonds, schemes, arrangements and other instruments, if any, of whatsoever nature and relating to the Demerged Undertaking 1 to which the Demerged Company is a party or to the benefit of which the Demerged Undertaking 1 may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall be in force and effect against or in favour of, as the case may be, the First Resulting Company, and may be enforced as fully and effectually as if, instead of the Demerged Company, the First Resulting Company had been a party or beneficiary or oblige thereto.
- 2.5.2 Without prejudice to the other provisions of the Scheme and notwithstanding that the vesting of the Demerged Undertaking 1 with the First Resulting Company occurs by virtue of the Scheme itself, the First Resulting Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds, writings, confirmations, novation, tripartite agreements, declarations, or other documents with, or in favour of any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary to be executed merely in order to give formal effect to the above provisions. The First Resulting Company, shall under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of the Demerged Company to be carried out or performed.
- 2.5.3 For avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon coming into effect of the Scheme, on the Appointed Date, all consents, permissions, licenses, certificate, authorities given by, issued to or executed in favour of the Demerged Company in relation to the Demerged Undertaking 1 shall stand transferred to and vested in the First Resulting Company as if the same were originally given by, issued to or executed in favour of the First Resulting Company, and the First Resulting Company shall file the relevant intimations, if any, for the record of the statutory authorities who shall take them on file, pursuant to the Scheme coming into effect and the rights and benefits under such consents,

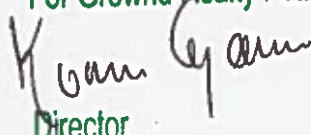
For Khanna Paper Mills Ltd.


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For Khanna Fiber Pvt. Ltd.


Director

For Grownd Realty Pvt. Ltd.


Director

permissions, licenses, certificates etc., shall be available to the First Resulting Company . Any registration fees, charges etc. paid by the Demerged Company in relation to the aforementioned consents, permissions, licenses, approvals, certificates, clearances and authorities, shall deemed to have been paid by the First Resulting Company.

- 2.5.4** It is clarified that if any contract, deed, bond, agreements, scheme, arrangements, or other instruments of whatsoever nature in relation to the Demerged Undertaking 1, to which the Demerged Company is a party cannot be transferred to the First Resulting Company for any reason whatsoever, the Demerged Company shall hold such contract, deed, bond, agreements, scheme, arrangements, or other instruments of whatsoever nature in trust for the benefit of the First Resulting Company.
- 2.5.5** In pursuance of the Scheme, the Demerged Company and First Resulting Company shall agree to execute suitable agreements, deeds, affidavits, consent letters, power of attorney, applications and other documents and enter into such arrangements as may be required for giving effect to this Scheme.

2.6 WORKMEN AND EMPLOYEES

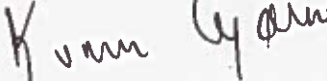
Upon this Scheme becoming effective:

- 2.6.1** All the workmen and employees of the Demerged Company, who are predominantly employed in the Demerged Undertaking 1 (the "Employees"), shall stand transferred to the First Resulting Company on terms and conditions not less favorable than those on which they were engaged by the Demerged Company (including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident plans, superannuation plans and any other retirement benefits) without any interruption in service as a result of transfer of the Demerged Undertaking 1 of the Demerged Company to the First Resulting Company.
- 2.6.2** The First Resulting Company agrees that the services of all the Employees in relation to Demerged Undertaking 1 prior to the transfer, as aforesaid, shall be taken into account for the purpose of the benefit to which the said Employees may be eligible, including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident plans, superannuation plans and any other retirement benefits and accordingly be reckoned therefore from the date of their respective appointment in the Demerged Company.

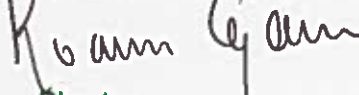
For Khanna Paper Mills Ltd.


Auth. Signatory

For Khanna Fiber Pvt. Ltd.


Director

For Grownd Realty Pvt. Ltd.


Director

- 2.6.3** The existing provident fund, gratuity fund and pension and/or superannuation fund trusts, if any, of which the Employees of the Demerged Company, in relation to Demerged Undertaking I, being transferred under clause 2.6.1 to the First Resulting Company, are members or beneficiaries as on the Appointed Date, along with the accumulated contributions therein till the Effective Date, shall with the approval of the concerned authorities if so required, be transferred to and continued without any break, to be administered by the First Resulting Company for the benefit of such Employees on the same terms and conditions. Accordingly, the balances in the provident fund, gratuity fund and pension and/or superannuation fund, if any, pertaining to the said Employees of the Demerged Company, and at the direction of the First Resulting Company, shall either be continued as separate funds of the First Resulting Company for the benefit of such Employees or be transferred to and merged with the similar funds of the First Resulting Company. In the event that the First Resulting Company does not have its own funds in respect of any of the above, the First Resulting Company, may subject to the necessary approvals and permissions, continue to contribute to the relevant funds of the Demerged Company, until such time that the First Resulting Company creates its own funds/ arrangements at which time the funds and the investments and contribution pertaining to the concerned Employees shall be transferred to the funds created by the First Resulting Company.
- 2.6.4** For the avoidance of doubt, it is hereby clarified and agreed that all liabilities, obligations or claims, in connection with any current or former officer or employee of the Demerged Company, other than the Employees, shall not transfer to or vest in the First Resulting Company and the Demerged Company shall be responsible in relation to meeting or discharging such liabilities or obligations or claims.
- 2.6.5** Where there is any question as to the matter of whether any employee forms a part of the Demerged Undertaking 1 or Demerged Undertaking 2 or Remaining Business, a decision of the Board of Directors of the Demerged Company taken on such matter prior to the Effective Date with due regard to the background and rationale of this Scheme will be determinative.

2.7 TAXES

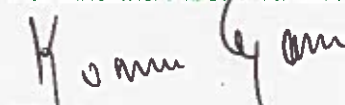
Upon this Scheme becoming effective and with effect from Appointed Date:

- 2.7.1** It is clarified that all the direct and indirect taxes, duties, cess or any other like payment payable by the Demerged Company, relating to the Demerged Undertaking 1, including all advance tax payments, tax deducted at source or any refunds/ credits/ claims relating thereto shall for

For Khanna Paper Mills Ltd.


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For Khanna Fiber Pvt. Ltd.


Director

For Grownd Realty Pvt. Ltd.


Director

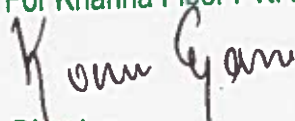
all purpose, be treated as advance tax payments, tax deducted at source or refunds/ credits/ claims, as the case may be, of the First Resulting Company. It is specifically provided that if the Demerged Company or their successor(s) receive any refunds/ credits in respect of the Demerged Undertaking 1, the same shall be on the behalf of and as a trustee of the First Resulting Company and the same shall be refunded to the First Resulting Company. Accordingly, upon this Scheme becoming effective, the Demerged Company and First Resulting Company are expressly permitted to revise and file their respective Income Tax Returns including tax deduction at source certificates, goods and service tax return(s) and other such tax returns, for the period commencing on and from the Appointed Date and to claim refund/credit, pursuant to the provisions of this Scheme.

- 2.7.2** All Taxes of any nature, duties, cesses, un-availed credits, exemptions, margin money, retention money, deposits with Governmental Authorities, other deposits and benefits of carried forward losses and other statutory benefits, including in respect of income tax (including MAT Credit remaining after utilization of the Demerged Company), VAT, sales tax, service tax, goods and service tax (including unutilized input tax credit), etc. or any other like payment or deductions made by the Demerged Company in relation to the Demerged Undertaking 1 to any Governmental Authorities such as goods and service tax etc. or any tax deduction / collection at source, tax credits under the applicable direct and indirect Tax Laws, relating to the period after the Appointed Date up to and including the Effective Date, shall be deemed to have been on account of or paid by the First Resulting Company, without any further act and deed.
- 2.7.3** Upon this Scheme becoming effective, any tax deducted at source (TDS) deposited, TDS certificates issued or TDS returns filed by the Demerged Company pertaining to the Demerged Undertaking 1 shall continue to hold good as if such TDS amounts were deposited, TDS certificates were issued and TDS returns were filed by the First Resulting Company and all deductions otherwise admissible to the Demerged Company pertaining to the Demerged Undertaking 1 including payment admissible on actual payment or on deduction of appropriate taxes or on payment of tax deducted at source (such as section 43B, section 40, section 40A etc. of the Income-tax Act) shall be eligible for deduction to the First Resulting Company.
- 2.7.4** The obligation for deduction/collection of tax at source on any payment made by or to be made by the Demerged Company pertaining to the Demerged Undertaking 1 under the Income-tax Act, goods and service tax laws, or other applicable direct and indirect tax laws and/or regulations dealing with taxes, duties or levies shall be deemed to have been made and duly complied with on behalf of the First Resulting Company.

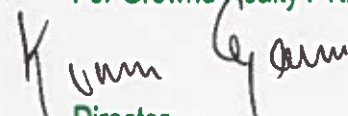
For Khanna Paper Mills Ltd.


Auth. Signatory

For Khanna Fiber Pvt. Ltd.


Director

For Grownd Realty Pvt. Ltd.


Director

2.7.5 All the expenses incurred by the Demerged Company and the First Resulting Company in relation to this Scheme, including stamp duty expenses, if any, shall be allowed as deduction to each of the Demerged Company and the First Resulting Company in accordance with Section 35DD of the Income-tax Act over a period of 5 years beginning with the previous year in which this Scheme becomes effective.

2.8 ENCUMBRANCES

2.8.1 The transfer and vesting of the Demerged Undertaking 1 under Clause 2.1 above, shall be subject to the existing securities, charges and mortgages, if any in relation to the liabilities of the Demerged Undertaking 1 transferred by the Demerged Company.

2.8.2 In so far as the assets comprised in the Demerged Undertaking 1 are concerned, the existing securities, mortgages, charges, encumbrances or liens, if any, over or in respect of any of the assets or any part thereof or charge over such assets relating to any loans or borrowing of the Demerged Company, shall without any further act or deed, be released and discharged from the same and shall no longer be available as security in relation to those liabilities retained in the Demerged Company.

2.8.3 In so far as the assets retained in the Demerged Company are concerned, the security over such assets, to the extent they relate to the liabilities transferred under Clause 2.3 above, shall, without any further act, instrument or deed be released and discharged from such security. The absence of any formal amendment which may be required by a lender or a third party in order to effect such release shall not affect the operation of the foregoing sentence.

2.9 SAVING OF THE CONCLUDED TRANSACTIONS

2.9.1 The transfer and vesting of the assets, liabilities and obligations of the Demerged Undertaking 1 as per this Scheme and continuance of the proceedings by or against the First Resulting Company under Clause 2.4 hereof shall not affect any transactions or proceedings, already completed by the Demerged Company on or before the Appointed Date to the end and intent that the First Resulting Company accept all acts, deeds and things done and executed by and/or on behalf of the Demerged Company as acts, deeds and things done and executed by and on behalf of the First Resulting Company.

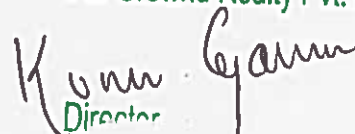
For Khanna Paper Mills Ltd.


Auth. Signatory

For Khanna Fiber Pvt. Ltd.


Director

For Grownd Realty Pvt. Ltd.


Director

2.10 BUSINESS AND PROPERTY IN TRUST FOR THE FIRST RESULTING COMPANY

2.10.1 With effect from the Appointed Date and up to and including the Effective Date, the Demerged Company shall be deemed to have been carrying on all the business and activities relating to the Demerged Undertaking 1 for and on account of and in trust for the First Resulting Company.

2.10.2 All cash, receivables and profits accruing to the Demerged Company or losses arising or incurred (including the effect of taxes if any thereon) after the Appointed Date and up to and including the Effective Date, relating to the Demerged Undertaking 1 shall for all purposes, be treated as cash, receivables, profits or losses, as the case may be, of the First Resulting Company. Also from the Appointed Date up to the Effective Date any appreciation in or accretion or entitlement to the Demerged Undertaking 1, by virtue of a dividend or issue of shares, bonus, capital reorganization or otherwise pursuant to a Scheme of Amalgamation or Arrangement undertaken by the investee companies whose shares, units, etc form a part of the assets of the Demerged Undertaking 1 of the Demerged Company, as the case may be shall be deemed to have also been issued, transferred and vested in the First Resulting Company by virtue of this Scheme.

2.10.3 The Demerged Company hereby confirms that it has and shall continue up to the Effective Date, to preserve and carry on the Demerged Undertaking 1, in the ordinary course as a going concern, consistent with past practices and with reasonable diligence and business prudence and it will not, without prior consultation with the First Resulting Company, alienate, charge, or otherwise deal with or dispose or suspend business operation pertaining to the Demerged Undertaking 1 or any part thereof (in each case, except in the ordinary course of business) or undertake substantial expansion of the Demerged Undertaking 1, other than expansions which have already commenced prior to the Appointed Date.

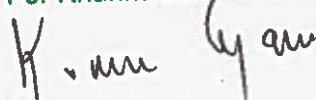
2.11 CONSIDERATION

2.11.1 Upon effectiveness of this Scheme and in consideration for the transfer of the Demerged Undertaking 1 of the Demerged Company into the First Resulting Company, the First Resulting Company shall, without any further act or deed, issue and allot to each member of the Demerged Company whose name is recorded in the register of members as on Record Date

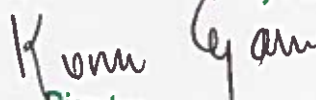
For Khanna Paper Mills Ltd.


Auth. Signatory

For Khanna Fiber Pvt. Ltd.


Director

For Grownd Realty Pvt. Ltd.


Director

(or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title, as the case may be), the following equity shares:

"1 equity share of face value INR 10 (Ten) each of such class as may be determined by the Board of Directors of the First Resulting Company for 106 equity shares held in the Demerged Company by the shareholders of the Demerged Company on the record date"

It is clarified that no cash consideration shall be paid by the First Resulting Company to the Demerged Company or its shareholders.

The increase in Authorized Share Capital shall be subject to the payment of necessary fees for registration and stamp duty by the First Resulting Company.

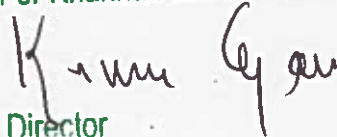
- 2.11.2** Any fractional entitlement arising out of the issue and allotment of the shares issued by the First Resulting Company pursuant to clause 2.11.1 above, shall be rounded up to the next integer and be issued free from all liens, charges, equitable interests, encumbrances and other third-party rights of any nature whatsoever.
- 2.11.3** The equity shares to be issued and allotted pursuant to clause 2.11.1 shall in all respects, rank *pari-passu* in all respect, including dividends, with the existing equity shares of the First Resulting Company.
- 2.11.4** The shares to be issued and allotted in terms hereof will be subject to the Memorandum and Articles of Association of the First Resulting Company and shall be deemed to be in compliance with the Act, and other notifications, guidelines issued by the statutory/regulatory authorities in India.
- 2.11.5** Approval of this Scheme by the shareholders shall be deemed to be the due compliance of the provisions of Section 62(1)(c) of the Act and the other relevant and applicable provisions of the Act for the issue and allotment of equity shares by the First Resulting Company to the shareholders of the Demerged Company, as provided in this Scheme, and no separate resolution under the Act would be required to be passed.
- 2.11.6** Upon the Scheme becoming effective and upon issue of equity shares by the First Resulting Company in accordance with Clause 2.11.1 above, the existing equity shares of the First Resulting Company held by the Demerged Company and its nominees, as on the Record Date shall, without any application or deed or payment, stand cancelled. Furthermore, the First Resulting Company shall not be required to add the words "and reduced" as a suffix to its name consequent upon such reduction.

For Khanna Paper Mills Ltd.



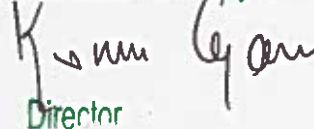
Auth. Signatory

For Khanna Fiber Pvt. Ltd.



Director

For Grownd Realty Pvt. Ltd.



Director

It is hereby expressly clarified that the consent of the shareholders and the secured and unsecured creditors to the Scheme shall be deemed to be sufficient for the purposes of effecting the above reorganization in the issued and paid-up equity share capital of the First Resulting Company, resulting in a reduction in the equity share capital of the First Resulting Company, and no further resolution would be required to be separately passed or taken.

The said cancellation of investment held by the Demerged Company in the First Resulting Company and the said reduction in the share capital of the First Resulting Company shall be effected as an integral part of the Scheme and the order of the NCLT sanctioning the Scheme shall be deemed to be an order under section 66 of the Act confirming the reduction and no separate sanction under section 66 of the Act will be necessary.

2.12 ACCOUNTING TREATMENT

On effectiveness of the Scheme and with effect from the Appointed Date, subject to the compliance with the provisions of Section 2(19AA) of the Income-tax Act, the Demerged Company and the First Resulting Company shall account for the scheme in their respective books of account /financial statements in accordance with applicable Indian Accounting Standards (Ind AS) notified under *the Companies (Indian Accounting Standards) Rules, 2015*, and generally accepted accounting principles in India as amended from time to time including as provided herein below:

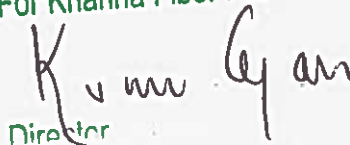
2.12.1 IN THE BOOKS OF THE DEMERGED COMPANY

- (a) The aggregate book value of all assets and liabilities forming part of the Demerged Undertaking 1 transferred pursuant to this Scheme from the Demerged Company to the First Resulting Company shall be reduced from the aggregate book value of assets and liabilities respectively as appearing in the books of the Demerged Company at the close of the business day immediately preceding the Appointed Date.
- (b) By virtue of the reduction in equity share capital specified under Clause 2.11.6, the Demerged Company shall derecognise the carrying amount of its investments in the equity shares in the First Resulting Company.
- (c) All inter-company assets and liabilities i.e., investments, loan and advances or payables or receivables or arrangement of any kind, held inter-se, if any, between the Demerged Company and the First Resulting Company relating to the Demerged Undertaking 1 shall stand cancelled and there shall be no further obligation/outstanding in that behalf.
- (d) The excess/deficit, if any of the aggregate of the book value of assets over the book value of liabilities forming part the Demerged Undertaking 1 transferred under this

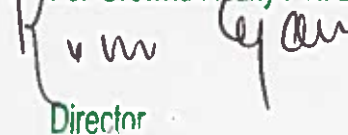
For Khanna Paper Mills Ltd.


Adm. Signatory

For Khanna Fiber Pvt. Ltd.


Director

For Grownd Realty Pvt. Ltd.


Director

Scheme after taking into consideration the amount of investments cancelled under Clause 2.12.1 (b) and the effect of elimination of balances as mentioned under Clause 2.12.1 (c), shall be adjusted with the Retained Earnings of the Demerged Company.

2.12.2 IN THE BOOKS OF THE FIRST RESULTING COMPANY

- (a) The First Resulting Company shall record the assets and liabilities, forming part of the Demerged Undertaking 1 transferred to and vested in it pursuant to this Scheme, at their respective book values thereof as appearing in the books of the Demerged Company at the close of the business day immediately preceding the Appointed Date.
- (b) The First Resulting Company shall credit to its share capital account in its books of accounts the aggregate face value of the equity shares issued by it to the members of the Demerged Company pursuant to clause 2.11.1.
- (c) All inter-company assets and liabilities i.e., investments, loan and advances or payables or receivables or arrangement of any kind, held inter-se, if any, between the Demerged Company and the First Resulting Company relating to the Demerged Undertaking 1 shall stand cancelled and there shall be no further obligation/outstanding in that behalf.
- (d) The excess, if any, of the aggregate of the book value of the assets over the aggregate of the book value of liabilities forming part of the Demerged Undertaking 1 transferred pursuant to this Scheme and the amount credited to the share capital account as per clause 2.12.2(b), as reduced by the amount of share capital cancelled pursuant to clause 2.11.6, and after giving effect to cancellation of inter-company assets and liabilities as per clause 2.12.2(c), shall be credited to the capital reserve account. However, where the amount credited to the share capital account as per clause 2.12.2(b), as reduced by the amount of share capital cancelled pursuant to clause 2.11.6, is higher than the aggregate of the book value of assets over the aggregate of the book value of liabilities forming part of the Demerged Undertaking 1 transferred pursuant to this Scheme, after giving effect to cancellation of inter-company assets and liabilities as per clause 2.12.2(c), the difference shall be adjusted first in the retained earnings to the extent available and the balance if any shall be recognised in a separate account appropriately titled.

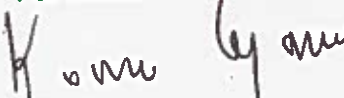
2.13 REMAINING BUSINESS OF THE DEMERGED COMPANY

- 2.13.1** The Remaining Business and all the assets, liabilities and obligations pertaining thereto, shall continue to belong to and be vested in and be managed by the Demerged Company.

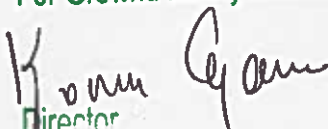
For Khanna Paper Mills Ltd.


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For Khanna Fiber Pvt. Ltd.


Director

For Grownd Realty Pvt. Ltd.


Director

2 All legal or other proceedings by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted in future whether or not in respect of any matter arising before the Effective Date and relating to the Remaining Business (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Business) shall be continued and enforced by or against the Demerged Company. The First Resulting Company shall in no event be responsible or liable in relation to any such legal or other proceedings by or against the Demerged Company.

2.13.2 With effect from the Appointed Date and up to and including the Effective Date:

3.13.3.1 The Demerged Company shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Business for and on its own behalf.

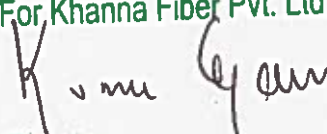
3.13.3.2 All profits and income accruing or arising to the Demerged Company, and any cost, charges, losses and expenditure arising or incurred by it (including taxes, if any, accruing or paid in relation to any profits or income) relating to the Remaining Business shall, for all purposes, be treated as and be deemed to be the profits income, losses or expenditure, as the case may be, of the Demerged Company, and

3.13.3.3 All employees relatable to the Remaining Business shall continue to be employed by the Demerged Company and the First Resulting Company shall not in any event be liable or responsible for any claims whatsoever regarding such employees.

2.13.3 On and from the Effective Date, and thereafter, the Demerged Company basis the instructions received from the Board of the First Resulting company shall be entitled to continue to carry out all operations of the Demerged Undertaking 1 on behalf of the First Resulting Company so far as may be necessary until the First Resulting Company is able to obtain all legal permissions/ registrations required to carry out the business of the Demerged Undertaking 1 and transfer of rights and obligations of the Demerged Undertaking 1 to the First Resulting Company under this Scheme have been formally given effect to. For avoidance of doubt, it is clarified that all such business operations shall be deemed to have been carried out on behalf of the First Resulting Company and shall be accounted for in the books of the First Resulting Company.

or Khanna Paper Mills Ltd.


Auth. Signatory

For Khanna Fiber Pvt. Ltd.

Director

For Grownd Realty Pvt. Ltd.


Director

PART III

TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING 2 OF THE DEMERGED COMPANY INTO GRPL, THE SECOND RESULTING COMPANY

3.1 TRANSFER AND VESTING

With effect from the Appointed Date or such other date as may be fixed or approved by the NCLT and upon the Scheme becoming effective, the Demerged Undertaking 2 of the Demerged Company shall be transferred to and vested in the Second Resulting Company in the following manner:

3.1.1 The whole of the Demerged Undertaking 2 of the Demerged Company as defined in Clause 1.1.8 shall under the provision of Sections 230 to 232 and all other applicable provisions, if any, of the Act, and pursuant to the order of the NCLT or any other appropriate authority sanctioning this Scheme and without any further act or deed, be demerged from, transferred to and vested in or be deemed to have been demerged from, transferred to and vested in the Second Resulting Company, as a going concern, as and from the Appointed Date.

3.1.2 This Scheme has been drawn up to comply with the conditions relating to "Demerger" as specified under Section 2(19AA) of the Income-tax Act. If any terms or provisions of this Scheme are found to be interpreted or inconsistent with the said provisions at a later date including resulting from amendment of any Applicable Law or for any other reason whatsoever, the provisions of the said section of the Income-tax Act shall prevail and this Scheme shall stand modified to the extent necessary to comply with the Section 2(19AA) of the Income-tax Act.

3.2 TRANSFER OF ASSETS

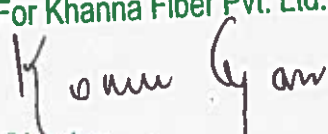
Upon this Scheme becoming effective and with effect from the Appointed Date, the assets of the Demerged Undertaking 2 shall stand transferred and vested in the Second Resulting Company in the following manner:

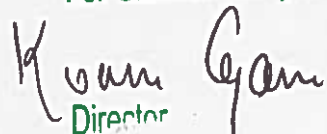
3.2.1 In respect of such assets of the Demerged Undertaking 2 as are movable in nature or otherwise capable of being transferred by physical delivery, by paying over or by endorsement and delivery, the same shall be so transferred by the Demerged Company, without requiring any deed or conveyance for the same and shall become the property of the Second Resulting Company as an integral part of the Demerged Undertaking 2.

3.2.2 In respect of assets (including all immovable properties, assets and rights whether contingent or not, in the immovable property whether freehold or leasehold or licensed or otherwise and

Khanna Paper Mills Ltd.

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For Khanna Fiber Pvt. Ltd.

Director

For Grownd Realty Pvt. Ltd.

Director

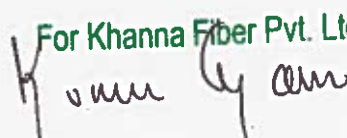
all documents of title, rights and easements in relation thereto) forming a part of the Demerged Undertaking 2 other than those referred to in clause 3.2.1 , the same shall be transferred to and vested in and/or be deemed to be transferred to and vested in the Second Resulting Company on the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act. In respect of such assets including actionable claims, sundry debtors, outstanding loans, advances recoverable in cash or kind or for value to be received and deposits with the Government, Semi-Government, local and other authorities and bodies and customers, the Second Resulting Company may, and the Demerged Company shall, on being so requested by the Second Resulting Company, issue notices in such form as the Second Resulting Company specifies stating that pursuant to the NCLT or such other competent authority having sanctioned this Scheme, the relevant debt, loan, advance, deposit or other asset, be paid or made good to, or be held on account of, the Second Resulting Company, as the person entitled thereto, to the end and intent that the right of the Demerged Company to receive, recover or realize the same, stands transferred to the Second Resulting Company and that appropriate entries should be passed in their respective books to record the aforesaid changes.

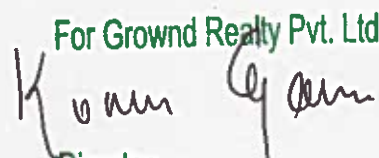
3.2.3 Without prejudice to the generality of the foregoing, upon the coming into effect of this Scheme on the Appointed Date, all consents, permissions, licenses, approvals, certificates, assignment, allotments, power of attorney given by, issued to or executed in favour of the Demerged Undertaking 2 of the Demerged Company, shall stand transferred to the Second Resulting Company as if the same were originally given by, issued to or executed in favour of the Second Resulting Company, and the rights and benefits under the same shall be available to the Second Resulting Company. Any registration fees, charges etc. paid by the Demerged Company in relation to the aforementioned consents, permissions, licenses, approvals, certificates, clearances and authorities, etc. shall be deemed to have been paid by the Second Resulting Company and consequently, the concerned Government authority shall carry out necessary mutations in favour of the Second Resulting Company.

3.2.4 All assets, estate, rights, title, interest and authorities acquired by the Demerged Company after the Appointed Date and prior to the Effective Date in relation to the Demerged Undertaking 2, shall also stand transferred (along with the encumbrances, charges and / or rights thereon) to and vested in the Second Resulting Company with effect from the relevant date in accordance with and in the manner prescribed in clause 3.2.1 and clause 3.2.2 above. Further, no duty (including stamp duty), levy, cess of any nature will be payable by the Second Resulting Company at the time of replacement of the encumbrance, charge and/or right covered above with respect to the assets.

For Khanna Paper Mills Ltd.


Auth. Signatory

For Khanna Fiber Pvt. Ltd.

Director

For Ground Realty Pvt. Ltd.

Director

3.2.5 It is hereby provided that all documents executed and/or filed including but not limited to documents related to charges, encumbrance or right, whether or not registered with any Governmental authority (including Registrar of Companies) or any other person as regards the transfer and vesting of Demerged Undertaking 2 of the Demerged Company, shall be deemed to have been executed and/or filed and/or registered by the Second Resulting Company, and the Second Resulting Company shall not be required to execute and/or perform any further act, instrument or deed separately.

3.2.6 Where there is any question as to the matter of whether any asset forms a part of or pertains to the Demerged Undertaking 2, a decision of the Board of Directors of the Demerged Company taken on such matter prior to the Effective Date with due regard to the background and rationale of this Scheme will be determinative.

3.3 TRANSFER OF LIABILITIES

Upon the coming into effect of this Scheme, the liabilities and obligations forming a part of the Demerged Undertaking 2 as on the Appointed Date shall be transferred / dealt with in the following manner:

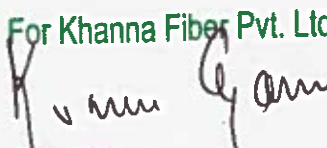
3.3.1 It is clarified that all the liabilities and obligations of the Demerged Company which arose out of the activities of the Demerged Undertaking 2 as on the Appointed Date, shall be deemed to have been transferred to the Second Resulting Company and to the extent they are outstanding on the Effective Date shall, without any further act or deed, be transferred to the Second Resulting Company and shall thereupon become the liabilities and obligations of the Second Resulting Company which the Second Resulting Company undertakes to meet, discharge and satisfy to the exclusion of the Demerged Company.

3.3.2 All liabilities including loans and borrowings present, future, and contingent liabilities and obligations of the Demerged Company allocable or pertaining to the Demerged Undertaking 2, including guarantees in respect of borrowings pertaining to or relatable to the Demerged Undertaking 2, shall without any further act or deed, become liabilities, loans and borrowings of the Second Resulting Company, and all rights, powers, duties and obligations in relation thereto shall be and stand transferred to and vested in and shall be exercised by or against the Second Resulting Company as if it had entered into such loans and incurred such borrowings. For the purpose of this Scheme, it is clarified that the Liabilities shall include:

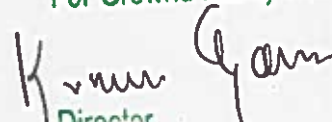
(d) The liabilities which arise out of the activities or operations of the Demerged Undertaking 2;

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For Khanna Fiber Pvt. Ltd.

Director

For Grownd Realty Pvt. Ltd.


Director

(e) The specific loans or borrowings raised, incurred and utilized solely for the activities and operations of the Demerged Undertaking 2, if any; and

(f) So much of the amounts of the general or multipurpose borrowings of the Demerged Company, if any, allocable to the Demerged Undertaking 2 as stand in the same proportion in which the value of the assets transferred under this Scheme bear to the value of the assets of the Demerged Company immediately before the demerger, as prescribed under section 2(19AA) of the Income-tax Act.

3.3.3 Subject to the provisions of this clause and from the Effective Date, the Second Resulting Company alone shall be eligible to perform all obligations in respect of the liabilities forming part of the Demerged Undertaking 2 as the borrower/issuer thereof, and the Demerged Company shall not have any obligation in respect of such transferred liabilities forming a part of the Demerged Undertaking 2.

3.3.4 Where any of the liabilities and obligations of the Demerged Company, as on the Appointed Date, deemed to be transferred to the Second Resulting Company have been discharged by the Demerged Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Second Resulting Company, all loans raised and used and all liabilities and obligations incurred by the Demerged Company forming part of the Demerged Undertaking 2 after the Appointed Date and prior to the Effective Date, shall also without any further act or deed be and stand transferred to the Second Resulting Company and shall become the liabilities and obligations of the Second Resulting Company which shall meet, discharge and satisfy the same to the exclusion of the Demerged Company.

3.3.5 The provisions of this clause shall operate notwithstanding anything to the contrary contained in any instrument, deed or writing to which the relevant liability or obligation relates or the terms of sanction or issue of any security document, all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.

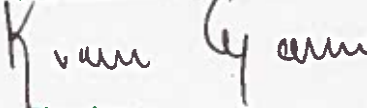
3.3.6 For the avoidance of doubt, it is hereby clarified and agreed that no liabilities and obligations forming a part of the Remaining Business shall be transferred or assumed by the Second Resulting Company and the Demerged Company shall be responsible in relation to meeting or discharging such liabilities or obligations.

Where there is any question as to the matter of whether any liability or obligation forms a part of or pertains to the Demerged Undertaking 2, a decision of the Board of Directors of the


or Khanna Paper Mills Ltd.

Auth. Signatory

For Khanna Fiber Pvt. Ltd.


Director

For Grownd Realty Pvt. Ltd.


Director

Demerged Company taken on such matter prior to the Effective Date with due regard to the background and rationale of this Scheme will be determinative.

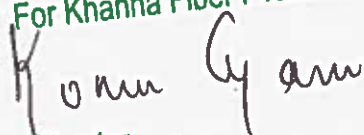
3.4 LEGAL PROCEEDINGS

Upon the Scheme becoming effective, and with effect from the Appointed Date, all litigation, arbitration and other proceedings of the Demerged Undertaking 2 shall be transferred / dealt in the following manner:

- 3.4.1 All legal, taxation, arbitration or other proceedings (including before any statutory or quasi-judicial authority or tribunal) ('Proceedings') by or against the Demerged Company, whether pending on the Appointed Date or which may be instituted any time in future and in each case relating to the Demerged Undertaking 2 shall be continued and enforced by or against the Second Resulting Company after the Effective Date to the extent legally permissible. To the extent, such proceedings cannot be taken over by the Second Resulting Company, the proceedings shall be pursued by the Demerged Company as per the instruction of and entirely at the cost of the Second Resulting Company.
- 3.4.2 The Second Resulting Company undertakes to have all legal or other proceedings initiated by or against the Demerged Company, referred to in Clause 3.4.1 above, transferred into its name and to have the same continued, prosecuted and enforced by or against the Second Resulting Company as the case may be, to the exclusion of the Demerged Company, after the Effective Date. In the event that the Demerged Company is required to be joined as a necessary party in any such proceedings, Demerged Company shall be added as a necessary party to enable the Second Resulting Company to prosecute / defend such proceedings and Second Resulting Company shall reimburse and indemnify the Demerged Company against all costs, liabilities and obligations incurred by the Demerged Company, if any, in respect thereof.
- 3.4.3 All legal, taxation, arbitration or other proceedings (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to the Remaining Business shall be continued and enforced by or against the Demerged Company.

For Khanna Paper Mills Ltd.

Auth. Signatory

For Khanna Fiber Pvt. Ltd.

Director

For Grownd Realty Pvt. Ltd.


Director

3.5 CONTRACTS, DEEDS AND OTHER INSTRUMENTS

Upon this Scheme becoming effective, and with effect from the Appointed Date, all contracts, deeds, approval, permits etc. of the Demerged Undertaking 2 shall be deemed transferred /assigned and dealt in the following manner:

- 3.5.1 All contracts, deeds, bonds, schemes, arrangements and other instruments, if any, of whatsoever nature and relating to the Demerged Undertaking 2 to which the Demerged Company is a party or to the benefit of which the Demerged Undertaking 2 may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall be in force and effect against or in favour of, as the case may be, the Second Resulting Company, and may be enforced as fully and effectually as if, instead of the Demerged Company, the Second Resulting Company had been a party or beneficiary or oblige thereto.
- 3.5.2 Without prejudice to the other provisions of the Scheme and notwithstanding that the vesting of the Demerged Undertaking 2 with the Second Resulting Company occurs by virtue of the Scheme itself, the Second Resulting Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds, writings, confirmations, novation, tripartite agreements, declarations, or other documents with, or in favour of any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary to be executed merely in order to give formal effect to the above provisions. The Second Resulting Company, shall under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of the Demerged Company to be carried out or performed.
- 3.5.3 For avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon coming into effect of the Scheme, on the Appointed Date, all consents, permissions, licenses, certificate, authorities given by, issued to or executed in favour of the Demerged Company in relation to the Demerged Undertaking 2 shall stand transferred to and vested in the Second Resulting Company as if the same were originally given by, issued to or executed in favour of the Second Resulting Company, and the Second Resulting Company shall file the relevant intimations, if any, for the record of the statutory authorities who shall take them on file, pursuant to the Scheme coming into effect and the rights and benefits under such consents, permissions, licenses, certificates etc., shall be available to the Second Resulting Company. Any registration fees, charges etc. paid by the Demerged Company in relation to

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For Khanna Fiber Pvt. Ltd.
Director

For Growth Realty Pvt. Ltd.
Director

the aforementioned consents, permissions, licenses, approvals, certificates, clearances and authorities, shall deemed to have been paid by the Second Resulting Company.

3.5.4 It is clarified that if any contract, deed, bond, agreements, scheme, arrangements, or other instruments of whatsoever nature in relation to the Demerged Undertaking 2, to which the Demerged Company is a party cannot be transferred to the Second Resulting Company for any reason whatsoever, the Demerged Company shall hold such contract, deed, bond, agreements, scheme, arrangements, or other instruments of whatsoever nature in trust for the benefit of the Second Resulting Company.

3.5.5 In pursuance of the Scheme, Demerged Company and Second Resulting Company shall agree to execute suitable agreements, deeds, affidavits, consent letters, power of attorney, applications and other documents and enter into such arrangements as may be required for giving effect to this Scheme.

3.6 EMPLOYEES

Upon this Scheme becoming effective:

3.6.1 All the employees of the Demerged Company, who are predominantly employed in the Demerged Undertaking 2 (the "Employees"), shall stand transferred to the Second Resulting Company on terms and conditions not less favorable than those on which they were engaged by the Demerged Company (including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident plans, superannuation plans and any other retirement benefits) without any interruption in service as a result of transfer of the Demerged Undertaking 2 of the Demerged Company to the Second Resulting Company.

3.6.2 The Second Resulting Company agrees that the services of all the Employees in relation to Demerged Undertaking 2 prior to the transfer, as aforesaid, shall be taken into account for the purpose of the benefit to which the said Employees may be eligible, including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident plans, superannuation plans and any other retirement benefits and accordingly be reckoned therefore from the date of their respective appointment in the Demerged Company.

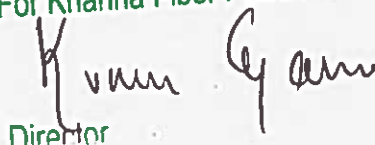
3.6.3 The existing provident fund, gratuity fund and pension and/or superannuation fund trusts, if any, of which the Employees of the Demerged Company, in relation to Demerged Undertaking 2, being transferred under clause 3.6.1 to the Second Resulting Company, are members or

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Auth. Signatory

For Khanna Fiber Pvt. Ltd.



Director

For Grownd Realty Pvt. Ltd.



Director

beneficiaries as on the Appointed Date, along with the accumulated contributions therein till the Effective Date, shall with the approval of the concerned authorities if so required, be transferred to and continued without any break, to be administered by the Second Resulting Company for the benefit of such Employees on the same terms and conditions. Accordingly, the balances in the provident fund, gratuity fund and pension and/or superannuation fund, if any, pertaining to the said employees of the Demerged Company, and at the direction of the Second Resulting Company, shall either be continued as separate funds of the Second Resulting Company for the benefit of such Employees or be transferred to and merged with the similar funds of the Second Resulting Company. In the event that the Second Resulting Company does not have its own funds in respect of any of the above, the Second Resulting Company, may subject to the necessary approvals and permissions, continue to contribute to the relevant funds of the Demerged Company, until such time that the Second Resulting Company creates its own funds/ arrangements at which time the funds and the investments and contribution pertaining to the concerned Employees shall be transferred to the funds created by the Second Resulting Company.

3.6.4 For the avoidance of doubt, it is hereby clarified and agreed that all liabilities, obligations or claims, in connection with any current or former officer or employee of the Demerged Company, other than the Employees, shall not transfer to or vest in the Second Resulting Company and the Demerged Company shall be responsible in relation to meeting or discharging such liabilities or obligations or claims.

3.6.5 Where there is any question as to the matter of whether any employee forms a part of the Demerged Undertaking 2 or Remaining Business, a decision of the Board of Directors of the Demerged Company taken on such matter prior to the Effective Date with due regard to the background and rationale of this Scheme will be determinative.

3.7 TAXES

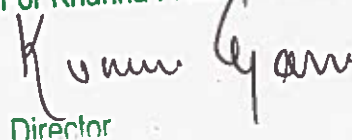
Upon this Scheme becoming effective and with effect from Appointed Date:

3.7.1 It is clarified that all the direct and indirect taxes, duties, cess or any other like payment payable by the Demerged Company, relating to the Demerged Undertaking 2, including all advance tax payments, tax deducted at source or any refunds/ credits/ claims relating thereto shall for all purpose, be treated as advance tax payments, tax deducted at source or refunds/ credits/ claims, as the case may be, of the Second Resulting Company. It is specifically provided that if the Demerged Company or their successor(s) receive any refunds/ credits in respect of the

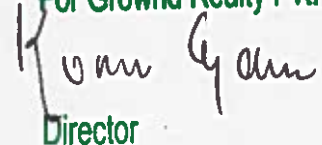
For Khanna Paper Mills Ltd.


Auth. Signatory

For Khanna Fiber Pvt. Ltd.


Director

For Grownd Realty Pvt. Ltd.


Director

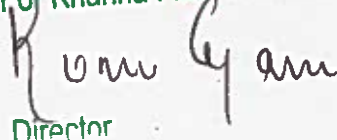
Demerged Undertaking 2, the same shall be on the behalf of and as a trustee of the Second Resulting Company and the same shall be refunded to the Second Resulting Company. Accordingly, upon this Scheme becoming effective, the Demerged Company and Second Resulting Company 2 are expressly permitted to revise and file their respective Income Tax Returns including tax deduction at source certificates, goods and service tax return(s) and other such tax returns, for the period commencing on and from the Appointed Date and to claim refund/credit, pursuant to the provisions of this Scheme.

- 3.7.2** All Taxes of any nature, duties, cesses, un-availed credits, exemptions, margin money, retention money, deposits with Governmental Authorities, other deposits and benefits of carried forward losses and other statutory benefits, including in respect of income tax (including MAT Credit remaining after utilization of the Demerged Company), VAT, sales tax, service tax, goods and service tax (including unutilized input tax credit), etc. or any other like payment or deductions made by the Demerged Company in relation to the Demerged Undertaking 2 to any Governmental Authorities such as goods and service tax etc. or any tax deduction / collection at source, tax credits under the applicable direct and indirect Tax Laws, relating to the period after the Appointed Date up to and including the Effective Date, shall be deemed to have been on account of or paid by the Second Resulting Company, without any further act and deed.
- 3.7.3** Upon this Scheme becoming effective, any tax deducted at source (TDS) deposited, TDS certificates issued or TDS returns filed by the Demerged Company pertaining to the Demerged Undertaking 2 shall continue to hold good as if such TDS amounts were deposited, TDS certificates were issued and TDS returns were filed by the Second Resulting Company and all deductions otherwise admissible to the Demerged Company pertaining to the Demerged Undertaking 2 including payment admissible on actual payment or on deduction of appropriate taxes or on payment of tax deducted at source (such as section 43B, section 40, section 40A etc. of the Income-tax Act) shall be eligible for deduction to the Second Resulting Company.
- 3.7.4** The obligation for deduction/collection of tax at source on any payment made by or to be made by the Demerged Company pertaining to the Demerged Undertaking 2 under the Income-tax Act, goods and service tax laws, or other applicable direct and indirect tax laws and/or regulations dealing with taxes, duties or levies shall be deemed to have been made and duly complied with on behalf of the Second Resulting Company.
- 3.7.5** All the expenses incurred by the Demerged Company and the Second Resulting Company in relation to this Scheme, including stamp duty expenses, if any, shall be allowed as deduction to each of the Demerged Company and the Second Resulting Company in accordance with

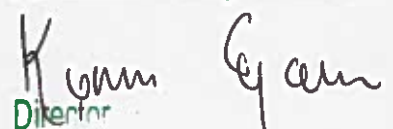
For Khanna Paper Mills Ltd.


Adh. Signatory

For Khanna Fiber Pvt. Ltd.


Director

For Grownd Realty Pvt. Ltd.


Director

Section 35DD of the Income-tax Act over a period of 5 years beginning with the previous year in which this Scheme becomes effective.

3.8 ENCUMBRANCES

3.8.1 The transfer and vesting of the Demerged Undertaking 2 under Clause 3.1 above, shall be subject to the existing securities, charges and mortgages, if any in relation to the liabilities of the Demerged Undertaking 2 transferred by the Demerged Company.

3.8.2 In so far as the assets comprised in the Demerged Undertaking 2 are concerned, the existing securities, mortgages, charges, encumbrances or liens, if any, over or in respect of any of the assets or any part thereof or charge over such assets relating to any loans or borrowing of the Demerged Company, shall without any further act or deed, be released and discharged from the same and shall no longer be available as security in relation to those liabilities retained in the Demerged Company.

3.8.3 In so far as the assets retained in the Demerged Company are concerned, the security over such assets, to the extent they relate to the liabilities transferred under Clause 3.3 above, shall, without any further act, instrument or deed be released and discharged from such security. The absence of any formal amendment which may be required by a lender or a third party in order to effect such release shall not affect the operation of the foregoing sentence.

3.9 SAVING OF THE CONCLUDED TRANSACTIONS

3.9.1 The transfer and vesting of the assets, liabilities and obligations of the Demerged Undertaking 2 as per this Scheme and continuance of the proceedings by or against the Second Resulting Company under Clause 3.4 hereof shall not affect any transactions or proceedings, already completed by the Demerged Company on or before the Appointed Date to the end and intent that the Second Resulting Company accept all acts, deeds and things done and executed by and/or on behalf of the Demerged Company as acts, deeds and things done and executed by and on behalf of the Second Resulting Company.

3.10 BUSINESS AND PROPERTY IN TRUST FOR THE SECOND RESULTING COMPANY

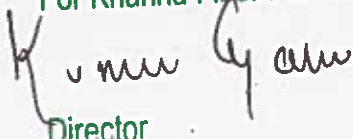
3.10.1 With effect from the Appointed Date and up to and including the Effective Date, the Demerged Company shall be deemed to have been carrying on all the business and activities relating to

For Khanna Paper Mills Ltd.



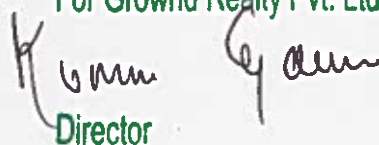
Auth. Signatory

For Khanna Fiber Pvt. Ltd.



Director

For Grownd Realty Pvt. Ltd.



Director

the Demerged Undertaking 2 for and on account of and in trust for the Second Resulting Company.

3.10.2 All cash, receivables and profits accruing to the Demerged Company or losses arising or incurred (including the effect of taxes if any thereon) after the Appointed Date and up to and including the Effective Date, relating to the Demerged Undertaking 2 shall for all purposes, be treated as cash, receivables, profits or losses, as the case may be, of the Second Resulting Company. Also from the Appointed Date up to the Effective Date any appreciation in or accretion or entitlement to the Demerged Undertaking 2, by virtue of a dividend or issue of shares, bonus, capital reorganization or otherwise pursuant to a Scheme of Amalgamation or Arrangement undertaken by the investee companies whose shares, units, etc. form a part of the assets of the Demerged Undertaking 2 of the Demerged Company, as the case may be shall be deemed to have also been issued, transferred and vested in the Second Resulting Company by virtue of this Scheme.

3.10.3 The Demerged Company hereby confirms that it has and shall continue up to the Effective Date, to preserve and carry on the Demerged Undertaking 2, in the ordinary course as a going concern, consistent with past practices and with reasonable diligence and business prudence and it will not, without prior consultation with the Second Resulting Company, alienate, charge, or otherwise deal with or dispose or suspend business operation pertaining to the Demerged Undertaking 2 or any part thereof (in each case, except in the ordinary course of business) or undertake substantial expansion of the Demerged Undertaking 2, other than expansions which have already commenced prior to the Appointed Date.

3.11 CONSIDERATION

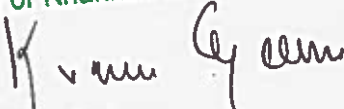
3.11.1 Upon effectiveness of this Scheme and in consideration for the transfer of the Demerged Undertaking 2 of the Demerged Company into the Second Resulting Company, the Second Resulting Company shall, without any further act or deed, issue and allot to each member of the Demerged Company whose name is recorded in the register of members as on Record Date (or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title, as the case may be), the following equity shares:

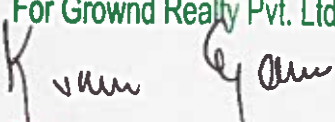
"1 equity share of face value INR 10 (Ten) each of such class as may be determined by the Board of Directors of the Second Resulting Company for every 106 equity shares held in the Demerged Company by the shareholders of the Demerged Company on the record date"

It is clarified that no cash consideration shall be paid by the Second Resulting Company to the Demerged Company or its shareholders.

Khanna Paper Mills Ltd.

Auth. Signatory

For Khanna Fiber Pvt. Ltd.

Director

For Grownd Realty Pvt. Ltd.

Director

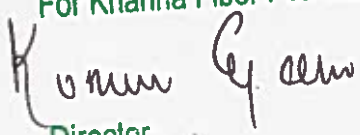
- 3.11.2 Any fractional entitlement arising out of the issue and allotment of the shares issued by the Second Resulting Company pursuant to clause 3.11.1 above, shall be rounded up to the next integer and be issued free from all liens, charges, equitable interests, encumbrances and other third-party rights of any nature whatsoever.
- 3.11.3 The equity shares to be issued and allotted pursuant to clause 3.11.1 shall in all respects, rank *pari-passu* in all respect, including dividends, with the existing equity shares of the Second Resulting Company.
- 3.11.4 The shares to be issued and allotted in terms hereof will be subject to the Memorandum and Articles of Association of the Second Resulting Company and shall be deemed to be in compliance with the Act, and other notifications, guidelines issued by the statutory/regulatory authorities in India.
- 3.11.5 Approval of this Scheme by the shareholders shall be deemed to be the due compliance of the provisions of Section 62(1)(c) of the Act and the other relevant and applicable provisions of the Act for the issue and allotment of equity shares by the Second Resulting Company to the shareholders of the Demerged Company, as provided in this Scheme, and no separate resolution under the Act would be required to be passed.
- 3.11.6 Upon the Scheme becoming effective and upon issue of equity shares by the Second Resulting Company in accordance with Clause 3.11.1 above, the existing equity shares of the Second Resulting Company held by the Demerged Company and its nominees, as on the Record Date shall, without any application or deed or payment, stand cancelled. Furthermore, the Second Resulting Company shall not be required to add the words "and reduced" as a suffix to its name consequent upon such reduction.

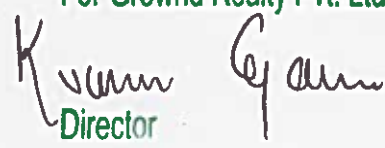
It is hereby expressly clarified that the consent of the shareholders and the secured and unsecured creditors to the Scheme shall be deemed to be sufficient for the purposes of effecting the above reorganization in the issued and paid-up equity share capital of the Second Resulting Company, resulting in a reduction in the equity share capital of the Second Resulting Company, and no further resolution would be required to be separately passed or taken.

The said cancellation of investment held by the Demerged Company in the Second Resulting Company and the said reduction in the share capital of the Second Resulting Company shall be effected as an integral part of the Scheme and the order of the NCLT sanctioning the Scheme shall be deemed to be an order under section 66 of the Act confirming the reduction and no separate sanction under section 66 of the Act will be necessary.

Khanna Paper Mills Ltd.

Auth. Signatory

For Khanna Fiber Pvt. Ltd.

Director

For Grownd Realty Pvt. Ltd.

Director

3.12 ACCOUNTING TREATMENT

On effectiveness of the Scheme and with effect from the Appointed Date, subject to the compliance with the provisions of Section 2(19AA) of the Income-tax Act, the Demerged Company and the Second Resulting Company shall account for the scheme in their respective books of account /financial statements in accordance with applicable Indian Accounting Standards (Ind AS) notified under *the Companies (Indian Accounting Standards) Rules, 2015*, and generally accepted accounting principles in India as amended from time to time including as provided herein below:

3.12.1 IN THE BOOKS OF THE DEMERGED COMPANY

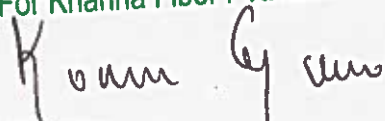
- (a) The aggregate book value of all assets and liabilities forming part of the Demerged Undertaking 2 transferred pursuant to this Scheme from the Demerged Company to the Second Resulting Company shall be reduced from the aggregate book value of assets and liabilities respectively as appearing in the books of the Demerged Company at the close of the business day immediately preceding the Appointed Date.
- (b) By virtue of the reduction in equity share capital specified under Clause 3.11.6, the Demerged Company shall derecognise the carrying amount of its investments in the equity shares in the Second Resulting Company.
- (c) All inter-company assets and liabilities i.e., investments, loan and advances or payables or receivables or arrangement of any kind, held inter-se, if any, between the Demerged Company and the Second Resulting Company relating to the Demerged Undertaking 2 shall stand cancelled and there shall be no further obligation/outstanding in that behalf.
- (d) The excess/deficit, if any of the aggregate of the book value of assets over the book value of liabilities forming part the Demerged Undertaking 2 transferred under this Scheme after taking into consideration the amount of investments cancelled under Clause 3.12.1 (b), and the effect of elimination of balances as mentioned under Clause 3.12.1 (c), shall be adjusted with the Retained Earnings of the Demerged Company.

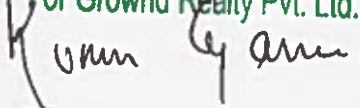
3.12.2 IN THE BOOKS OF THE SECOND RESULTING COMPANY

- (a) The Second Resulting Company shall record the assets and liabilities, forming part of the Demerged Undertaking 2 transferred to and vested in it pursuant to this Scheme, at their respective book values thereof as appearing in the books of the Demerged Company at the close of the business day immediately preceding the Appointed Date.

Mr Khanna Paper Mills Ltd.

Auth. Signatory

For Khanna Fiber Pvt. Ltd.

Director

For Grownd Realty Pvt. Ltd.

Director

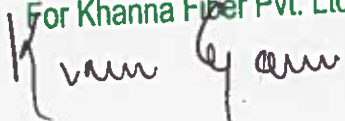
- (b) The Second Resulting Company shall credit to its share capital account in its books of accounts the aggregate face value of the equity shares issued by it to the members of the Demerged Company pursuant to clause 3.11.1.
- (c) All inter-company assets and liabilities i.e., investments, loan and advances or payables or receivables or arrangement of any kind, held inter-se, if any, between the Demerged Company and the Second Resulting Company relating to the Demerged Undertaking 2 shall stand cancelled and there shall be no further obligation/outstanding in that behalf.
- (d) The excess, if any, of the aggregate of the book value of the assets over the aggregate of the book value of liabilities forming part of the Demerged Undertaking 2 transferred pursuant to this Scheme and the amount credited to the share capital account as per clause 3.12.2(b), as reduced by the amount of share capital cancelled pursuant to clause 3.11.6, and, after giving effect to cancellation of inter-company assets and liabilities as per clause 3.12.2(c), shall be credited to the capital reserve account. However, where the amount credited to the share capital account as per clause 3.12.2(b), as reduced by the amount of share capital cancelled pursuant to clause 3.11.6, is higher than the aggregate of the book value of assets over the aggregate of the book value of liabilities forming part of the Demerged Undertaking 2 transferred pursuant to this Scheme, after giving effect to cancellation of inter-company assets and liabilities and liabilities as per clause 3.12.2(c), the difference shall be adjusted first in the retained earnings to the extent available and the balance if any shall be recognised in a separate account appropriately titled.

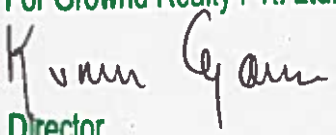
3.13 REMAINING BUSINESS OF THE DEMERGED COMPANY

- 3.13.1 The Remaining Business and all the assets, liabilities and obligations pertaining thereto, shall continue to belong to and be vested in and be managed by the Demerged Company.
- 3.13.2 All legal or other proceedings by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted in future whether or not in respect of any matter arising before the Effective Date and relating to the Remaining Business (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Business) shall be continued and enforced by or against the Demerged Company. The Second Resulting Company shall in no event be

For Khanna Paper Mills Ltd.

Auth. Signatory

For Khanna Fiber Pvt. Ltd.

Director

For Grownd Realty Pvt. Ltd.

Director

responsible or liable in relation to any such legal or other proceedings by or against the Demerged Company.

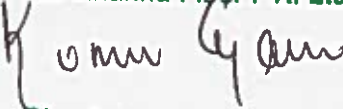
3.13.3 With effect from the Appointed Date and up to and including the Effective Date:

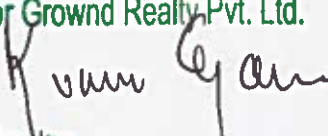
- (a) The Demerged Company shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Business for and on its own behalf.
- (b) All profits and income accruing or arising to the Demerged Company, and any cost, charges, losses and expenditure arising or incurred by it (including taxes, if any, accruing or paid in relation to any profits or income) relating to the Remaining Business shall, for all purposes, be treated as and be deemed to be the profits income, losses or expenditure, as the case may be, of the Demerged Company, and
- (c) All employees relatable to the Remaining Business shall continue to be employed by the Demerged Company and the Second Resulting Company shall not in any event be liable or responsible for any claims whatsoever regarding such employees.

3.13.4 On and from the Effective Date, and thereafter, the Demerged Company basis the instructions received from the Board of the Second Resulting company shall be entitled to continue to carry out all operations of the Demerged Undertaking 2 on behalf of the Second Resulting Company so far as may be necessary until the Second Resulting Company is able to obtain all legal permissions/ registrations required to carry out the business of the Demerged Undertaking 2 and transfer of rights and obligations of the Demerged Undertaking 2 to the Second Resulting Company under this Scheme have been formally given effect to. For avoidance of doubt, it is clarified that all such business operations shall be deemed to have been carried out on behalf of the Second Resulting Company and shall be accounted for in the books of the Second Resulting Company.

For Khanna Paper Mills Ltd.

Auth. Signatory

For Khanna Fiber Pvt. Ltd.

Director

For Grownd Realty Pvt. Ltd.

Director

PART IV
OTHER TERMS AND CONDITIONS

4.1 APPLICATION TO THE NCLT


4.1.1 Each of the Companies shall jointly make the requisite company applications/ petitions under sections 230 to 232 of the Act and other applicable provisions of the Act to the NCLT, under whose jurisdiction the registered office of the Demerged Company and the Resulting Company is situated, for seeking sanction of this Scheme.

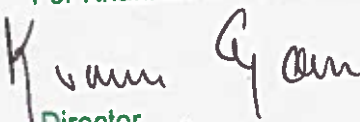
4.2 MODIFICATION OR AMENDMENT TO THE SCHEME

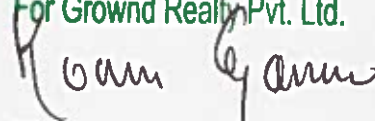
4.2.1 The Demerged Company, First Resulting Company and Second Resulting Company, through their respective Board of Directors or any Committee constituted by their respective Boards may assent to any modifications/amendments to the Scheme as they deem fit (including modification in the Appointed Date) or to any conditions or limitations that the NCLT and/or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them. The Companies shall authorize their respective Boards of Directors or any Committee constituted by them to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authority or otherwise howsoever arising out of or by virtue of the Scheme or implementation thereof and/or any matter concerned or connected therewith.

4.2.2 Further it is clarified that the initial consent of the shareholders and creditors of the Companies to this Scheme shall in itself be deemed to be sufficient to authorize the operation of the Clause 4.2.1 and any subsequent alteration in the manner provided above would not require a fresh note of consent from the stakeholders.

4.2.3 If any part of this Scheme is held invalid, ruled illegal by any court of competent jurisdiction, or becomes unenforceable for any reason, whatsoever, whether under present or future laws, then it is the intention of the Companies that such part shall be severable from the remainder of this Scheme and this Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to either of the Companies in which case the Companies shall attempt to bring about a modification in this Scheme, as will best preserve for the Companies the benefits and obligations of this Scheme, including but not limited to such part.

For Khanna Paper Mills Ltd.

Auth. Signatory

For Khanna Fiber Pvt. Ltd.

Director

For Grownd Realty Pvt. Ltd.

Director


4.3 CONDITIONALITY OF THE SCHEME

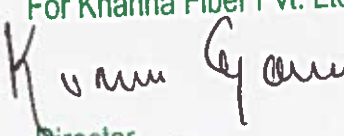
4.3.1 This Scheme is subject to the following conditions precedent:

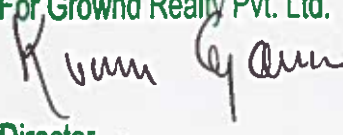
- (a) The approval by the requisite majorities of each class of shareholders and creditors (including but not limited to secured and unsecured) of the Demerged Company, First Resulting Company and the Second Resulting Company as directed by the NCLT under Sections 230 to 232 of the Act.
- (b) The requisite sanction or approval of the authorities concerned being obtained and granted in respect of any of the matters for which sanction or approval being required.
- (c) The requisite sanction or approval of the NCLT in respect of this Scheme being duly and validly obtained; and
- (d) The certified or authenticated copy of the order of the NCLT sanctioning this Scheme being filed with the relevant Registrar of Companies;

4.4 REVOCATION, WITHDRAWAL OF THIS SCHEME

4.4.1 Subject to the order of the NCLT, the Board of Directors of the Companies shall be entitled to revoke, cancel, withdraw and declare this Scheme or any part of the Scheme of no effect at any stage if: (i) this Scheme is not being sanctioned by the NCLT or if any of the consents, approvals, permissions, resolutions, agreements, sanctions and conditions required for giving effect to this Scheme are not obtained or for any other reason; (ii) in case any condition or alteration imposed by the NCLT, shareholders of the Companies or any other authority is not acceptable to the Board of Directors of the Companies; (iii) the Board of Directors of the Companies are of view that the coming into effect of this Scheme in terms of the provisions of this Scheme or filing of the drawn up order with any Governmental Authority could have adverse implication on all or any of the Companies. On revocation, withdrawal, or cancellation, this Scheme or any part of the Scheme shall stand revoked, withdrawn, cancelled and be of no effect and in that event, no rights and liabilities whatsoever shall accrue to or be incurred inter se between the Companies or their respective shareholders or creditors or employees or any other person, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with the applicable law and in such case, each party shall bear its own costs unless otherwise mutually agreed.

For Khanna Paper Mills Ltd.

Auth. Signatory

For Khanna Fiber Pvt. Ltd.

Director

For Grownd Realty Pvt. Ltd.

Director

4.4.2 The non-receipt of any sanctions or approvals for transfer of a particular asset or liability forming part of the Demerged Undertaking 1 and Demerged Undertaking 2, shall not affect the effectiveness of this Scheme, if the Board of Directors of the Companies so decide.

4.4.3 No person claiming to have acted or changed his position in anticipation of this Scheme taking effect, shall get any cause of action against any of the Companies or their directors or officers, if this Scheme does not take effect for any reason whatsoever, or is withdrawn, amended or modified for any reason whatsoever.

4.5 EFFECT OF NON RECEIPT OF APPROVAL

4.5.1 In the event of the Scheme not being sanctioned by the NCLT, this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law and agreed between the respective parties to this Scheme. In such an event, Demerged Company shall bear the entire cost, charges and expenses in connection with this Scheme unless otherwise mutually agreed.

4.6 MISCELLANEOUS

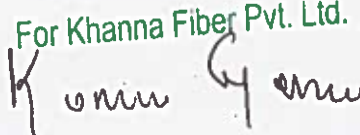
4.6.1 In case any doubt or difference or issue shall arise between either of the Companies or any of their shareholders, creditors, employees and/or persons entitled to or claiming any right to any shares in the said Companies, as to the construction of this Scheme or as to any account, valuation or apportionment to be taken or made in connection herewith or as to any other aspects contained in or relating to or arising out of this Scheme, the same shall be amicably settled between the Board of Directors of the above mentioned Companies respectively, and the decision arrived at therein shall be final and binding on all concerned.

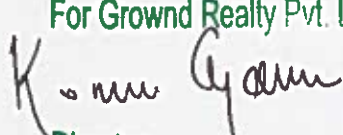
4.7 COST, CHARGES AND EXPENSES

4.7.1 All costs, charges, taxes including duties, levies and all other expenses, if any, arising out of or incurred in preparing, carrying out and implementing this Scheme and matters incidental thereto shall be borne and paid by KPML, as deem fit except relevant stamp duty charges,

For Khanna Paper Mills Ltd.

Auth. Signatory

For Khanna Fiber Pvt. Ltd.

Director

For Grownd Realty Pvt. Ltd.

Director

registration charges, mutation charges and all incidental costs and expenses thereto in relation to Demerged Undertaking 2 shall be borne by GRPL.

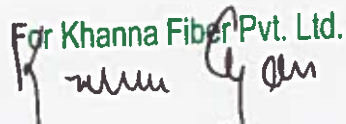
4.8 PERMISSION TO RAISE CAPITAL

4.8.1 Notwithstanding anything contained in this Scheme and subject to Applicable Law, until this Scheme becomes effective, the Demerged Company shall have the right to raise funds and/or capital by issuance of shares and/ or debentures or any other instruments, for the efficient functioning of the business of the Demerged Company or for any other purpose including for purposes of refinancing, repayment, conversion or prepayment of any loans.


For Khanna Paper Mills Ltd.


Auth. Signatory

For Khanna Fiber Pvt. Ltd.


Director

For Grownd Realty Pvt. Ltd.


Director