

DCS/AMAL/AK/R37/3343/2024-25

October 03, 2024

The Company Secretary,
HLE Glascoat Ltd
H -106, Phase IV,
G I D C Estate,
Vitthal Udyognagar,
Anand, Gujarat, 388121

Dear Sir,

Sub: Observation letter regarding the Scheme of Amalgamation of Kinam Enterprise Private Limited (“Transferor Company”/ “KEPL”) with HLE Glascoat Limited (“Transferee Company”/ “HGL”) and their respective shareholders and creditors

We are in receipt of the Scheme of Amalgamation of Kinam Enterprise Private Limited (“Transferor Company”) with HLE Glascoat Limited (“Transferee Company”) and their respective shareholders and creditors under Section 230 to 232 of the Companies Act, 2013 as required under SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 read with Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/665 dated November 23, 2021 read with SEBI Master circular no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 and Regulation 37 & 94(2) of SEBI LODR Regulations 2015 along with SEBI/HO/DDHS/DDHS Divl/P/CIR/2022/0000000103 dated July 29, 2022 (SEBI Circular) and Regulation 94A(2) SEBI (LODR) Regulations, 2015; SEBI vide its letter dated October 01, 2024 has inter alia given the following comment(s) on the draft scheme of Amalgamation:

1. “The proposed scheme of amalgamation and arrangement shall be in compliance with the provisions of Regulation 11 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.”
2. “The Company shall disclose all details of ongoing adjudication & recovery proceedings, prosecution initiated, and all other enforcement action taken, if any, against the Company, its promoters and directors, before Hon’ble NCLT and shareholders, while seeking approval of the scheme.”
3. “The Company shall ensure that additional information, if any, submitted by the Company after filing the scheme with the stock exchange, from the date of receipt of this letter is displayed on the websites of the listed company and the stock exchanges.”
4. “The Companies involved in the Scheme shall ensure that no changes to the draft Scheme except those mandated by the regulators/ authorities / tribunals shall be made without specific written consent of SEBI.”
5. “Company shall duly comply with various provisions of the SEBI Circulars issued from time to time. The Companies involved in the Scheme shall duly comply with various provisions of SEBI Master circular dated June 20, 2023, and also ensure that all the liabilities of the Transferor Company are transferred to the Transferee Company.”
6. “Company is advised that the information pertaining to all the unlisted companies involved, if any, in the scheme shall be included in the format specified for abridged prospectus as provided in Part E of the schedule VI of the ICDR Regulations 2018, in the explanatory statement or notice or proposal accompanying resolution to be passed, which is sent to the shareholders for seeking approval.”



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7. "Company shall ensure that the financials in the scheme including financials considered for valuation report are not for period more than 6 months old."
8. "The Company is advised to disclose the following as a part of explanatory statement or notice or proposal accompanying resolution to be passed to be forwarded by the company to the shareholders while seeking approval u/s 230 to 232 of the Companies Act 2013, to enable them to make an informed decision"
 - Need for the merger, Rationale of the Scheme, Synergies of businesses of the entities involved in the scheme, Impact of the scheme on the shareholders and cost benefit analysis of the scheme.
 - Value of assets and liabilities of Transferor Company that are being transferred to Transferee Company and post -merger balance sheet of HGL
 - Detailed terms of agreement entered between HGL and promoters of KEPI with respect to acquisition of 70% of stake in Kinam Engineering Industries Private Limited.
 - Pre and Post Scheme shareholding of HGL along with reasons for showing promoters of KEPL as public shareholders of HGI.
 - Impact of amalgamation on revenue generating capacity of HGL.
 - Details of transaction entered between Transferee Company and Kinam Engineering Industries Private Limited.
 - Conditions imposed by Lending Scheduled Commercial Banks while giving their NOC to the scheme.
9. "Company is advised that the details of the proposed scheme under consideration as provided by Company to the stock exchange shall be prominently disclosed in the notice sent to the shareholders."
10. "Company is advised that the proposed equity shares to be issued in terms of the 'Scheme' shall mandatorily be in demat form only."
11. "Company shall ensure that the "Scheme" shall be acted upon subject to the applicant complying with the relevant clauses mentioned in the scheme document."
12. "Company shall ensure that no changes to the draft scheme except those mandated by the regulators/ authorities / tribunals shall be made without specific written consent of SEBI."
13. "Company is advised to comply with all applicable provisions of the Companies Act, 2013, rules and regulations issued thereunder including obtaining the consent from the creditors for the proposed scheme."
14. "The listed entity involved in the proposed scheme shall disclose the No-Objection letter of the Stock Exchanges on its website within 24 hours of receiving the same."



15. "It is to be noted that the petitions are filed by the company before Hon'ble NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments / observations / representations."

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT.

Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders; while seeking approval of the scheme, it shall disclose information about unlisted company involved in the format prescribed for abridged prospectus as specified in the circular dated June 20, 2023.

Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be six months from the date of this Letter, within which the scheme shall be submitted to the NCLT.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Byelaws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations do not preclude the Company from complying with any other requirements.

Further, it may be noted that with reference to Section 230 (5) of the Companies Act, 2013 (Act), read with Rule 8 of Companies (Compromises, Arrangements and Amalgamations) Rules 2016 (Company Rules) and Section 66 of the Act read with Rule 3 of the Company Rules wherein pursuant to an Order passed by the Hon'ble National Company Law Tribunal, a Notice of the proposed scheme of compromise or arrangement filed under sections 230-232 or Section 66 of the Companies Act 2013 as the case may be **is required to be served upon the Exchange seeking representations or objections if any.**

In this regard, with a view to have a better transparency in processing the aforesaid notices served upon the Exchange, the Exchange has **already introduced an online system of serving such Notice along with the relevant documents of the proposed schemes through the BSE Listing Centre.**

Any service of notice under Section 230 (5) or Section 66 of the Companies Act 2013 seeking Exchange's representations or objections if any, **would be accepted and processed through the Listing Centre only and no physical filings would be accepted.** You may please refer to circular dated February 26, 2019 issued to the company.

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Yours faithfully,


Sabah Vaze
Senior Manager


Jayanti Pradhan
Assistant Manager