

SCHEME OF AMALGAMATION

**UNDER SECTIONS 391 TO 394 OF
THE COMPANIES ACT, 1956**

BETWEEN

**MSEB HOLDING COMPANY LIMITED
(Transferee Company)**

AND

**MAHARASHTRA STATE ELECTRIC POWER TRADING
COMPANY PRIVATE LIMITED
(Transferor Company)**

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

PART I: PREAMBLE

- 1.1. This Scheme of Amalgamation is presented under sections 391 to 394 of the Company Act, 1956 (**"the Act"**) for amalgamation of Maharashtra State Electric Power Trading Company Private Limited (**"MSEPTC" or the "Transferor Company"**) with MSEB Holding Company Limited (**"MHCL" or the "Transferee Company"**).
- 1.2. MHCL is a Government Company within the meaning of section 617 of the Act. The Transferee Company is an unlisted company incorporated under the provisions of the Act and having its registered office at Hongkong Bank Building, 3rd & 4th Floor, Mahatma Gandhi Road, Fort, Mumbai, Maharashtra-400001, India. The Transferee Company was incorporated under the name and style of "MSEB Holding Company Limited" on May 31, 2005, consequent upon the decision of the Government of Maharashtra (**"GoM"**) for reorganization of Maharashtra State Electricity Board (MSEB), pursuant to Chapter XIII of Electricity Act, 2003. The entire issued, subscribed and paid-up share capital of the Transferee Company is held by the GoM and its nominees.
- 1.3. The Transferee Company is primarily an investment company and invests in companies engaged in the business of generation, transmission and trading of electricity or any or all of these activities.
- 1.4. MSEPTC is a Government Company within the meaning of section 617 of the Act. The Transferor Company is an unlisted company incorporated under the provisions of the Act and having its registered office at Prakashgad, Plot No. G.9, Prof Anant Kanekar Marg, Bandra (East), Mumbai, Maharashtra-400051, India. The Transferor Company was incorporated under the name and style of "Maharashtra State Electric Power Trading Company Private Limited" on November 29, 2007.
- 1.5. The Transferor Company, as per its Memorandum of Association, is, *inter alia*, authorised to carry on the business of purchase and sale of all forms of electrical power, both conventional and non-conventional, and also to supply, import and export or otherwise deal in all forms of electrical energy.
- 1.6. This Scheme of Amalgamation (hereinafter referred to as the "**Scheme**") provides for the amalgamation of the Transferor Company with the Transferee Company and the consequent treatment of assets and liabilities of respective Companies in the manner provided for in the Scheme.
- 1.7. The Transferor Company has been exploring business opportunities but has not been carrying any substantial business actively since incorporation and, accordingly, has not generated any operating income

till date from the activities for which the Transferor Company was incorporated.

- 1.8. The Transferor Company is a wholly owned subsidiary of the Transferee Company in terms of Section 4 of the Act. The Transferee Company currently holds 100% of the paid up equity capital of the Transferor Company in its name and in the name of its nominees. As the Transferor Company has not been able to fruitfully carry the operations for which the Transferor Company was formed, and the Transferee Company was formed by the Transferee Company, the arrangement will transfer back the assets of the Transferor Company to the Transferee Company from where these assets originally emerged. Accordingly, the Transferee Company will get hold of the precious capital that the Transferee Company has invested in the Transferor Company, currently serving no useful purpose. Accordingly, the arrangement would enable the business of the Transferee Company to be carried more conveniently and advantageously with a larger asset base with greater capacity to conduct such business on more favourable terms. As regards the Transferor Company, the arrangement will bring the Transferor Company to an end; as regards the Transferee Company, the arrangement would amount to recapture of the assets currently not serving the purpose for which the same were created. The Transferee Company is the sole shareholder of the Transferor Company. Accordingly, the Scheme will have beneficial results for the said companies, their respective shareholders and creditors and all concerned.
- 1.9. The proposed amalgamation of the Transferor Company with the Transferee Company in accordance with this Scheme would therefore enable the Companies to avail of the financial resources as well as the managerial, technical, distribution and marketing resources of each other in the interest of maximising stakeholder value and would be in interest of general public at large. The proposed amalgamation will be beneficial to the Companies in the following manner:
 - 1.9.1. Effectively, since the Transferor Company is anyway a wholly owned subsidiary of the Transferee Company, the proposed merger is only technically merging the legal personalities of the two. The Transferee Company is a Government company, and is responsible to the government and public at large for efficient use of its resources, and is therefore accountable for the capital invested by it in the Transferor Company, which is currently not being employed for the purpose for which it was invested. Hence, it is imperative that the Transferee Company acts to merge the Transferor Company into itself.
 - 1.9.2. The Transferor Company is not carrying on the businesses and activities effectively for which it was incorporated. Hence, the amalgamation in accordance with this Scheme will result in

merging an entity into its source of origin, that is, the Transferee Company.

- 1.9.3. The Transferee Company would be able to operate more effectively with a larger asset base available resulting into better turnover and profits which if not merged, would remain idle with the Transferor Company which is not carrying any business.
 - 1.9.4. Some facilities such as manpower, office space and other infrastructure could be better utilized by the Transferee Company and duplication of facilities could be avoided resulting in optimum use of facilities to the advantage of the Transferee Company.
 - 1.9.5. Due to all the reasons stated above, the Transferee Company will be able to ensure better turnover and profits and would ultimately contribute substantially to the future business expansion and will be able to exploit the market to the fullest possible extent.
- 1.10. The amalgamation of the Transferor Company with the Transferee Company, pursuant to and in accordance with this Scheme, shall take place with effect from the Appointed Date (*as defined herein below*).
- 1.11. The Scheme is divided into the following parts:
- (a) Part I Preamble;
 - (b) Part II, which contains the definitions;
 - (b) Part III, which deals with the share capital of the Transferee Company and the Transferor Company;
 - (c) Part IV, which deals with the amalgamation of the Transferor Company with the Transferee Company; and
 - (d) Part V, which deals with reorganisation of share capital; matters relating to accounts etc.;
 - (e) Part VI, which deals with the dissolution of the Transferor Company; and
 - (f) Part VII, which deals with the general terms and conditions that would be applicable to the Scheme.

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

- 1.12. The amalgamation hereunder will be effected under the provisions of Sections 391 to 394 of the Act and in accordance with section 2(1B) of the Income Tax Act, 1961.

PART II: DEFINITIONS

2. Definitions

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

- (a) **“Act”** means the Company Act, 1956, the rules and regulations made there under and will include any statutory modifications, re-enactments and/or amendments thereof.
- (b) **“Appointed Date”** means April 1, 2012 or such other date as the Central Government may direct.
- (c) **“Board of Directors”** in relation to the Transferor Company and/or the Transferee Company, as the case may be, shall, unless it is repugnant to the context or otherwise, include a committee of directors or any person authorized by the board of directors or such committee of directors.
- (d) **“Clause”** means a clause in this Scheme.
- (e) **“Effective Date”** shall mean the date on which the certified copy of the order of the Central Government sanctioning the Scheme is filed with the Registrar of Companies, Mumbai.
- (f) **“Equity Shares”** means the equity shares of the Transferee Company.
- (g) **“Governmental Authority”** means any applicable Central, State or local Government, legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction over the territory of India.
- (h) **“High Court”** means the Hon’ble High Court of Judicature at Bombay.
- (i) **“Part”** means a part of this Scheme.
- (j) **“Party”** means a party to this Scheme and **“Parties”** shall be construed accordingly.
- (k) **“Scheme”** shall mean this scheme of amalgamation, in its present form or with any modification(s) as approved or imposed by the Central Government.

- (l) **“Shareholders”** with reference to the Transferor or Transferee Company shall mean persons holding equity shares in the said Companies in physical form or in electronic form and whose names are entered and registered as members in the Register of Members of the said Companies or whose names appear as the beneficial owners of the equity shares in the records of the Depositories as on the Appointed Date.
- (m) **“Transferor Company”** means Maharashtra State Electric Power Trading Company Private Limited having its registered office at Prakashgad, Plot No. G 9, Prof Anant Kanekar Marg, Bandra (East), Mumbai – 400051.
- (n) **“Transferee Company”** means MSEB Holding Company Limited having its registered office at Hongkong Bank Building, 3rd & 4th Floor, Mahatma Gandhi Road, Fort, Mumbai, Maharashtra-400001, India.
- (o) **“Undertaking of Transferor Company”** or **“Undertaking”** shall include (without limitation) its entire business and:
 - (i) any and all its assets, whether movable or immovable, whether present or future, whether tangible or intangible, all rights, title, interests, covenants, undertakings, including continuing rights, title and interests in connection with the land and the buildings thereon, whether leasehold or otherwise, plant and machinery, whether leased or otherwise, together with all present and future liabilities including contingent liabilities and debts appertaining thereto;
 - (ii) any and all investments (including shares and other securities), income by whatever name called, loans and advances, including accrued interest thereon;
 - (iii) any and all permits, quotas, rights, entitlements, industrial and other licenses, approvals, consents, exemptions, registrations, no-objection certificates, permits, quotas, rights, entitlements, licenses, certificates, tenancies, trade names, trademarks, service marks, copyrights, domain names, sales tax credits, income tax credits, applications for trade names, trademarks, service marks, copyrights, privileges and benefits of all contracts, agreements, applications and all other rights including lease rights, licenses and registrations, powers and facilities of every kind and description whatsoever, pertaining to the Transferor Company;

- (iv) any and all debts, liabilities, contingent liabilities, duties and obligations, present or future, whether secured or unsecured, of the Transferor Company;
- (v) all contracts including but not restricted to leave & licence agreements, term sheets, lease deeds, memorandum of understandings, business/asset purchase agreements, memoranda of agreement, memoranda of agreed points, letters of agreed points, arrangements, undertakings whether written or otherwise, lease rights, deeds, bonds, other agreements, applications and instruments of whatsoever nature to which the Transferor Company is a party and having effect immediately before the Effective Date, shall remain in full force and effect in favour of and/or against the Transferee Company and may be enforced fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party thereto;
- (vi) any and all employees, who are on the pay roll of the Transferor Company, including those engaged at their respective offices and branches, at their current terms and conditions;
- (vii) any pending suit/appeal or other proceedings of whatsoever nature relating to the Transferor Company, whether by or against any of the Transferor Company, shall not abate, be discontinued or in any way prejudicially affected by reason of the amalgamation of the Transferor Company or because of the provisions contained in this Scheme, but the proceedings shall continue and any prosecution shall be enforced by or against the Transferee Company in the same manner and to the same extent as they would or might have been continued, prosecuted and/or enforced by or against the Transferor Company, if this Scheme had not been made;
- (viii) all the tax liabilities under the Income Tax Act, 1961, Customs Act, 1962, Central Sales Tax Act, 1956, Central Excise Act, 1944, service tax laws, state sales tax laws, state value added tax laws and other applicable laws/ regulations dealing with taxes / duties / levies ("Tax Laws") allocable or related to the business of the Transferor Company shall be transferred to the Transferee Company; and
- (ix) any refunds/ credits/ claims under the Tax Laws due to the Transferor Company (including but not limited to advance tax, self assessment tax, regular assessment tax and service

tax credits) shall also belong to and be availed of or received by the Transferee Company.

- (x) all the benefits under the various incentive schemes and policies that the Transferor Company is entitled to, in relation to their operations, shall upon the Scheme becoming effective and with effect from the Appointed Date be transferred to and vest in the Transferee Company and all benefits, entitlements and incentives of any nature whatsoever, including minimum alternate tax credit entitlement, shall be claimed by the Transferee Company and these shall relate back to the Appointed Date as if the Transferee Company was originally entitled to all benefits under such incentive scheme and/or policies; and
- (xi) Since each of the permissions, approvals, consents, sanctions, remissions, special reservations, holidays, incentives, concessions and other authorizations, shall stand vested by the order of sanction of the Central Government in the Transferee Company, the Transferee Company shall file the relevant intimations, for the record of the statutory authorities who shall take them on file, pursuant to the vesting orders of the Central Government.
- (xii) all necessary records, files, papers, computer programmes, websites, domain names, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers, customer credit information, customer pricing information, and other records, whether in physical form or electronic form in connection with or relating to the Transferor Company;
- (xiii) any and all advance monies, earnest monies and/or security deposits, payment against warrants or other entitlements, in connection with or relating to the Transferor Company;
- (p) Without prejudice to the generality of the foregoing mentioned hereinabove, the term "Undertaking of Transferor Company" shall include the entire business which is being carried out under the name and style of the Transferor Company as the case may be, and shall include the advantages of whatsoever nature, agreements, allotments, approvals, arrangements, authorizations, benefits, capital work-in-progress, concessions, rights and assets, industrial and intellectual property rights of any nature whatsoever and licenses in respect thereof, intangibles, investments, leasehold rights, liberties, patents, permits, powers of every kind, nature and description whatsoever, privileges, provision funds, quota rights, registration, reserves, and all properties, movable and immovable, real, corporeal or incorporeal, wheresoever situated, right to use

and avail of telephones, telexes, facsimile, connections, installations and other communication facilities and equipments, tenancy rights, titles, trademarks, trade names, all other utilities held by Transferor Company or to which Transferor Company is entitled to on the Appointed Date and cash and bank balances, all earnest moneys and/or deposits including security deposits paid by Transferor Company and all other interest wheresoever situated, belonging to or in the ownership, power or possession of or in the control of or vested in or granted in favor of or enjoyed by or arising to Transferor Company.

Any references in this Scheme to “upon this Scheme becoming effective” or “effectiveness of this Scheme” shall mean the Effective Date.

The expressions, which are used in this Scheme and not defined in this Scheme shall, unless repugnant or contrary to the context or meaning hereof, have the same meaning ascribed to them under the Act, including the rules and regulations made thereunder the Depositories Act, 1996 and other applicable laws, rules, regulations, by-laws, as the case may be, including any statutory modification or re-enactment thereof, from time to time.

PART III: SHARE CAPITAL

3. Share Capital of the Parties

3.1. Transferee Company

The share capital of the Transferee Company, as on March 31, 2013, is as under:

	In Rs.
Authorized Share Capital	
2500,00,00,000 equity shares of Rs. 10/- each	25,00,00,00,000
Issued Capital	
20,00,000 equity shares of Rs. 10/- each	2,00,00,000
Subscribed and Paid-up Share Capital	
20,00,000 equity shares of Rs. 10/- each	2,00,00,000

Note: The entire share capital is held by GoM and its nominees.

3.2. Transferor Company

The share capital of the Transferor Company, as on March 31, 2013, is as under:

	In Rs
Authorised Share Capital	
2,00,00,000 equity share of Rs 10/- each	20,00,00,000

Issued, Subscribed and Paid-up Capital	
1,00,10,000 equity shares of Rs. 10/- each	10,01,00,000

Note: The beneficial holding of all of the above shares are with the Transferee Company.

PART IV: AMALGAMATION

4. With effect from the Appointed Date and upon this Scheme becoming effective, and subject to the provisions of this Scheme, the Transferor Company shall, pursuant to Section 394(2) of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and/or be deemed to have been and stand transferred to and vested in the Transferee Company as a going concern so as to become as and from the Appointed Date, the estate, assets, rights, title and interests and authorities of the Transferee Company.

Without prejudice to the generality of the above, with effect from the Appointed Date and upon this Scheme becoming effective, the Transferor Company shall be merged and transferred to and vested in or be deemed to be transferred to and vested in the Transferee Company in the following manner:

4.1. Transfer of Undertaking:

With effect from the Appointed Date and subject to the provisions of the Scheme in relation to the mode of transfer and vesting, the Undertakings as on the Appointed Date of the Transferor Company shall, pursuant to the provisions of Section 394 and all other applicable provisions of the Act, without any further act, deed, instrument, matter or thing, be and shall transferred to and vested in or deemed to have been transferred to and vested in the Transferee Company, as a going concern, so as to become the undertaking of Transferee Company but subject nevertheless to all charges, liens, mortgages, *lis pendens*, if any, then affecting the same or part thereof on the Appointed Date and the Transferor Company shall be deemed to have amalgamated with the Transferee Company.

The name of the Transferee Company immediately after amalgamation shall remain unchanged by virtue of this Scheme.

4.2. Transfer Subject to Charges:

The transfer/ vesting as aforesaid shall be subject to charges, hypothecation and mortgages, if any and as may be subsisting, over or in respect of the Undertaking or any part thereof on the Appointed Date. Provided however that, any reference in any security documents or

arrangements to which the Transferee Company is party to the assets of Transferor Company offered or agreed to be offered as security for any financial assistance or obligations, to the secured creditors of Transferor Company, shall be construed as reference only to the assets pertaining to the Undertaking as are vested in Transferee Company by virtue of this arrangement, to the end and intent that such security, mortgage and charge shall not extend or be deemed to extend to any of the assets or to any of the other units or divisions of Transferee Company, unless specifically agreed to by Transferee Company with such secured creditors and subject to the consents and approvals of the existing secured creditors of Transferee Company, if any;

4.3. Transfer of Movables:

The assets of the Transferor Company movable in nature or are otherwise capable of transfer by manual delivery or by enforcement and/or delivery, along with such other documents as may be necessary to the end and intent that the property therein transfers upon such transfer become the property, estate, assets, rights, title, interest and authorities of the Transferee Company in pursuance of Section 394 of the Act;

4.4. Transfer of Liabilities:

Pursuant to the transfer of Undertakings as above, and subject to the provisions in the Scheme in relation to the mode of transfer and vesting, all debts, liabilities, duties and obligations of the Undertaking of Transferor Company, shall also be and stand transferred or deemed to be transferred, without further act, instrument, deed, matter or thing to Transferee Company, pursuant to the provisions of Section 394 of the Act so as to become as and from the Appointed Date, the debts, duties, liabilities and obligations of Transferee Company. Further, for the purpose of giving effect to the provisions of this Clause, it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligation have arisen. The Scheme shall not in any manner affect the rights and interests of the creditors of the Transferor Company or be deemed to be prejudicial to their interests and in particular the statutory creditors of the Transferor Company shall continue to enjoy and hold charge upon their respective securities and properties. Transferee Company may at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute Deeds of Confirmation, in favor of any of the creditors of the Transferor Company or any other party to any contract or arrangement to which Transferor Company or Transferee Company is a party to, or any writings as may be necessary to be executed in order to give formal effect to the above provisions;

4.5. Transfer of Authorised Capital:

Upon the Scheme becoming effective, without any further act or deed, the authorized capital of the Transferor Company as on the Appointed Date shall stand merged with the authorised capital of the Transferee Company and the Transferee Company shall not be liable to pay any fees or other levy on such increase of authorized capital.

4.6. Transfer of Profits and Reserves:

With effect from the Appointed Date, all profits, reserves, income accruing to or losses and expenditure (including payment of penalty, damages or such litigation) arising or incurred by the Undertaking of Transferor Company shall for all purposes, be treated as the profits or reserves or income or losses or expenditure, as the case may be of Transferee Company.

4.7. Transfer of Contracts:

Subject to the other provisions of the Scheme, all contracts, deeds, bonds, agreements and other instruments, of whatsoever nature and pertaining to the Undertaking of Transferor Company to which Transferor Company is a party, subsisting or having effect immediately on the Appointed Date shall be in full force and effect against or in favor of Transferee Company as the case may be and may be enforced as fully and effective as if, instead of Transferor Company, Transferee Company had been a party thereto. Transferee Company shall enter into and/or issue and/or execute deeds, writings, or confirmations or enter into any tripartite arrangements, confirmations or novations, to which Transferor Company will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required. Further, Transferee Company shall be deemed to be authorized to execute any such deeds, writings or confirmations on behalf of Transferor Company and to implement or carry out all the formalities required on the part of Transferor Company to give effect to the provisions of this Scheme.

4.8. Transfer of Legal Proceedings:

All legal proceedings of whatsoever nature by or against Transferor Company pending on the Appointed Date and relating to the Undertaking of Transferor Company (including property, rights, powers, liabilities, obligations and duties) shall be continued and/or enforced until the Effective Date as desired by Transferee Company and as and from the Effective Date shall be continued and enforced by or against Transferee Company in the manner and to same extent as would or might have been continued and enforced by or against Transferee Company.

4.9. Place of Vesting:

The vesting of the Undertakings shall by virtue of the provisions of this Scheme and the effect of the provisions of Section 394 of the Act, take place at the registered office of Transferee Company.

4.10. Workmen And Employees

4.10.1. Takeover of all the employees:

Transferee Company will take over all the permanent staff, workmen and other employees in the service of Transferor Company and exclusively engaged in Transferor Company immediately preceding the Effective Date, and they shall become the staff, workmen and employees of Transferee Company from the Effective Date;

4.10.2. Service of Employees to be continued uninterruptedly:

The benefits relating to gratuity, provident fund and superannuation fund as per the rules of Transferee Company shall become applicable to those staff, workmen and employees of Transferor Company from the Effective Date that are taken over by Transferee Company. For all other purposes the service of employees of Transferor Company shall be regarded as continuous without any break or interruption of service by reason of the transfer of the Transferor Company to Transferee Company;

4.10.3. Terms and Conditions of service shall be the same:

The terms and conditions of service applicable to such employees on the Effective Date will not in any way be less favourable to them than those applicable to them immediately before the Effective Date. The position, rank and designation of the employees would however, be decided by the Board of Transferee Company which shall also have a right to exercise an option, if warranted to transfer such employees to any unit of Transferee Company as may be deemed to be necessary from time to time.

4.10.4. Transaction Between Appointed Date And Effective Date

a) Operative Date of the Scheme:

The Scheme though effective from the Appointed Date, shall be operative from the Effective Date;

b) Assets and Liabilities:

All the assets and liabilities resulting from the operations of the Undertaking of Transferor Company from the Appointed Date onwards also shall stand transferred to and vested in Transferee Company on the Effective Date;

c) Profits and Losses:

With effect from the Appointed Date and up to the Effective Date all the profits or incomes accruing or arising to the Undertaking of Transferor Company or expenditure or losses arising or incurred by the Undertakings shall for all purposes be treated and be deemed to be and accrue as the profits or incomes or expenditure or losses of Transferee Company;

d) Transactions and Proceedings:

The transfer of property and liabilities and continuance of proceedings under this Scheme shall not affect any transactions or proceedings already concluded by Transferor Company in the ordinary course of business on or after the Appointed Date till the Effective Date to the end and intent that Transferee Company accepts and adopts all acts, deeds and things lawfully done and executed by Transferor Company to the same extent as if done and executed by Transferee Company on its own behalf;

e) Debts and Obligations:

It is clarified that all debts, liabilities, duties and obligations of Transferor Company as on the Appointed Date whether provided for or not in the books of accounts of Transferor Company and all other liabilities which may accrue or arise after the Appointed Date till the Effective Date to the end and intent that Transferee Company accepts and adopts all acts, deeds and things lawfully done and executed by Transferor Company to the same extent as if done and executed by Transferee Company on its own behalf;

f) Conduct of Business:

With effect from the Appointed Date, Transferor Company:

- i. Shall be deemed to have held and stood possessed of and shall hold and stand possessed of the entire Undertakings for and on account of and for the benefit of and in trust for Transferee Company; and
- ii. Shall carry on and be deemed to be carrying on all businesses and activities relating to the Undertakings for and on account of and for the benefit of and in trust for Transferee Company.

g) Transferor Company to carry on its Business with Diligence:

With effect from the Appointed Date, Transferor Company has carried on and hereafter undertakes to carry on its business with reasonable diligence and utmost business prudence. From the date of the acceptance of this Scheme by the respective Board of Transferor Company and Transferee Company, Transferor Company shall not alienate, charge,

encumber, mortgage or otherwise deal with the Undertakings including any of the said assets or any part thereof, without the prior written consent of Transferee Company, save and except in the ordinary course of business, or pursuant to any pre-existing obligation undertaken by Transferor Company prior to the Appointed Date;

h) No changes in the terms and conditions of the employment of Transferor Company Employees:

From the date of acceptance of the Scheme by the respective Boards of Transferor Company and Transferee Company, the Transferor Company shall not vary the terms and conditions of the employment of its employees except in the ordinary course of business;

i) Enforcement of Legal Proceedings:

All proceedings of whatsoever nature (legal and others, including any suits, appeals, arbitration, execution proceedings, revisions, writ petitions, if any) by or against Transferor Company shall not abate, be discontinued or be in any way prejudicially affected by reasons of this Scheme or the transfer of the Undertakings of Transferor Company or of anything contained in this Scheme, but the said proceedings, shall till the Effective Date be continued, prosecuted and enforced by or against Transferor Company as if this scheme had not been made and thereafter be continued, prosecuted and enforced by or against Transferee Company in the same manner and to the same extent as they would or might have been continued, prosecuted, enforced by or against Transferor Company if this Scheme had not been made. Transferee Company shall take steps to have the abovementioned proceedings continued in its name;

j) Enforcement of Contracts:

Subject to the other provisions of this Scheme, all lawful agreements, arrangement, bonds, contracts, deeds and other instruments of whatsoever nature relating to the Undertaking of Transferor Company and to which Transferor Company is a party to or to the benefit of which it may be eligible and which are subsisting or operative or having effect, shall till the Effective Date, be in full force and effect and may be enforced as fully and effectual, as if the Scheme had not been made and thereafter, shall be in full force and effect against or in favor of Transferee Company, as the case may be, and may be enforced as fully and effectual as if, instead of Transferor Company, Transferee Company had been a party or beneficiary thereto, subject to such changes and variations in the terms, conditions and provisions thereof as may be mutually agreed to between Transferee Company and other parties thereto. Transferee Company shall enter and/ or issue and/ or execute deeds, writings or confirmations or enter into any arrangement, confirmations or novations in order to give formal effect to the provisions of this Clause, if so required or if it becomes necessary.

k) Payment of Dividends:

Transferor Company and Transferee Company shall be entitled to declare and pay dividends to their respective shareholders prior to the Effective Date. Transferor Company and Transferee Company shall be entitled to declare dividend only out of disposable profit earned by the respective companies during the relevant financial year and shall not transfer any amount from the reserves for the purposes of payment of dividend. The dividend shall be declared by Transferor Company and/or Transferee Company only by mutual agreement between the Board of Directors of the companies. It is clarified that the aforesaid provisions in relation to declaration of dividends are enabling provisions only and shall not be deemed to confer any right on the members of Transferor Company or Transferee Company to demand or claim or be entitled to any dividend which subject to any provisions of the said Act, shall be entirely in the discretion of the Board of Directors and the approval of shareholders of the respective companies;

l) Rights of Shareholders:

The holders of shares of Transferor Company and Transferee Company shall, save as otherwise provided under this Scheme, continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends from the respective companies of which they are members till the Effective Date.

- 4.11. For the purpose of giving effect to the amalgamation order passed under sections 391 to 394 of the Act (and other applicable provisions) in respect of this Scheme by the Central Government, the Transferee Company shall, at any time pursuant to the orders on this Scheme, be entitled to get the recordal of change in the legal right(s) upon the amalgamation of the Transferor Company, in accordance with the provisions of Sections 391 to 394 of the Act. The Transferee Company shall be authorized to execute any pleadings, applications, forms, etc., as are required to remove any difficulties and carry out any formalities or compliance as are necessary for the implementation of this Scheme.
- 4.12. Upon this Scheme becoming effective, the Transferee Company unconditionally and irrevocably agrees and undertakes to pay, discharge and satisfy all liabilities and obligations of the Transferor Company, pertaining to the period subsequent to the Appointed Date, in order to give effect to the foregoing provisions.
- 4.13. The Transferee Company is commercially solvent and their respective undertaking(s) can fully take care and honor its creditors, if any, and all liabilities, therefore by virtue of amalgamation of the Transferor Company with the Transferee Company, the creditors, if any, of the Transferor Company shall not be affected in any manner whatsoever.

- 4.14. Further, the Transferee Company has a substantial capital and operation base and therefore upon the amalgamation of the Transferor Company with the Transferee Company, the creditors, if any, of the respective Transferor Company also shall not be affected in any manner whatsoever.

**PART V: REORGANISATION OF SHARE CAPITAL;
MATTERS RELATING TO ACCOUNTS ETC**

- 5.1. The provisions of this Part shall operate notwithstanding anything to the contrary in any other instrument, standard, regulation, deed or writing.
- 5.2. Upon the Scheme becoming operative, as the Transferor Company is a wholly owned subsidiary of the Transferee Company, no shares are required to be issued to the shareholders of the Transferor Company by the Transferee Company in consideration of the transfer and vesting of the Transferor Company in terms of this Scheme.
- 5.3. The following treatment should be given in the books of accounts of Transferee Company on vesting and merger of Transferor Company with Transferee Company:

5.3.1. Recording of Assets and Liabilities:

Upon the coming into effect of this Scheme, statement of account as on the date immediately preceding the Appointed Date shall be drawn up on the basis of the books of the accounts of the Transferor Company, as audited by the auditors, in respect of the assets and liabilities of the Transferor Company to be transferred to the Transferee Company pursuant to this Scheme in its books of accounts. Such statement of account shall be drawn up considering the book value of the assets and liabilities of the Transferor Company.

The Paid-up Share Capital of the Transferor Company held by the Transferee Company in its own name or in the name of its nominees, shall be deemed to be the consideration for the transfer.

The accounting treatment will be in compliance with the Accounting Standard 14 laid down by the Institute of Chartered Accountants of India or other accounting standards as may be applicable at the relevant time.

5.3.2. Treatment of difference in accounting policy:

In case any differences in any accounting policy between the Transferor Company and Transferee Company, the impact of the same till the Effective Date will be quantified and adjusted in the General Reserve of the Transferee Company to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.

5.3.3. Procedure to deal with balances as between Transferor Company and Transferee Company:

To the extent that there are inter-company loans, deposits, balances or debenture holding as between the Transferor Company and Transferee Company, the obligation in respect thereof shall come to an end and there shall be no liability in that behalf and corresponding effect shall be given in the books of account and records of the Transferee Company for the reduction of any assets and liabilities as the case may be. For the removal of doubt, it is clarified that in view of the above, there would be no accrual of interest or other charges in respect of any such inter-company loan, deposit or balances, with effect from the Appointed Date.

PART VI: DISSOLUTION OF THE TRANSFEROR COMPANY

6. Upon the Scheme coming into effect, with effect from the Appointed Date, the Transferor Company shall stand dissolved without being wound up by the order of the Hon'ble High Court.

PART VII: GENERAL TERMS AND CONDITIONS

- 7.1. Nothing in this Scheme shall prevent the Transferee Company from declaring and paying dividends, whether interim or final, to its equity shareholders as on the respective Record Date for the purpose of dividend and the Shareholders of the Transferor Company shall not be entitled to dividends, if any, declared by the Transferee Company prior to the Effective Date. On and from the date of filing this Scheme with the Central Government and until the Effective Date, the Transferor Company shall declare dividend only after prior consultation with the Transferee Company.
- 7.2. Until the coming into effect of this Scheme, the holders of equity shares of the Transferor Company and the Transferee Company shall, save as expressly provided otherwise in this Scheme continue to enjoy their existing rights under their respective Articles of Association.
- 7.3. It is clarified that the aforesaid provisions in respect of declaration of dividends, whether interim or final, are enabling provisions only and shall not be deemed to confer any right on any member of the Transferor Company and/or the Transferee Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the Boards of Directors of the Transferor Company and the Transferee Company and subject, wherever necessary, to the approval of the shareholders of the Transferor Company and the Transferee Company, respectively.

- 7.4. Upon the Scheme coming into effect, with effect from the Appointed Date, the resolutions, if any, of the Transferor Company, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have upper monetary or other limits being imposed under the provisions of the Act, or any other applicable provisions, then the said limits shall be added and shall constitute the aggregate of the said limits in the Transferee Company.
- 7.5. The balance sheet of the Transferee Company shall also be reconstructed in accordance with the terms of this Scheme.

7.6. **Application To Central Government For Sanctioning Scheme**

Joint Application by Transferee and Transferor Company:

Transferee Company and Transferor Company shall, jointly with all reasonable dispatch, make applications/petitions under applicable provisions of the said Act to the Central Government for sanctioning of this Scheme and for appropriate Orders under the applicable provisions of the Act for carrying this Scheme into effect;

It is hereby clarified that submissions of the Scheme to the Central Government and to any authorities for their respective approvals is without prejudice to all rights, interest, titles and defenses that Transferor Company and Transferee Company has or may have under or pursuant to all applicable laws.

7.7. **Scheme conditional and is subject to:**

- 7.7.1. Being agreed to by the respective requisite majority of the members (either by way of a meeting or a letter of consent from the shareholders, where applicable) (on behalf of Transferor Company and the Transferee Company respectively) and the creditors under Section 391 of the Act.
- 7.7.2. Being sanctioned by the Central Government and the requisite certified copies of the order of the Central Government sanctioning this Scheme being filed with the Registrar of Company, Mumbai.
- 7.8. This Scheme shall become effective on such date when the certified copies of the order of the Central Government sanctioning this Scheme are filed with the Registrar of Company, Mumbai. Such date shall be known as the **“Effective Date”**.
- 7.9. In the event of this Scheme failing to take effect finally, this Scheme shall become null and void and in that case no rights and liabilities whatsoever shall accrue to or be incurred inter-se by the Parties or their shareholders or creditors or employees or any other person.

- 7.10. In case any doubt or difference or issue shall arise between the Parties hereto or any of their Shareholders, creditors, employees and/or persons entitled to or claiming any right to any shares in the Transferor Company or Transferee Company as to the construction thereof or as to any account, valuation or apportionment to be taken or made of any asset or liability transferred to the Transferee Company or as to anything else contained in or relating to or arising out of this Scheme, the same shall be referred to arbitration. The arbitration proceedings shall be conducted in accordance with the Arbitration and Conciliation Act, 1996 and the award passed by the arbitrators shall be final and binding on all concerned.
- 7.11. In the event of any inconsistency between any of the terms and conditions of any earlier arrangement between the Transferee Company and the Transferor Company and their respective shareholders and creditors and the terms and conditions of this Scheme, the latter shall prevail.
- 7.12. If any part of this Scheme hereof is invalid, ruled illegal by any Court of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the Parties that such part shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any Party, in which case the Parties shall attempt to bring about a modification in the Scheme, as will best preserve for the Parties the benefits and obligations of the Scheme.

7.13. Modifications To The Scheme

7.13.1. Scheme subject to Modifications:

The Scheme shall be subject to such modifications as the Central Government while sanctioning the same may direct and which the Board of the Transferor Company and the Transferee Company may consent and agree to;

7.13.2. Modifications and Amendments to Scheme:

The Transferor Company (by its Board of Directors) and the Transferee Company (by its Board of Directors) either by themselves or through a Committee appointed by them in this behalf, may in their full and absolute discretion, make and/or assent to any alteration, or modification to this Scheme, including but not limited to those which the Central Government and/or any other authority may deem fit to approve or propose;

7.13.3. Withdrawal of Scheme:

In the event that any conditions proposed by the Central Government are found unacceptable for any reason whatsoever by Transferor Company or by Transferee Company, then Transferor Company and/or Transferee Company shall be entitled to withdraw the Scheme in which even no

rights and liabilities whatsoever shall accrue to or be incurred inter se to or by the parties or any of them.

7.14. Effect Of Non Fulfillment Of Any Obligation:

In the event of non-fulfillment of any or all the obligations under the Scheme, by either Transferor Company or Transferee Company, the non performance of which will put the other company under any obligation, then such defaulting company will indemnify all costs/interest, etc. to the other company, subject to a specific provision if any to the contrary under the Scheme.

7.15. Costs And Expenses:

All costs, charges, taxes, including duties, levies, fees and all other expenses, if any, arising out of or incurred in carrying out and implementing the terms and conditions or provisions of this Scheme and incidental thereto shall be borne by the Transferee Company.
