

Certified True Copy  
For UNITED SPIRITS LIMITED

  
V. RAMACHANDRAN  
Company Secretary

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**SCHEME OF AMALGAMATION AND ARRANGEMENT**

**UNDER SECTIONS 230 to 232 OF THE COMPANIES ACT, 2013**

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**AMONGST**

**PIONEER DISTILLERIES LIMITED**  
(Transferor Company)

**AND**

**UNITED SPIRITS LIMITED**  
(Transferee Company)

**AND**

**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**



## CHAPTER 1

### GENERAL

#### (A) Background of Companies and Rationale

- (i) This scheme of amalgamation and arrangement amongst Pioneer Distilleries Limited (“**Transferor Company**”) and United Spirits Limited (“**Transferee Company**”) provides for (a) the amalgamation of the Transferor Company with the Transferee Company (“**Amalgamation**”), pursuant to the relevant provisions of the Act (defined below), as may be applicable; and (b) various other matters consequential or integrally connected therewith, in the manner provided for in this Scheme and in compliance with the provisions of the Income Tax Act, 1961, including Section 2(1B) thereof.
- (ii) The Transferor Company, a public limited company incorporated on November 25, 1992 under the Companies Act, 1956, with corporate identification number L24116KA1992PLC125992, has its registered office situated at UB Tower, Level-10, # 24, Vittal Mallya Road, Bangalore - 560 001. The equity shares of the Transferor Company are listed on the BSE Limited and National Stock Exchange of India Limited (“**Stock Exchanges**”). The Transferor Company is *inter alia* engaged in the Business (as defined below).
- (iii) The Transferee Company, a public limited company incorporated on March 31, 1999 under the Companies Act, 1956 with corporate identification number L01551KA1999PLC024991, has its registered office situated at UB Tower, # 24, Vittal Mallya Road, Bangalore - 560 001. The equity shares of the Transferee Company are listed on the Stock Exchanges. The Transferee Company is engaged in the business of distilling, rectifying and blending of spirits, and production of ethyl alcohol from fermented material.
- (iv) The Transferee Company and the Transferor Company are desirous of amalgamating the Transferor Company as a going concern with the Transferee Company in accordance with Sections 230 to 232 and/or other applicable provisions of the Act.
- (v) The Amalgamation of the Transferor Company with the Transferee Company is sought to be undertaken to achieve the following:
  - (a) simplification of the corporate structure and consolidation of the group’s business;
  - (b) realising business efficiencies, inter alia, through optimum utilisation of resources due to pooling of management, expertise and other resources of the Companies, and to achieve economies of scale;
  - (c) overcoming limitations on raising capital for the Transferor Company, ensuring improved allocation of capital and optimum cash flows contributing to better utilisation of capacity and the overall growth of the combined entity;
  - (d) creation of a larger asset base and facilitation of access to better financial



resources;

- (e) savings on compliance / interest costs;
- (f) uninterrupted operations of the Transferor Company's plant in order to stabilize its business;
- (g) integration of the Transferor Company's operations with the Transferee Company resulting in benefits arising out of the synergies, especially since the Transferee Company is in the same line of business as the Transferor Company; and
- (h) enhanced shareholder value pursuant to economies of scale and business efficiencies.

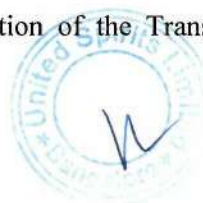
The Transferor Company has been incurring losses in the recent past and its entire net worth has eroded. The Transferee Company, holding 75% of the equity capital of the Transferor Company, has to account to the extent of 75% of the losses of the Transferor Company while consolidating its accounts. Continuity of the Transferor Company, without the active support of the Transferee Company, would be very difficult. Amalgamation of the Transferor Company with the Transferee Company would be beneficial to both the Companies, including with respect to ease of getting uninterrupted financial and technical support and the Transferee Company getting the full benefit of the Transferor Company's manufacturing facilities.

- (vi) The Scheme is expected to be in the best interests of the shareholders, employees and the creditors of the Transferor Company and the Transferee Company.
- (vii) The Amalgamation shall comply with the provisions of Section 2(1B) of the Income Tax Act, 1961.

#### **(B) Chapters in the Scheme**

The Scheme is divided into 3 chapters, the details of which are as follows:

1. **Chapter 1:** Chapter 1 of this Scheme sets forth the background of the Companies, overview and objects of the Scheme and definitions and interpretation which are common and applicable to all chapters of the Scheme.
2. **Chapter 2:** Chapter 2 deals with the Amalgamation and transfer and vesting of all assets and liabilities of the Transferor Company to/in the Transferee Company.
3. **Chapter 3:** Chapter 3 provides for general terms and conditions applicable to this Scheme.
4. Chapters 2 is further sub-divided into the following parts:
  - (a) *Part 1* provides for the current capital structure of the Transferor Company and the Transferee Company;
  - (b) *Part 2* deals with the Amalgamation of the Transferor Company with the





Transferee Company, in accordance with Sections 230 to 232 and/or other applicable provisions of the Act; and

(c) *Part 3* deals with consideration and accounting treatment.

## 1. GENERAL DEFINITIONS AND INTERPRETATIONS

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

**“Act”** means the Companies Act, 2013 and ordinances, rules and regulations made thereunder and shall include any statutory modifications, re-enactments or amendments thereof;

**“Amalgamation Consideration Shares”** has the meaning ascribed to it Clause 12.1 of the Scheme;

**“Applicable Law”** means any applicable statute, law, regulation, ordinance, rule, judgment, order, decree, clearance, approval, directive, guideline, requirement or any similar form of determination by or decision of any Governmental Authority, that is binding or applicable to a Person, whether in effect as of the date on which this Scheme has been approved by the Board of Directors of the Companies or at any time thereafter;

**“Appointed Date”** means April 1, 2019 or such date as may be fixed or approved by the NCLT;

**“Board of Directors”** shall mean the board of directors or any committee thereof, of the Transferor Company or the Transferee Company, as the context may require;

**“Business”** means the business of manufacture and sale of extra neutral alcohol, malt spirits, Indian Made Foreign Liquor (IMFL) and other allied products, including bottling operations;

**“Companies”** shall collectively mean the Transferor Company and the Transferee Company;

**“Contracts”** with respect to a Person, means any agreement, contract, undertaking, or legally binding commitment entered into by such Person;

**“Effective Date”** means the last of the dates on which all the conditions and matters referred to in Clause 21.1 have been fulfilled, obtained or waived (to the extent possible under Applicable Law), as applicable. References in this Scheme to the date of “coming into effect of this Scheme” or “Scheme becoming effective” shall be construed accordingly;

**“Encumbrance”** means any options, pledge, mortgage, lien, security interest, claim, charge, pre-emptive right, easement, limitation, attachment, restraint, or any other encumbrance of any kind or nature whatsoever, including any right granted by a transaction which, in legal terms, is not only the granting of security but which has an economic or financial effect similar to the granting of security under Applicable Law;



**“Goodwill”** means and includes the goodwill of Transferor Company, together with the exclusive right for the Transferee Company and its assignees to represent themselves as carrying on the Business in succession to the Transferor Company and includes the Business related claims, information, records, relationships with customers, product registrations/approvals, skilled employees, trademark, technical know-how and other Intangible Assets, as defined below;

**“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, instrumentality, judicial, quasi-judicial or arbitral body in India or outside India and includes SEBI and the Stock Exchanges;

**“Intangible Assets”** means and includes all intellectual property and industrial property rights and rights in confidential information of every kind and description throughout the world, in each case whether registered or unregistered, and including but not limited to (i) rights in computer programs (whether in source code, object code, or other form), algorithms, databases, compilations and data, technology supporting the foregoing, and all documentation, including user manuals and training materials, related to any of the foregoing; (ii) copyrights and copyrightable subject matter; (iii) trademarks, service marks, names, corporate names, trade names, domain names, logos, slogans, trade dress, registered designs, design rights and other similar designations of source or origin; (iv) all know-how, patents, confidential information, trade secrets, ideas, proprietary processes, formulae, models and methodologies; (v) rights of publicity, privacy, and rights to personal information; (vi) moral rights and rights of attribution and integrity; or (vii) any rights or forms of protection of a similar nature or having equivalent or similar effect to any of the foregoing which subsist anywhere in the world;

**“NCLT”** means the National Company Law Tribunal at Bengaluru, or such other forum or authority as may be vested with the powers of the High Court under Sections 230 to 232 of the Act, as may be applicable;

**“Person”** means any individual, partnership, joint venture, firm, corporation, company, association, trust or other enterprise (whether incorporated or not) or government (central, state or otherwise), sovereign, or any agency, department, authority or political sub-division thereof, international organization, agency or authority (in each case, whether or not having separate legal personality) and shall include their respective successors and in case of an individual shall include his/her legal representatives, administrators, executors and heirs;

**“Public”** shall have meaning assigned to it in Rule 2(d) of the Securities Contracts (Regulation) Rules, 1957 and the term “Public Shareholders” shall be construed accordingly;

**“Record Date”** shall mean such date to be fixed by the respective Board of Directors of the Transferee Company and Transferor Company for the purpose of determining the members of the Transferor Company to whom shares of the Transferee Company will be allotted pursuant to this Scheme;

**“Sanction Order”** means the order of the NCLT sanctioning the Scheme;





**“Scheme”** means this scheme of amalgamation and arrangement with such modification(s), if any made, in accordance with the terms hereof or the directions / observations of the Stock Exchanges or any other Governmental Authority including SEBI or the NCLT, and approved by the NCLT;

**“SEBI”** means the Securities Exchange Board of India;

**“SEBI Circular”** means the circular number CFD/DIL3/CIR/2017/21 dated 10 March 2017 issued by SEBI along with the amendments thereto;

**“SEBI Listing Regulations”** means the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 along with the amendments thereto;

**“Taxes” or “Tax” or “Taxation”** means all forms of taxation with reference to profits, gains, net wealth, asset values, turnover, gross receipts, duties (including stamp duties), levies, imposts, including without limitation corporate income-tax, wage withholding tax, fringe benefit tax, value added tax, customs, service tax, excise duties, goods and services tax, fees or levies and other legal transaction taxes, dividend/withholding tax, real estate taxes, other municipal taxes and duties, environmental taxes and duties, any other similar assessments or other type of taxes or duties in any relevant jurisdiction, together with any interest, penalties, surcharges or fines relating thereto, assessments, or addition to Tax, due, payable, levied, imposed upon or claimed to be owed in any relevant jurisdiction or country;

**“Transferor Company Shareholders”** has the meaning ascribed to it Clause 12.1 of the Scheme; and

**“Undertaking”** shall mean all the undertaking and entire business of the Transferor Company (including business, properties, assets, investments, goodwill and rights of whatever kind and nature, real or personal, tangible or intangible, that are owned, leased or licensed, liabilities, obligations and commitments of the Transferor Company) on a going concern basis, and with the continuity of business of the Transferor Company, which shall include (without limitation):

- (a) all assets wherever situated, whether movable or immovable, tangible or intangible, real or personal, in possession or reversion, corporeal or incorporeal, leaseholds and other interests of whatsoever nature, wheresoever situated including all lands, buildings, offices, marketing offices, liaison offices, furniture, fixtures, office equipment, appliances, accessories, inventories together with all present and future liabilities (including contingent liabilities) and all cash and bank balances appertaining or relating to the Transferor Company;
- (b) all current assets, including sundry debtors, receivables, loans and advances, actionable claims, bills and credit notes of the Transferor Company;
- (c) all permits, rights, entitlements, registrations and other licences, approvals, permissions, consents from various authorities, including municipal (whether granted or pending), trademarks, patents, copyrights, software programs and data (whether proprietary or otherwise), all other intellectual property, goodwill, receivables, benefit of any deposits, assets, properties or other interests, financial assets including investments of all kinds, funds belonging to or utilised for the



Transferor Company, bank accounts, privileges, all other rights and benefits including any tax exemptions, deferrals and other benefits or privileges including any unabsorbed tax depreciation, tax losses, deferred tax assets and refund claims made by the Transferee Company before the tax authorities, any tax (direct or indirect) including advance tax paid or any tax deducted in respect of any income received, exemptions, tax credits, minimum alternate tax credits as per Section 115JAA of the Income Tax Act, 1961, any credit in respect of indirect taxes including Goods and Services Tax (GST) credits, Eligibility Certificate for Mega Project under the Package Scheme of Incentives, 2007 issued by the Government of Maharashtra, tenancies in relation to office and / or residential properties for the employees, memberships, lease rights, powers and facilities of every kind, nature, and description whatsoever, rights to use and avail of telephones, internet, facsimile connections and installations, utilities, electricity and other services, provisions, funds, benefits of all agreements, contracts and arrangements, letters of intent, memoranda of understanding, expressions of interest whether under agreements or otherwise and all other interests in connection with or relating to the Transferor Company;

- (d) all staff and employees and other obligations of whatsoever kind, including liabilities of the Transferor Company with regard to its employees, with respect to the payment of gratuity, superannuation, pension benefits and provident fund or other compensation or benefits, if any, whether in the event of resignation, death, retirement, retrenchment or otherwise;
- (e) all trade secrets, confidential information, inventions, know-how, formulae, processes, procedures, research records, records of inventions, test information, market surveys and marketing know-how of the Transferor Company;
- (f) all patents (including all reissues, divisions, continuations and extensions thereof), patent applications, patent rights, trademarks, trademark registrations, trademark applications, service marks, trade names, business names, copyrights, copyright registrations, designs, design registrations, and all rights to any of the foregoing, of the Transferor Company;
- (g) all contracts, leases, subleases, licenses, indentures, agreements, commitments and all other legally binding arrangements, whether oral or written, to which the Transferor Company is a party or by which the Transferor Company is bound;
- (h) all raw material, work-in-progress, finished goods, supplies, parts, spare parts and other inventories of the Transferor Company (including in transit, on consignment or in the possession of any third party);
- (i) all partnership interests or any other equity interest in any corporation, company, limited liability company, partnership, joint venture, trust or other business association;
- (j) all rights in and to products sold or leased;
- (k) all credits, prepaid expenses, deferred charges, advance payments, security deposits and prepaid items that are paid / held;





- (l) all necessary records, files, papers, computer programmes, engineering and process information, 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 or electronic form in connection with or relating to the Transferor Company;
- (m) all books of accounts, ledgers, general, financial, accounting and personnel records, files, invoices, customers' and suppliers' lists, other distribution lists, billing records, sales and promotional literature, manuals, customer and supplier correspondence (in all cases, in any form or medium), of the Transferor Company;
- (n) all rights, claims, credits, advances, loans, fixed deposits, provisions and commitments, including any such items arising under insurance policies and all guarantees, warranties, indemnities and similar rights in favour of the Transferor Company in respect of any other asset or any liability appertaining or relating to the Transferor Company;
- (o) all liabilities, obligations, duties, undertakings, debt and commitments of the Transferor Company;
- (p) all accounts payable of the Transferor Company; and
- (q) any other assets and liabilities.

It is intended that the definition of Undertaking set out above would enable the transfer of all properties, assets, liabilities, employees, etc. of the Transferor Company to the Transferee Company pursuant to this Scheme.

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contract Regulation Act, 1956, the Depositories Act, 1996, other Applicable Laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.

## **2. DATE OF COMING IN TO EFFECT**

The Scheme in its present form or with any modification approved or imposed or directed by the NCLT shall come into operation from the Effective Date with effect from the Appointed Date.





## CHAPTER 2

### AMALGAMATION OF THE TRANSFEROR COMPANY WITH THE TRANSFeree COMPANY

#### Part 1

#### 3. SHARE CAPITAL

The authorized, issued, subscribed and paid up share capital of the Transferee Company as on 31 March 2019 is below:

Particulars	Rupees
<b>Authorized Capital</b>	
2,740,000,000 Equity Shares of Rs. 2/- each	5,480,000,000
171,200,000 Preference Shares of Rs.10/- each	1,712,000,000
<b>Total</b>	<b>7,192,000,000</b>
<b>Issued, Subscribed and Paid-up</b>	
726,638,715 Equity Shares of Rs. 2/- each	1,453,277,430
<b>Total</b>	<b>1,453,277,430</b>

Subsequent to the above date, there has been no change in the authorized, issued, subscribed and paid up share capital of the Transferee Company till the date of approval of the Scheme by the Board of the Transferee Company.

The equity shares of the Transferee Company are listed on the Stock Exchanges.

The authorized, issued, subscribed and paid up share capital of the Transferor Company as on 31 March 2019 is as under:

Particulars	Rupees
<b>Authorized Capital</b>	
17,500,000 Equity Shares of Rs. 10 /- each	175,000,000
2,500,000 Preference Shares of Rs.10/- each	25,000,000
<b>Total</b>	<b>200,000,000</b>
<b>Issued, Subscribed and Paid-up</b>	
13,388,200 Equity Shares of Rs. 10/- each	133,882,000
<b>Forfeited shares</b>	
62,400 Equity Shares (Rs. 5/- each, paid up)	312,000
<b>Total</b>	<b>134,194,000</b>

Subsequent to the above date, there has been no change in the authorized, issued, subscribed and paid up share capital of the Transferor Company till the date of approval of the Scheme by the Board of the Transferor Company.

The equity shares of the Transferor Company are listed on the Stock Exchanges.



*Part 2*

**4. AMALGAMATION OF THE TRANSFEROR COMPANY WITH THE TRANSFEREE COMPANY**

Upon the Scheme becoming effective and with effect from the Appointed Date, the Transferor Company shall, in accordance with Sections 230 to 232 of the Act, without any further act or deed, stand amalgamated with the Transferee Company and consequently (i) the Undertaking of the Transferor Company shall, as on the Appointed Date, stand transferred to and vested in and/or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become the undertaking of the Transferee Company by virtue of and in the manner provided in the Scheme, and (ii) the Transferor Company shall stand dissolved without being wound up.

**4.1. TRANSFER OF ASSETS**

4.1.1. Upon the Scheme becoming effective, as on the Appointed Date, the whole of the assets of Transferor Company, wherever situated and of whatsoever nature whether capable of passing by manual delivery and/or endorsement or otherwise however shall, under the provisions of Sections 230 to 232, without any further act or deed be transferred to and vested in and/or deemed to be transferred to and vested in the Transferee Company as a going concern so as to vest in, become and form part of the Transferee Company along with all the rights, claims, title and interest of the Transferee Company therein.

4.1.2. Without prejudice to the generality of Clause 4.1.1 above, upon the Scheme becoming effective, as on the Appointed Date:

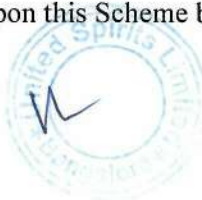
- (a) All the estate, assets, properties, rights, claims, title, interest and authorities including accretions and appurtenances of the Undertaking, of whatsoever nature and wherever situate, whether or not included in the books of the Transferor Company shall, without any further act or deed, be transferred to and vested in and/or deemed to be 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, properties, rights, claims, title, interest and authorities of the Transferee Company.
- (b) All movable assets including cash, if any, of Transferor Company which are capable of passing by manual delivery or by endorsement and delivery, shall be so delivered or endorsed as the case may be to the Transferee Company and shall become the property of the Transferee Company, to the end and intent that the ownership and property therein passes to the Transferee Company in pursuance of the provisions of Section 232 of the Act, without requiring any deed or instrument of conveyance for transfer of the same.
- (c) Movable assets of the Transferor Company other than those specified in Clause 4.1.2(b) above and any intangible assets, including sundry debtors, loans, receivables, bills, credits, advances, if any, recoverable in cash or kind or for value to be received, bank accounts including bank balances, investments, cash equivalents, financial assets, insurance policies, provisions, funds, equipment, and any related capitalized items and other tangible property of every kind, nature and





description, share of any joint assets, benefits of any bank guarantee, performance guarantee and any letter of credit, earnest money, advances and deposits, if any, with government, semi-government, local and other authorities and bodies, companies, firm, individuals, trusts, etc., the same shall, on and from the Appointed Date, stand transferred to the Transferee Company to the end and intent that the right of the Transferor Company to receive the benefit of such investments, cash equivalents, financial assets, insurance policies, provisions, funds, equipment, capitalized items and tangible property, share of any joint assets, bank guarantee, performance guarantee and any letter of credit, earnest money, advances or deposits or recover or realize all such debts (including the debts payable by such Persons or depositors to the Transferor Company) stands transferred to the Transferee Company and that appropriate entries should be passed in their respective books to record the aforesaid change, without any notice or other intimation to such debtors or other Persons (although the Transferee Company may itself without being obliged and if it so deems appropriate at its sole discretion, at any time after coming into effect of this Scheme in accordance with the provisions hereof, or if so required under any law, give notices in such form as it may deem fit and proper, to each Person, debtors or depositors, as the case may be, that pursuant to the NCLT having sanctioned the Scheme, the said asset stands transferred and vested in the Transferee Company and be paid or made good or held on account of the Transferee Company as the Person entitled thereto).

- (d) All lease and license agreements entered into by the Transferor Company with various landlords, owners and lessors in connection with use of the assets of the Undertaking of the Transferor Company, together with the security deposits, shall stand automatically transferred in favour of the Transferee Company on the same terms and conditions without any further act, instrument, deed, matter or thing being made, done or executed. The Transferee Company shall continue to pay rent amounts as provided for in such agreements and shall comply with the other terms, conditions and covenants thereunder and shall also be entitled to refund of security deposits paid under such agreements by the Transferor Company;
- (e) All immovable properties of the Transferor Company, including land together with the buildings and structures standing thereon and rights and interests in immovable properties of the Transferor Company, whether freehold or leasehold or licensed or otherwise, any tenancies in relation to warehouses, all rights, covenants, continuing rights, title and interest in connection with the said immovable properties and all documents of title, rights and easements in relation thereto shall stand transferred to and be vested in and transferred to and/or be deemed to have been and stand transferred to and vested in the Transferee Company, without any further act or deed done or being required to be done by the Transferor Company or the Transferee Company, and it shall not be necessary to obtain the consent of any third party or other Person in order to give effect to the provisions of this clause. The Transferee Company shall be entitled to exercise all rights and privileges attached to the aforesaid immovable properties and shall be liable to pay the ground rent and taxes and fulfill all obligations in relation to or applicable to such immovable properties. The mutation of the ownership or title, or interest in the immovable properties shall, upon this Scheme becoming effective, be made and duly recorded in the name of the Transferee Company by the appropriate Governmental Authority pursuant to the sanction of this Scheme by the NCLT in accordance with the terms hereof. Upon this Scheme becoming effective, until the





owned property, leasehold property and related rights thereto, license or right to use the immovable property, tenancy rights, liberties and special status are transferred, vested, recorded, effected and / or perfected in the record of the appropriate authorities in favour of the Transferee Company, the Transferee Company shall be deemed to be authorised to carry on business in the name and style of the Transferor Company under the relevant agreement, deed, lease and / or license, as the case may be, and the Transferee Company shall keep a record and account of such transactions. For purposes of taking on record the name of the Transferee Company in the records of the Governmental Authorities in respect of transfer of immovable properties to the Transferee Company pursuant to this Scheme, the Board of Directors of the Companies may approve the execution of such documents or deeds as may be necessary, including deeds of assignment of lease or leave or license (as the case may be) by the Transferor Company in favour of the Transferee Company.

- (f) All the licenses, permissions, approvals, sanctions, consents, permits, entitlements, quotas, registrations, bids, tenders, letters of intent, expressions of intent, memoranda of understanding or similar instruments, incentives, exemptions and benefits, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Transferor Company and all rights and benefits that have accrued or which may accrue to the Transferor Company, whether on, before or after the Appointed Date, shall, without any further act, instrument or deed, cost or charge be and stand transferred to and vested in and/or be deemed to be transferred to and vested in and be available to the Transferee Company so as to become licenses, permissions, approvals, sanctions, consents, permits, entitlements, quotas, registrations, incentives, exemptions and benefits, grants, rights, claims, liberties, special status and other benefits or privileges of the Transferor Company and shall remain valid, effective and may be enforced as fully and effectively as if, instead of the Transferor Company, the Transferee Company had been a party, a beneficiary or an obligee thereto and shall be appropriately mutated by the relevant Governmental Authorities in favour of the Transferee Company. For the avoidance of doubt and without prejudice to the generality of the foregoing, all consents, no-objection certificates, certificates, clearances, authorities (including operation of bank accounts), powers of attorney given by, issued to or executed in favour of the Transferor Company shall stand transferred to the Transferee Company as if the same were originally given by, issued to or executed in favour of the Transferee Company.
- (g) All cheques and other negotiable instruments, payment orders, electronic fund transfers (like NEFT, RTGS, etc.) received or presented for encashment which are in the name of the Transferor Company after the Effective Date shall be deemed to be in the name of the Transferee Company and credited to the account of the Transferee Company, if presented by the Transferee Company or received through electronic transfers and the bankers of the Transferee Company shall accept the same. Similarly, the banker of the Transferee Company shall honour all cheques/electronic fund transfer instructions issued by the Transferor Company for payment after the Effective Date. If required, the bankers of the Transferor Company and/or the Transferee Company shall allow maintaining and operating of the bank accounts (including banking transactions carried out electronically) in the name of the Transferor Company for such time as may be determined to be necessary by the Transferee Company for presentation and deposition of cheques,





pay order and electronic transfers that have been issued/made in the name of the Transferor Company, subject to such accounts being operated by the Transferee Company.

- (h) All Intangible Assets including but not limited to rights in intellectual property (whether owned, licensed or otherwise, whether registered or unregistered) used in relation to the Transferor Company, including with respect to the Business, including the logo and trademark of the Transferor Company, and all other trade names, service names, trademarks, trade dress, logos, brands, corporate names, brand names, domain names, mask works, copyrights, designs, know-how and trade secrets, software and all website content (including text, graphics, images, audio, video and data), confidential business information and other proprietary information, patents, along with all rights of commercial nature including attached Goodwill, title, interest, labels and brand registrations and all such other industrial or intellectual rights of whatsoever nature and advantages of whatever nature in connection with the above including any Goodwill relating to such intellectual property, whether or not provided in the books of accounts of the Transferor Company, shall under the provisions of Sections 230 to 232 of the Act, as applicable, and all other provisions of Applicable Law, if any, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand transferred and vested in the Transferee Company as a going concern, so as to become, as and from the Appointed Date, the Intangible Asset of the Transferee Company.
- (i) All books, records, files, papers, engineering and process information, software, licenses for software, algorithms, programs, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form of the Transferor Company, including in connection with or relating to the Business, shall, under the provisions of Sections 230 to 232 of the Act, as applicable, and all other provisions of Applicable Law, if any, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand transferred and vested in the Transferee Company as a going concern, with effect from the Appointed Date.
- (j) All benefits of any and all corporate approvals as may have already been taken by the Transferor Company, whether being in the nature of compliances or otherwise, shall under the provisions of Sections 230 to 232 of the Act, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand transferred and vested in the Transferee Company as a going concern, and the said corporate approvals and compliances shall be deemed to have originally been taken/complied with by the Transferee Company.
- (k) All electricity, gas, water and any other utility connections and tariff rates in respect thereof sanctioned by various public sector and private companies, boards, agencies and authorities to the Transferor Company, together with security deposits and all other advances paid, shall stand automatically transferred in favour of the Transferee Company on the same terms and conditions without any further act, instrument, deed, matter or thing being made, done or executed. The relevant





electricity, gas, water and any other utility companies, boards, agencies and authorities shall issue invoices in the name of the Transferee Company with effect from the billing cycle commencing from the month immediately succeeding the month in which the Effective Date falls. The Transferee Company shall comply with the terms, conditions and covenants associated with the grant of such connections and shall also be entitled to refund of security deposits placed with such utility companies, boards, agencies and authorities by the Transferor Company.

- (l) All *inter se* contracts solely between the Transferor Company and the Transferee Company shall stand cancelled and cease to operate, and appropriate effect shall be given to such cancellation and cessation in the books of accounts and records of the Transferee Company. With effect from the Appointed Date, there will be no accrual of income or expense on account of any transactions, including any transactions in the nature of sale or transfer of any goods, materials or services, between the Transferor Company and the Transferee Company. For avoidance of doubt, it is hereby clarified that with effect from the Appointed Date, there will be no accrual of interest or charges in respect of any *inter se* loans, deposits or balances between the Transferor Company and the Transferee Company.
- (m) The borrowing and investment limits of the Transferee Company under the Act shall be deemed without further act or deed to have been enhanced by the borrowing and investment limits of the Transferor Company, such limits being incremental to the existing limits of the Transferee Company. Any corporate approvals obtained by the Transferor Company, whether for purposes of compliance or otherwise, shall stand transferred to the Transferee Company and such corporate approvals and compliance shall be deemed to have been obtained and complied with by the Transferee Company.
- (n) The secured creditors of the Transferor Company and / or other holders of security over the properties of the Transferor Company shall be entitled to security only in respect of the properties, assets, rights, benefits and interest of the Transferor Company, as existing immediately prior to the amalgamation of the Transferor Company with the Transferee Company and the secured creditors of the Transferee Company and / or other holders of security over the properties of the Transferee Company shall be entitled to security only in respect of the properties, assets, rights, benefits and interest of the Transferee Company, as existing immediately prior to the amalgamation of the Transferor Company with the Transferee Company. It is hereby clarified that pursuant to the amalgamation of the Transferor Company with the Transferee Company: (a) the secured creditors of the Transferor Company and / or holders of security over the properties of the Transferor Company shall not be entitled to any additional security over the properties, assets, rights, benefits and interest of the Transferee Company and therefore, such assets which are not currently Encumbered shall remain free and available for creation of any security thereon in the future in relation to any current or future indebtedness of the Transferee Company; and (b) the secured creditors of the Transferee Company and / or holders of any security over the properties of the Transferee Company shall not be entitled to any additional security over the properties, assets, rights, benefits and interest of the Transferor Company and therefore such assets which are not currently Encumbered shall remain free and available for creation of any security thereon in future in relation to any current or future indebtedness of the Transferee Company.





- 4.1.3. Any tax exemptions, deferrals and other benefits or privileges including (but not limited to) advance tax paid or any tax deducted in respect of any income received, exemptions, tax credits, minimum alternate tax credits as per Section 115JAA of the Income Tax Act, 1961, any credit in respect of indirect taxes including Goods and Services Tax (GST) credits, Eligibility Certificate for Mega Project under the Package Scheme of Incentives, 2007 issued by the Government of Maharashtra, advance taxes, credits in respect of taxes deducted at source, unabsorbed tax depreciation, tax losses, deferred tax assets and refund claims made by the Transferee Company before the tax authorities shall, upon the coming into effect of this Scheme, also without any further act, instrument or deed stand transferred to and vested in or be deemed to have been transferred to or vested in the Transferee Company upon the coming into effect of this Scheme.
- 4.1.4. Any assets, acquired by the Transferor Company after the Appointed Date but prior to the Effective Date shall upon the coming into effect of this Scheme also without any further act, instrument or deed stand transferred to and vested in or be deemed to have been transferred to or vested in the Transferee Company upon the coming into effect of this Scheme.
- 4.1.5. Without prejudice to the provisions of the foregoing Clauses, upon the Scheme becoming effective, the Transferor Company and the Transferee Company shall execute all necessary instruments or documents or do all the acts and deeds as may be required, including making the necessary filings with the relevant Governmental Authority or any other third party, to give formal effect to the above provisions, if required.

## **5. TRANSFER OF LIABILITIES**

- 5.1. Upon the Scheme becoming effective, all the liabilities of the Transferor Company, as on the Appointed Date, including all secured and unsecured debts (whether in Indian Rupee (INR) or foreign currency), sundry creditors, contingent liabilities, duties, obligations and undertakings of the Transferor Company, of every kind, nature and description whatsoever and howsoever arising, raised, incurred or utilised for its business activities and operations, shall also, under the provisions of Sections 230 to 232 of the Act without any further act or deed be transferred or deemed to be transferred to the Transferee Company so as to become as and from the Appointed Date the debts, liabilities, duties, losses, obligations of the Transferee Company and further that all the liabilities incurred/contracted by the Transferor Company during the period commencing from the Appointed Date till the Effective Date shall be deemed to have been incurred/contracted by the Transferee Company and shall be deemed to be the liabilities and obligations of the Transferee Company and further that it shall not be necessary to obtain consent of any Person in order to give effect to the provisions of this Clause.
- 5.2. Where any of the loans, debts, liabilities, duties and obligations of the Transferor Company which are deemed to be transferred to the Transferee Company under this Scheme have been discharged by the Transferor Company on or after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company.



- 5.3. Without prejudice to Clause 5.1, upon the coming into effect of the Scheme, all loans raised and used and all debts, liabilities, duties and obligations incurred by the Transferor Company for the operations of the Business with effect from the Appointed Date and prior to the Effective Date shall, subject to the terms of this Scheme, be deemed to have been raised, used or incurred for and on behalf of the Transferee Company, and shall also without any further act or deed be and stand transferred to and be deemed to be transferred to the Transferee Company and shall become the loans, debts, liabilities, duties and obligations of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company, and the Transferee Company shall meet, discharge and satisfy the liabilities and 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 liabilities have arisen in order to give effect to the provisions of this clause.
- 5.4. The Scheme shall not operate to enlarge the security of any loan, deposit or facility created by or available to Transferor Company which shall vest in the Transferee Company by virtue of the Scheme, including for the avoidance of doubt and notwithstanding anything contained herein, that no Encumbrances shall be extended to any of the assets of the Transferee Company.
- 5.5. It is expressly provided that, no term or condition of the liabilities that are being transferred to the Transferee Company as part of the Scheme and terms on which the liabilities are transferred to the Transferee Company as part of the Scheme, shall be modified by virtue of this Scheme.
- 5.6. Upon the Scheme becoming effective, with effect from the Appointed Date, all inter-se liabilities and other receivables and payables including any loans thereof, between Transferee Company and Transferor Company, if any, due or outstanding or which may at any time immediately prior to the Appointed Date become due or remain outstanding, shall stand cancelled and be deemed to have been discharged by such cancellation and consequently, there shall remain no inter-se liability between them as of the Appointed Date and corresponding effect shall be given in the books of account and records of Transferee Company.
- 5.7. Without prejudice to the provisions of the foregoing Clauses, upon the Scheme becoming effective, the Transferor Company and the Transferee Company shall execute all instruments or documents or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modifications of charge with the Registrar of Companies, to give formal effect to the above provisions, if required.
- 5.8. The provisions of this Clause 5 shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing to which the relevant liability relates or the terms of sanction or issue or any security document, all of which instruments, deeds or writings shall stand modified by the foregoing provisions.

## **6. TAXES AND TAXATION**

- 6.1. Upon the Scheme becoming effective, the Transferee Company is expressly permitted to revise its financial statements and income-tax/ indirect tax returns (where required) along with prescribed forms, filings and annexures under the Income Tax Act, 1961,





central sales tax, applicable state value added tax, service tax laws, excise duty laws and other Tax laws, and to claim refunds and/or credit for Taxes paid (including, tax deducted at source, wealth tax, etc.) and for matters incidental thereto, if required, to give effect to the provisions of the Scheme.

- 6.2. Upon the Scheme becoming effective, all Taxes payable by, or refundable to, the Transferor Company, including any refund, claims or credits (including credits for income tax, withholding tax, advance tax, self-assessment tax, minimum alternate tax credit, central value added tax credit, goods and services tax credits, other indirect tax credits and other tax receivables) shall be treated as the tax liability, refunds, claims or credits, as the case may be, of the Transferee Company, and any tax incentives, benefits (including claims for unabsorbed tax losses and unabsorbed tax depreciation), advantages, privileges, exemptions, credits, tax holidays, remissions or reductions, which would have been available to the Transferor Company, shall be available to the Transferee Company, and following the Effective Date, the Transferee Company shall be entitled to initiate, raise, add or modify any claims in relation to such taxes on behalf of the Transferor Company.
- 6.3. All Taxes payable by the Transferor Company from the Appointed Date onwards for the operations of the Transferor Company, including the Business, shall be to the account of the Transferee Company; similarly all Tax credits pertaining to the Transferor Company, shall be made or deemed to have been made and duly complied with by the Transferee Company if so made by Transferor Company. If, during the period between the Appointed Date and the Effective Date, any Tax returns or any other filings, representations or other submissions pertaining to the Transferor Company are required to be filed or made by the Transferor Company with or to the Tax authorities, the Transferor Company shall do the same in consultation with the Transferee Company and not without the prior written consent of the Transferee Company.
- 6.4. The provisions of this Scheme, as they relate to amalgamation of the Transferor Company into the Transferee Company, have been drawn up to comply with the conditions relating to "amalgamation" as defined under Section 2(1B) of the Income Tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section of the Income Tax Act, 1961, at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the Income Tax Act, 1961, shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the Income Tax Act, 1961. Such modification will, however, not affect the other parts of the Scheme.

## 7. EMPLOYEES

- 7.1. On the Scheme becoming effective, all staff and employees of the Transferor Company who are employed with the Transferor Company on the Effective Date ("**Transferred Employees**"), shall be deemed to have become the staff and employees of the Transferee Company with effect from the Effective Date or their respective joining date, whichever is later, without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Transferee Company shall not be less favourable than those applicable to them as employees of the Transferor Company on the Effective Date.





- 7.2. The services of the Transferred Employees with the Transferor Company prior to the transfer, as aforesaid, shall be taken into account for the purposes of all benefits to which the Transferred 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, shall be reckoned therefore from the date of their respective appointment in the Transferor Company.
- 7.3. It is expressly provided that, on the Scheme becoming effective, the contributions made by the Transferor Company in respect of the Transferred Employees under Applicable Law to the provident fund, gratuity fund, contribution towards employees state insurance, superannuation fund, retirement fund or any other special fund or trusts created or existing for the benefit of the Transferred Employees (collectively referred to as the “**Funds**”) shall be deemed to be contributions made by the Transferee Company, and the Funds shall be transferred to similar Funds created by the Transferee Company and shall be held for their benefit pursuant to this Scheme or, at the Transferee Company’s sole discretion, maintained as separate Funds by the Transferee Company. Upon the Scheme becoming effective, the Transferee Company shall stand substituted for the Transferor Company, for all purposes whatsoever, including with regard to the obligation to make contributions to relevant authorities, such as the Regional Provident Fund Commissioner or to such other funds maintained by the Transferor Company, in accordance with Applicable Law. It is clarified that the services of the employees of the Transferor Company will be treated as having been continuous and not interrupted for the purpose of the said Fund or Funds.
- 7.4. In relation to any other fund created or existing for the benefit of the Transferred Employees, the Transferee Company shall stand substituted for the Transferor Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said funds in accordance with the provisions of such scheme, funds, bye laws, etc. in respect of such Transferred Employees.
- 7.5. The Transferee Company shall comply with any agreement(s) / settlement(s) entered into with labour unions (if any) or employees by the Transferor Company. The Transferee Company agrees that for the purposes of the payment of any retrenchment compensation, gratuity and other termination benefits, the past services of employees with the Transferor Company, if any, shall also be taken into account, and further agrees to pay such benefits when they become due.

## **8. LEGAL PROCEEDINGS**

All legal proceedings, including, quasi-judicial, arbitral and other administrative proceedings, of whatsoever nature by or against the Transferor Company pending and/or arising before the Effective Date, including those arising under the Income Tax Act, 1961 and any other indirect tax laws, shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against the Transferee Company, as the case may be, in a manner and to a similar extent as would or might have been continued and enforced by or against the Transferor Company. The Transferee Company undertakes to have all legal or other proceedings specified in this clause, initiated by or against the Transferor Company, transferred to its name and to





have such proceedings continued, prosecuted and enforced by or against the Transferee Company, as the case may be. Following the Effective Date, the Transferee Company may initiate any legal proceedings for and on behalf of the Transferor Company.

**9. CONTRACTS, DEEDS, ETC.**

- 9.1. Upon the coming into effect of the Scheme and with effect from the Appointed Date, all contracts, deeds, bonds, agreements and other instruments, if any, of whatsoever nature and subsisting or having effect on the Effective Date to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or having effect immediately prior to the Effective Date, shall continue in full force and effect against or in favour of the Transferee Company, and may be enforced effectively by or against the Transferee Company as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party thereto from inception.
- 9.2. Without prejudice to Clause 9.1, upon the Scheme becoming effective, with effect from the Appointed Date, all Contracts and arrangements in any form relating to the Business, including Contracts pertaining to, customers, vendors, benefits of all Contracts, whether registered or not registered, to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect on or against or in favour, as the case may be, of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto or thereunder.
- 9.3. The Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if it considers necessary, enter into, or issue or execute deeds, writings, tripartite arrangements, confirmations, novations, declarations, or other documents with, or in favour of any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall be deemed to be authorized to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of the Transferor Company. The Transferor Company shall execute such writings as may be reasonably required by the Transferee Company in this regard.
- 9.4. For the avoidance of doubt, it is clarified that upon the coming into effect of this Scheme, all the rights, title, interest and claims of the Transferor Company in any leasehold/licensed properties or otherwise of the Transferor Company, including but not limited to security deposits and advance or prepaid lease or license fee, shall, on the same terms and conditions, pursuant to Section 232(4) of the Act, be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company automatically without requirement of any further act or deed. The Transferee Company shall continue to pay rent or lease or license fee as provided for under such agreements, and the Transferee Company and the relevant landlords, owners and lessors shall continue to comply with the terms, conditions and covenants thereunder.
- 9.5. All other agreements entered into by the Transferor Company in connection with the



assets of the Undertaking of the Transferor Company shall stand automatically transferred in favour of the Transferee Company on the same terms and conditions without any further act, instrument, deed, matter or thing being made, done or executed.

#### **10. CONDUCT OF BUSINESSES TILL THIS SCHEME COMES INTO EFFECT**

**10.1. With effect from the Appointed Date and up to and including the Effective Date, the Transferor Company:**

10.1.1. shall carry on and be deemed to have been carrying on the Business and other activities in relation to the operations of the Transferor Company and stand possessed of all the estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions of the Transferor Company for and on account of, and in trust for, the Transferee Company;

10.1.2. all profits or income arising or accruing in favour of the Transferor Company whether or not in relation to the Business and all Taxes paid thereon or losses, expenditures arising or incurred by the Transferor Company in relation thereto shall, for all purposes, be treated as and deemed to be the profits or income, Taxes or losses, expenditures as the case may be, of the Transferee Company;

10.1.3. any of the rights, powers, authorities, privileges, attached, related or pertaining to the Business exercised by the Transferor Company shall be deemed to have been exercised by the Transferor Company for and on behalf of, and in trust for and as an agent of the Transferee Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Business that have been undertaken or discharged by the Transferor Company shall be deemed to have been undertaken for and on behalf of and as an agent for the Transferee Company;

10.1.4. shall cause the Business (including making applications to any Governmental Authority for the renewal of permits which have expired) to be conducted as a going concern in trust for the Transferee Company and in the ordinary course of business; and

10.1.5. shall not, except as may be expressly required or permitted under this Scheme, make any change in its capital structure in any manner either by any increase (including by way of issue of equity and/or preference shares on a rights basis or by way of a public issue, bonus shares and/or convertible debentures or otherwise), decrease, reduction, reclassification, sub-division, consolidation, re-organization, or in any other manner which may, in any way, affect the Share Exchange Ratio, except with the prior approval of the Transferee Company.

**10.2. Except with the prior approval of the Transferee Company, with effect from the date on which the Board of Directors of the Companies approve this Scheme up to and including the Effective Date, the Transferor Company shall not take any actions prohibited in terms of any agreement, arrangement, undertaking, deed or other document executed in writing *inter-alia* between the Companies and/or any of their shareholders.**





## 11. SAVINGS OF CONCLUDED TRANSACTIONS

The transfer and vesting of the assets and liabilities of the Transferor Company as above and the continuance of proceedings by or against the Transferor Company shall not affect any transaction or proceedings already concluded on or after the Appointed Date or till the Effective Date in accordance with this Scheme.

### *Part 3*

## 12. CONSIDERATION

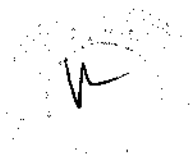
- 12.1. Upon coming into effect of the Scheme and in consideration for the Amalgamation, the Transferee Company shall, without any further application or deed, issue and allot its equity shares, credited as fully paid up, to all the equity shareholders holding fully paid up equity shares of the Transferor Company, whose names appear in the register of members of the Transferor Company and / or whose names appear as the beneficial owner of the shares of the Transferor Company in the records of the depository, as on the Record Date, to be fixed for the purpose of reckoning names of the equity shareholders the Transferor Company ("**Transferor Company Shareholders**"), in the following ratio:

"10 (Ten) fully paid up equity shares of face value Rs. 2 (Rupees two only) each of the Transferee Company, to be issued for every 47 (Forty Seven) fully paid up equity shares of face value Rs. 10 (Rupees ten only) each held by the Transferor Company Shareholders" (the "**Share Exchange Ratio**").

The equity shares held by the Transferee Company in the Transferor Company shall stand cancelled as an integral part of the Scheme and no equity shares of the Transferee Company shall be allotted in respect of such equity shares. The 62,400 forfeited shares of the Transferor Company shall stand extinguished and cancelled and an amount of Rs 3,12,000 shall be transferred to the head 'Capital Reserve' in the financial statement of the Transferee Company.

The equity shares of the Transferee Company issued and allotted to the Transferor Company Shareholders based on the Share Exchange Ratio provided above shall be referred to as "**Amalgamation Consideration Shares**".

- 12.2. Upon equity shares being issued by the Transferee Company to the Transferor Company Shareholders in accordance with clause 12.1 above, the shares held by the said shareholders in the Transferor Company shall be deemed to have been canceled and extinguished and be of no effect on and from such issue and allotment.
- 12.3. Pursuant to issuance and allotment of the Amalgamation Consideration Shares, in case any equity shareholder of the Transferor Company becomes entitled to a fraction of an equity share of the Transferee Company, the Transferee Company shall not issue fractional shares to such member but shall consolidate such fractions and issue consolidated shares to a trustee nominated by the Transferee Company in that behalf, who shall sell such shares and distribute the net sale proceeds (after deduction of applicable taxes and other expenses incurred) to the shareholders respectively entitled to the same in proportion to their fractional entitlements.



- 12.4. SRBC & Co LLP, an independent chartered accountant firm, and Manuj Singhal, chartered accountant and registered valuer have issued valuation reports on the Share Exchange Ratio adopted under the Scheme for both the Companies. Saffron Capital Advisors Private Limited, a SEBI registered merchant banker, has provided its fairness opinion on the Share Exchange Ratio to the Transferor Company and Pantomath Capital Advisors (Private) Limited, a SEBI registered merchant banker, has provided its fairness opinion on the Share Exchange Ratio to the Board of Directors of the Transferee Company.
- 12.5. Equity shares to be issued by the Transferee Company to the respective Transferor Company Shareholders as above shall be subject to the Memorandum and Articles of Association of the Transferee Company and shall rank *pari passu* with the existing equity shares of the Transferee Company in all respects including dividends.
- 12.6. Equity shares in the Transferee Company shall be issued only in dematerialized form to the Transferor Company Shareholders whether or not they hold shares of the Transferor Company in physical or dematerialized form, in to the account in which the Transferor Company shares are held or such other account as is intimated by the shareholders to the Transferee Company and/or its Registrar. All the Transferor Company Shareholders who hold equity shares of the Transferor Company in physical form shall receive the equity shares in the Transferee Company, in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to the Transferee Company and/or its Registrar. If not so notified, such equity shares shall be kept in abeyance and shall be issued to a Share Suspense Account maintained by the Company. Voting Rights on such shares shall be frozen as long as such shares are held in such Share Suspense Account. All corporate benefits accruing on such shares shall also be credited to such Share Suspense Account for a period of seven years and shall thereafter be transferred by the Transferee Company in accordance with provisions of Section 124(5) read with Section 124(6) of the Act and rules made thereunder.
- 12.7. The Board of Directors of the Transferee Company and the Transferor Company shall, if and to the extent required, apply for and obtain any approvals from all appropriate Governmental Authorities for the issue and allotment of equity shares to the Transferor Company Shareholders pursuant to Clause 12.1 of the Scheme.
- 12.8. Equity shares to be issued by the Transferee Company to the Transferor Company Shareholders pursuant to Clause 12.1 of this Scheme shall, subject to the receipt of necessary approvals, be listed and/or admitted to trading on the Stock Exchanges, where the shares of the Transferee Company are listed and/or admitted to trading. The Transferee Company shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with Applicable Laws for complying with the formalities of the said Stock Exchanges. The shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated Stock Exchange.
- 12.9. The equity shares to be issued by the Transferee Company pursuant to this Scheme in respect of any equity shares of the Transferor Company which are held in abeyance under the Act or otherwise shall, pending allotment or settlement of dispute by order of





a court or otherwise, also be kept in abeyance by the Transferee Company. In the event of there being any pending share transfers, whether lodged or outstanding, of any of the Transferor Company Shareholders, the Board of Directors of the Transferee Company shall be empowered to take such actions as may be necessary in order to remove any difficulties arising to the transferor of the share in the Transferee Company and in relation to the shares issued by the Transferee Company pursuant to the Scheme.

- 12.10. Approval of this Scheme by the shareholders of the Transferee Company shall be deemed to be the due compliance of the provisions of Section 62 of the Act and the other relevant and applicable provisions of the Act for the issue and allotment of equity shares by the Transferee Company to the Transferor Company Shareholders, as provided in this Scheme and there shall be no need to pass a separate shareholders' resolution at a general meeting for the same, as is required under Section 62 and other applicable provisions of the Act.
- 12.11. The equity shares of the Transferee Company issued pursuant to this Scheme may not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") and the Transferee Company may elect, in its sole discretion, to rely upon an exemption from the registration requirements of the Securities Act under Section 3(a)(10) thereof or any other exemption that the Transferee Company may elect to rely upon. In the event the Transferee Company elects to rely upon an exemption from the registration requirements of the Securities Act under Section 3(a)(10) thereof, the sanction of the NCLT to this Scheme will be relied upon for the purpose of qualifying the issuance and distribution of the equity shares of the Transferee Company for such an exemption from the registration requirements of the Securities Act under Section 3(a)(10) thereof.

### **13. DISSOLUTION OF THE TRANSFEROR COMPANY**

Upon the effectiveness of the Scheme, the Transferor Company shall be dissolved without winding up and the Board of Directors of the Transferor Company shall, without any further act, instrument or deed, be and stand dissolved.

### **14. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEE COMPANY**

Notwithstanding anything to the contrary contained in any other clause in the Scheme, the Transferee Company shall give effect to the amalgamation of the Transferor Company in its books, in accordance with Appendix C to Ind AS 103, business combination of entities under common control, notified under Section 133 of the Act, Companies Indian Accounting Standards ('Ind AS') Rules, 2015 and other relevant provisions of the Act, and on the date determined in accordance with Ind AS.

### **15. INCREASE IN THE AUTHORIZED SHARE CAPITAL OF THE TRANSFEE COMPANY**

- 15.1. As an integral part of the Scheme, and, upon the Scheme becoming effective, the authorized share capital of the Transferor Company, as on the Effective Date, shall be deemed to be added to the authorized share capital of the Transferee Company, as on the Effective Date, without any further act or deed and without any further payment of



stamp duty or registration fees and Clause V of the Memorandum of Association of the Transferee Company shall be altered accordingly.

- 15.2. It is clarified that the approval of the members of Transferee Company to the Scheme shall be deemed to be their consent/approval for the increase of the authorized capital, amendment of the capital clause of the Memorandum of Association of the Transferee Company under the provisions of Section 13 and 61 of the Act and other applicable provisions of the Act. Pursuant to this Scheme, the Transferee Company shall file requisite forms with the relevant Registrar of Companies to give effect to the increase in its authorized equity share capital and payment of requisite fee and duty, as may be directed.

#### **16. BOOKS AND RECORD OF THE TRANSFEROR COMPANY**

The Transferor Company acknowledges that all books, records, files, papers, engineering and process information, software, licenses for software, algorithms, programs, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic of the Transferor Company shall be transferred to the Transferee Company on the Effective Date.

### **CHAPTER 3**

#### **GENERAL TERMS AND CONDITIONS**

#### **17. APPLICATION TO NCLT**

- 17.1. The Transferor Company and the Transferee Company shall file joint applications before the NCLT for convening meetings of their respective members and creditors, if any, for considering, and if thought fit, approving this Scheme, with or without modification.
- 17.2. Upon this Scheme being agreed to by requisite majority of the members / creditors, if any, of the Transferor Company and the Transferee Company at such meetings, the Transferor Company and the Transferee Company shall file a joint application before the NCLT for sanctioning the Scheme and for passing appropriate orders of transfer and vesting under Section 232 of the Act.

#### **18. LISTING AGREEMENT AND SEBI COMPLIANCE**

- 18.1. Since the Transferor Company and Transferee Company are listed companies, this Scheme is subject to compliances of all requirements under the SEBI Listing Regulations and all statutory directives of SEBI in so far as they relate to sanction and implementation of the Scheme including the SEBI Circular.

#### **19. DECLARATION OF DIVIDEND, BONUS, ETC.**

- 19.1. During the period between the date of approval of this Scheme by its Board of





Directors and up to and including the Effective Date, the Transferor Company shall not declare or pay any dividends.

- 19.2. It is clarified that the aforesaid provisions in respect of declaration of dividends, whether interim or final, are enabling provisions only and shall not be deemed to confer any right on any member of the Companies 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 Companies and subject, wherever necessary, to the approval of the shareholders of the concerned Company.

## **20. MODIFICATION OR AMENDMENTS TO THE SCHEME**

- 20.1. The Transferor Company and the Transferee Company agree that if, at any time, the NCLT or any Governmental Authority directs or requires any material modification or amendment of the Scheme, such material modification or amendment shall not be binding on the Transferor Company or the Transferee Company, except where the prior written consent of both the Transferor Company or the Transferee Company, as the case may be, has been obtained for such modification or amendment, which consent shall not be unreasonably withheld by the Transferor Company and the Transferee Company. Notwithstanding the above, if any modification or amendment to the Scheme, whether material or not, adversely affects the interest of the Transferor Company or the Transferee Company, then, such modification or amendment shall not be binding on the Transferor Company or the Transferee Company, except where the prior consent of both the Transferor Company or the Transferee Company, as the case may be, has been obtained for such modification or amendment, which consent shall not be unreasonably withheld by the Transferor Company and the Transferee Company.
- 20.2. In the event a modification or amendment to the Scheme as required by the NCLT or any Governmental Authority is not approved in accordance with this Clause 20, the Transferor Company and the Transferee Company shall enter into good faith discussions on the manner in which they shall proceed in relation to consummation of the transactions contemplated under the Scheme.
- 20.3. Notwithstanding anything contained in Clauses 20.1 and 20.2, any modification to the Scheme by any of the Companies, after receipt of sanction by the NCLT and/or the Stock Exchanges, shall be made only with the prior approval of the NCLT and/or the Stock Exchanges.

## **21. CONDITIONALITY OF THE SCHEME**

- 21.1. This Scheme is and shall be conditional upon and subject to:
- 21.1.1. Receipt of written approval from the Directorate of Industries, Government of Maharashtra under the eligibility certificate issued for the Mega Project under Package Scheme of Incentives 2007.
- 21.1.2. The Scheme being approved by requisite majorities of such classes of Persons, including the respective members and/or creditors of the



Companies as may be directed by the NCLT under Sections 230 to 232 of the Act.

- 21.1.3. Receipt of no-objection letters from the Stock Exchanges in respect of the Scheme and the transaction contemplated therein, which shall be in form and substance acceptable to the Companies, each acting reasonably and in good faith.
  - 21.1.4. The Scheme being sanctioned by the NCLT under Sections 230 to 232 of the Act, either on terms as originally approved by the Companies, or subject to such modifications approved by the NCLT, which shall be in form and substance acceptable to the Companies, each acting reasonably and in good faith.
  - 21.1.5. The Scheme being approved by the shareholders of the Companies through resolutions (including by the Public Shareholders through e-voting) passed in terms of paragraphs 9(a) and 9(b) of Annexure I of the SEBI Circular, as may be amended from time to time, provided that the same shall be acted upon only if the votes cast by the Public Shareholders in favour of the Scheme are more than the votes cast by the Public Shareholders against it.
  - 21.1.6. Making the necessary filings with, and obtaining approvals from, such authorities, as may be required, and any other sanctions and orders as may be directed by the NCLT in respect of the Scheme.
  - 21.1.7. Certified copy of the Order of the NCLT sanctioning the Scheme being filed with the Registrar of Companies having jurisdiction over the Companies.
  - 21.1.8. The fulfillment, satisfaction or waiver (as the case may be) of such other conditions precedent as may be agreed *inter-alia* between the Transferor Company and the Transferee Company.
  - 21.1.9. The provisions contained in this Scheme are inextricably inter-linked with the other provisions and the Scheme constitutes an integral whole. The Scheme would be given effect to only if it is approved in its entirety unless specifically agreed otherwise by the respective Board of Directors of the Companies.
- 21.2. The Scheme shall come into operation from the Effective Date but with effect from the Appointed Date.

## **22. EFFECT OF NON-RECEIPT OF APPROVAL/SANCTION**

- 22.1. In the event the Scheme does not come into effect within 24 (Twenty Four) months from the date on which the Board of Directors of the Companies have approved this Scheme ("**Long Stop Date**"), either the Transferor Company or the Transferee Company may opt to terminate this Scheme and if required may file appropriate proceedings before the concerned NCLT in this respect. Provided however, that the Transferor Company or the Transferee Company shall have the right to mutually extend the Long Stop Date, in writing.





- 22.2. If any part or provision of the Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Board of Directors of the Transferor Company and the Transferee Company, affect the validity or implementation of the other parts and / or provisions of this Scheme.

### **23. EXPENSES CONNECTED WITH THE SCHEME**

- 23.1. Except as stated in Clause 23.2 below, each Company shall bear its own costs, charges and expenses in relation to the transactions contemplated herein.
- 23.2. All costs, charges and expenses in respect of the Amalgamation of the Transferor Company with the Transferee Company in terms of or pursuant to the Scheme and in relation to the registration and the stamping of the Sanction Order including registration charges, stamp duty, transfer charges/duty/fees and all other expenses in respect of the Amalgamation, including transfer of all properties, if any, in terms of or pursuant to the Scheme shall be borne by the Transferee Company.

### **24. POWER TO REMOVE DIFFICULTIES**

The Board of Directors of the Companies may jointly and as mutually agreed:

- 24.1. give such directions (acting jointly) as may be mutually agreed by the Companies as they may consider necessary to settle any question or difficulty arising under this Scheme or in regard to and of the meaning or interpretation of this Scheme or implementation thereof or in any matter whatsoever connected therewith, or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any of those.
- 24.2. do all acts, deeds and things as may be necessary, desirable or expedient for carrying the Scheme into effect.

### **25. RESIDUAL PROVISIONS**

- 25.1. The consent of the shareholders and creditors of each of the Companies to the Scheme in accordance with the Act and the SEBI Circular, as applicable, shall be deemed sufficient for the purposes of effecting all the actions set out in this Scheme and no additional actions of the Companies or their respective shareholders and / or creditors shall be separately required.
- 25.2. Upon the Scheme becoming effective, the Transferee Company shall be entitled to operate all bank accounts, realise all monies and complete and enforce all pending contracts and transactions in the name of the Transferor Company to the extent necessary until the transfer of the rights and obligations of the Transferor Company to the Transferee Company under this Scheme is formally accepted and completed by the parties concerned. For the avoidance of doubt, it is hereby clarified that with effect from the Effective Date and until such time that the name of the bank accounts of the Transferor Company have been replaced with the name of the Transferee Company, the Transferee Company shall be entitled to operate the bank accounts of the Transferor Company in the name of the Transferor Company in so far as may be necessary.
- 25.3. The Transferee Company may, at any time after the Scheme becomes effective in



accordance with the provisions hereof, if so required under any law or otherwise, enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of, any party to any contract or arrangement to which any of the Transferor Company is a party or any writings as may be necessary to be executed in order to give formal effect to the provisions of the Scheme. The Transferee Company shall be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances required for the purposes specified above by the Transferor Company.

- 25.4. Upon the Scheme becoming effective, all licences, incentives, remissions, tax incentives, subsidies, privileges, consents, sanctions, and other authorisations, to which the Transferor Company are entitled, shall stand vested in the Transferee Company and permitted or continued by the order of sanction of the NCLT. The Transferee Company shall file the Scheme with applicable Governmental Authorities, including the Registrar of Companies, for their record, who shall take it on record pursuant to the Sanction Order of the NCLT.

