

**SCHEME OF ARRANGEMENT**  
**BETWEEN**  
**ISMT LIMITED (TRANSFEROR COMPANY)**  
**AND**  
**KIRLOSKAR FERROUS INDUSTRIES LIMITED (TRANSFeree COMPANY)**  
**AND**  
**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**  
**UNDER SECTIONS 230 TO 232 OF THE COMPANIES ACT, 2013**

**PREAMBLE**

The objective of this Scheme of Arrangement and Merger ("**Scheme**") is to amalgamate and consolidate the entire Undertaking (*as defined hereinafter*) business and operations of ISMT Limited ("**Transferor Company**") into and with that of Kirloskar Ferrous Industries Limited ("**Transferee Company**"). Upon the amalgamation of the Transferor Company into the Transferee Company pursuant to this Scheme becoming effective on the Effective Date (*as defined hereinafter*), the Transferee Company will issue New Equity Shares (*as defined hereinafter*) to the shareholders of the Transferor Company on the Record Date (*as defined hereinafter*), in accordance with the Share Exchange Ratio (*as defined hereinafter*), approved by Board of Directors of each of the Parties and pursuant to the Applicable Law in the manner provided for in this Scheme.

I) This Scheme is divided into following parts:

- (a) Part A - Definitions
- (b) Part B - Description of Companies and their Background
- (c) Part C - Amalgamation of the Transferor Company into and with the Transferee Company and sets forth certain additional arrangements that form a part of this Scheme
- (d) Part D – General terms and conditions applicable to this Scheme

**PART A**  
**DEFINITIONS**

**1. DEFINITIONS**

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

- 1.1. "**Act**" means the Companies Act, 2013 and the rules thereunder and will include any statutory modifications, re-enactments or amendments thereof for the time being in force;
- 1.2. "**Appointed Date**" means 1<sup>st</sup> day of April 2023



- 1.3. **"Applicable Law"** means all applicable: (a) statutes, enactments, acts of legislature or parliament, laws, ordinances, code, directives, rules, regulations, bye-laws, listing agreements, notifications, guidelines or policies of any applicable jurisdiction; and (b) administrative interpretation, writ, injunction, directions, directives, judgment, arbitral award, decree, orders or approvals required from Governmental Authorities of, or agreements with, any Governmental Authority or a recognised stock exchange;
- 1.4. **"Board of Directors" or "Board"** means the board of directors of the Transferor Company or the Transferee Company, as the case may be, and shall include a duly constituted committee thereof;
- 1.5. **"BSE"** means BSE Limited;
- 1.6. **"Competent Authority"** means the stock exchanges on which the securities of the Transferor Company and the Transferee Company respectively are listed, Securities and Exchange Board of India and National Company Law Tribunal (NCLT) having jurisdiction over the Transferor Company and the Transferee Company respectively;
- 1.7. **"Delegate"** shall have the meaning ascribed to this term in Clause 5.1 of Part D of this Scheme;
- 1.8. **"Effective Date"** means the last of the dates on which the certified or authenticated copy of the order of the NCLT sanctioning the Scheme are filed with the Registrar of Companies by the Transferor Company and by the Transferee Company. Any references in this Scheme to the date of **"coming into effect of this Scheme"** or **"effectiveness of this Scheme"** or **"Scheme taking effect"** shall mean the Effective Date;
- 1.9. **"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;
- 1.10. **"LODR Regulations"** means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended);
- 1.11. **"NCLT"** means the National Company Law Tribunal, Mumbai Bench;
- 1.12. **"New Equity Shares"** shall have the meaning ascribed to it in Clause 11.1 of Part C;
- 1.13. **"NSE"** means the National Stock Exchange of India Limited;
- 1.14. **"Parties"** means the Transferor Company and the Transferee Company, collectively;
- 1.15. **"Promoter(s)"** has the meaning given to it under Regulation 2(1)(oo) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- 1.16. **"Promoter Group"** has the meaning given to it under Regulation 2(l)(pp) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- 1.17. **"Record Date"** means the date to be fixed by the Board of Directors of the Transferee Company for the purpose of determining the names of the equity shareholders of the Transferor Company, as applicable, who shall be entitled to the shares of the Transferee Company under Clause 11.1 of Part C hereto, upon coming into effect of this Scheme;





- 1.18. **"Registrar of Companies"** shall mean the office of the relevant Registrar of Companies having jurisdiction over the Transferor Company and the Transferee Company.
- 1.19. **"Scheme"** means this Scheme of Arrangement between the Transferor Company and the Transferee Company and their respective shareholders and creditors as submitted to the NCLT together with any modification(s) carried out as per provisions of this Scheme with the requisite approvals required under the Act and all other Applicable Laws;
- 1.20. **"SEBI"** means the Securities and Exchange Board of India;
- 1.21. **"SEBI Circulars"** shall mean, the circulars issued by the SEBI, being circulars bearing reference number CFD/DIL3/CIR/2017/2021 dated March 10, 2017 and reference number SEBI/HO/CFD/DIL1/CIR/P/2021/ 0000000665 dated November 23, 2021 and any amendments thereof from time to time;
- 1.22. **"Transferor Company"** means ISMT LIMITED, described in Part A above;
- 1.23. **"Transferor Company Shares"** means the fully paid-up equity shares of the Transferor Company, each having a face value of Rs. 5;
- 1.24. **"Transferee Company"** means KIRLOSKAR FERROUS INDUSTRIES LIMITED described in Part A above;
- 1.25. **"Transferee Company Shares"** means the fully paid-up equity shares of the Transferee Company, each having a face value of Rs. 5;
- 1.26. **"Undertaking"** means the whole of the undertaking and entire business of the Transferor Company as a going concern, including all assets, liabilities and business activities of the Transferor Company on a going concern basis, including (without limitation)
- i. All the assets and properties (whether movable or immovable, tangible or intangible, real or personal, corporeal or incorporeal, present, future or contingent) of the Transferor Company, including but not limited to, factories, plant and machinery, equipment, buildings and structures, offices, residential and other premises, freehold and leasehold lands, mines, vehicles, sundry debtors, furniture, fixtures, office equipment including computers, laptops, printers and servers, appliances, accessories, depots, deposits, all stocks, assets, investments of all kinds (including shares, scrips, stocks, bonds, debenture stocks, units), cash in hand, balances and deposits with banks, loans, advances, disbursements, contingent rights or benefits, book debts, receivables, actionable claims, earnest moneys, advances or deposits paid by the Transferor Company, financial assets, leases (including lease rights), hire purchase contracts and assets, leasing contracts and assets lending contracts, rights and benefits under any agreement, benefit of any security arrangements or under any guarantees, reversions, powers, municipal permissions, tenancies in relation to the office and/or residential properties for the employees or other persons, guest houses, godowns, warehouses, licenses, fixed and other assets, trade and service names and marks, patents, copyrights, and other intellectual property rights of any nature whatsoever, know how, good will, rights to use and avail of telephones, telexes, facsimile, email, internet, leased line connections and installations, websites, utilities, electricity and other services, reserves, provisions, funds,





benefits of assets or properties or other interest held in trust, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights including, title, interests, other benefits (including tax benefits such as Tax Credits), benefit of carried forward Tax losses, unabsorbed depreciation, easements, privileges, liberties, mortgages, hypothecations, pledges or other security interests created in favour of the Transferor Company and advantages of whatsoever nature and wheresoever situated in India or abroad, belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Transferor Company or in connection with or relating to the Transferor Company and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Company, whether in India or abroad;

- ii. All liabilities including, without being limited to, secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, liabilities (including contingent liabilities), duties and obligations of the Transferor Company, of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilised;
- iii. All agreements, rights, contracts, entitlements, permits, licenses, approvals, authorizations, concessions, consents, quota rights, engagements, arrangements, assignments, authorities, allotments, security arrangements (to the extent provided herein), benefits of any guarantees, reversions, powers and all other approvals of every kind, nature and description whatsoever relating to the business activities and / or operations of the Transferor Company;
- iv. All records, files, papers, computer programs, manuals, data, catalogues, sales material, lists of customers and suppliers, other customer information and all other records and documents relating to the business activities and operations of the Transferor Company; and
- v. All employees engaged by the Transferor Company as on the Effective Date.

1.27. In this Scheme, unless the context requires otherwise:

- a. the headings are inserted for ease of reference only and shall not affect the construction or interpretation of this Scheme;
- b. the terms "hereof", "herein", or similar expressions used in this Scheme mean and refer to this Scheme and not to any particular clause of this Scheme;
- c. wherever the word "include", "includes", or "including" is used in this Scheme, it shall be deemed to be followed by the words "without limitation";
- d. where a wider construction is possible, the words "other" and "otherwise" shall not be construed *ejusdem generis* with any foregoing words;
- e. references to clauses and recitals, unless otherwise provided, are to clauses and recitals of and to this Scheme;
- f. the words importing singular shall include the plural and words importing any gender shall include every gender;





- g. reference to any law or to any provision thereof or to any rule or regulation promulgated thereunder includes a reference to such law, provision, rule or regulation as it may, from time to time, be amended, supplemented or re-enacted or to any law, provision, rule or regulation that replaces it; and
- h. any reference to "Rs." or "₹" is to INR or Indian National Rupees.
- 1.28. All capitalized terms not defined but used 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 Depositories Act, 1996 and other Applicable Laws, rules, regulations and byelaws, as the case may be, or any statutory amendment(s) or re-enactment thereof, for the time being in force.

## PART B

### Description of Companies and Background

- i. **ISMT LIMITED** (CIN: L27109PN1999PLC016417) is a company incorporated under the Companies Act, 1956, having its registered office at Panama House (earlier known as "Lunkad Towers"), Vimannagar, Pune 411014, Maharashtra, India. The Transferor Company is mainly engaged in the business of manufacturing of specialty alloy, bearing steel and seamless tubes. The equity shares of the Transferor Company are listed on the BSE (*as defined hereinafter*) and NSE (*as defined hereinafter*).
- ii. **KIRLOSKAR FERROUS INDUSTRIES LIMITED** (CIN: L27101PN1991PLC063223) is a company incorporated under the Companies Act, 1956, having its registered office at 13 Laxmanrao Kirloskar Road, Khadki, Pune - 411003, Maharashtra, India. The Transferee Company is engaged in the business of manufacturing pig iron and grey iron castings and caters to industry sectors such as tractors, automobiles and diesel engines. The equity shares of the Transferee Company are listed on the BSE Limited. Unsecured redeemable listed rated non-convertible debentures issued by the Transferee Company are listed on the wholesale debt market segment of the BSE. The Transferee Company is the holding company of the Transferor Company and as of September 30, 2022 holds 51.25% of the paid up share capital of the Transferor Company. The Transferee Company is designated as one of the Promoters by the Transferor Company on BSE and NSE.
- iii. This Scheme of Arrangement and Merger by absorption provides for merger of Transferor Company into and with the Transferee Company pursuant to Sections 230 to 232 and other relevant provisions of the Companies Act, 2013 and applicable provisions of the Income Tax Act, 1961, the SEBI Circulars (*as defined hereinafter*) and Applicable Laws (*as defined hereinafter*).
- iv. **Rationale and Purpose of the Scheme**

The proposed merger of the Transferor Company (including the Undertaking (*as defined hereinafter*) of the Transferor Company) into and with the Transferee Company would *inter alia* have the following benefits for both the Parties and their respective shareholders, employees, creditors and other stakeholders:



- (a) Synergy arising out of consolidation of the business of the Transferor Company and the Transferee Company will make the business activities more sustainable in the long term as well as help them grow at a faster pace;
- (b) Create value for stakeholders including respective shareholders, customers, lenders and employees as the combined business would benefit from increased scale, expanded reach, higher cross selling opportunities to a larger base of customers, improvement in productivity amongst others;
- (c) Better administration and cost optimization are expected to flow from more focused operational efforts, standardization and simplification of business processes, and the elimination of duplication, and rationalization of administrative expenses as well as compliance cost;
- (d) Pooling of resources and achieving economies of scale;
- (e) Greater integration and flexibility to Transferee Company and strengthen its position in terms of asset base, revenues and service range;
- (f) The Transferee Company has fully backward integrated operations ranging from iron ore mines to machined castings as well as a very strong client base across the globe. The Transferor Company is one of the most diversified manufacturers of specialized seamless tubes in the world, producing tubes in the range of 6 to 273 mm diameter. Merging of the business of the Transferor Company will bring the benefits of forward integration and diversification of product portfolio to the business of the Transferee Company.
- (g) The merger would result in mitigating the risks of the Transferor Company relating to procurement of certain input raw material.
- (h) The Transferor Company's investments and business plan had not panned out as expected and that led to its debt obligations becoming stressed. However, with combining of operations of the Transferor Company with the Transferee Company, benefits of better terms of finance and availability of capital will help in streamlining and improving the financial operations of the merged entity.

In view of the aforesaid, the Board of Directors of the Transferor Company and the Transferee Company have (i) considered and proposed the merger / amalgamation of the of the Transferor Company into and with the Transferee Company for the benefit of all the stakeholders of the Transferor Company and Transferee Company; and (ii) formulated this Scheme of merger for the transfer and vesting of the entire Undertaking and business of the Transferor Company into and with the Transferee Company pursuant to the provisions of Section 230 to Section 232 and other relevant provisions of the Act.

## 2. SHARE CAPITAL

### 2.1. Transferor Company:





The total authorised, subscribed and paid-up share capital of the Transferor Company as on 4 November 2022 was as under:

| Particulars  | Rs. (In Crores) |
|--|-----------------|
| <b>Authorised Share Capital:</b>                         |                 |
| 31,70,00,000 Equity Shares of Rs. 5 each                 | 158.50          |
| <b>Total</b>   | <b>158.50</b>   |
| <b>Issued, and Subscribed and Paid up Share Capital:</b> |                 |
| 30,05,01,383 Equity Shares of Rs. 5 each                 | 150.25          |
| <b>Total</b>   | <b>150.25</b>   |

Subsequent to 4 November 2022 there is no change in the capital structure of the Transferor Company.

The equity shares of the Transferor Company are listed on the BSE and NSE.

## 2.2. Transferee Company

The total authorized, subscribed and paid-up share capital of the Transferee Company as on 4 November 2022 was as under:

| Particulars  | Rs. (In Crores) |
|--|-----------------|
| <b>Authorized Share Capital:</b>                     |                 |
| 21,00,00,000 Equity Shares of Rs. 5 each             | 105.00          |
| 11,70,00,000 Preference Shares of Rs. 10 each        | 117.00          |
| <b>Total</b>   | <b>222.00</b>   |
|  |                 |
| <b>Issued, Subscribed and Paid up Share Capital:</b> |                 |
| 13,88,26,844 Equity Shares of Rs. 5 each             | 69.41           |
| <b>Total</b>   | <b>69.41</b>    |

Subsequent to 4 November 2022, there is no change in the capital structure of the Transferee Company.

The equity shares of the Transferee Company are listed on the BSE and permitted to trade on NSE. Unsecured redeemable listed rated non-convertible debentures issued by the Transferee Company are listed on the wholesale debt market segment of the BSE.



### **3. DATE OF TAKING EFFECT AND OPERATIVE DATE AND COMPLIANCE WITH TAX LAWS**

- 3.1 The Scheme set out herein in its present form or with any modifications thereto made in accordance with the terms of this Scheme, shall be operative from the Appointed Date but shall be effective from the Effective Date.
- 3.2 The merger of the Transferor Company into and with the Transferee Company, pursuant to and in accordance with this Scheme, shall take place in accordance with the provisions of Section 2(1B) of the Income Tax Act, 1961 such that,
- (i) all the property of the Transferor Company immediately before the merger shall stand transferred to the Transferee Company by virtue of the merger;
  - (ii) all the liabilities of the Transferor Company immediately before the merger shall stand transferred to the Transferee Company by virtue of the merger; and
  - (iii) shareholders holding not less than three fourths in the value of the shares in Transferor Company become shareholders of the Transferee Company by virtue of the merger (other than shares already held therein by the Transferee Company).

The Scheme has been drawn up to comply with the conditions relating to “amalgamation” as specified under Section 2(1B) of the Income Tax Act, 1961. If any term or provision of the Scheme is found or interpreted to be inconsistent with the said provision at a later date, including resulting from an amendment of law or for any other reason whatsoever, 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 other parts of the Scheme. The power to make such amendment / modification as may be necessary shall vest with the Board of Directors of the Transferee Company, which power shall be exercised reasonably in the best interests of the Transferor Company and the Transferee Company and their shareholders and which power can be exercised at any time prior to the approval of the Scheme by the NCLT.

### **PART C**

#### **Merger of entire Undertaking of ISMT Limited (Transferor Company) into Kirloskar Ferrous Industries Limited (Transferee Company)**

Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Transferor Company, including the Undertaking of the Transferor Company, shall stand transferred to and be vested in or be deemed to have been transferred to and vested in the Transferee Company, in accordance with the provisions of Sections 230 to 232 of the Act and applicable provisions of the Income Tax Act, 1961, as a going concern, without any further act, instrument, deed, matter or thing to be made, done or executed so as to become, as and from the Appointed Date, the undertaking of the Transferee Company by virtue of and in the manner provided in this Scheme. It is clarified that without prejudice to the provisions of this Part, all of the assets and liabilities of the Transferor Company are intended to be transferred to and be absorbed by the Transferee Company upon the coming into effect of this Scheme.

Without prejudice to the generality of above Clause, with effect from the Appointed Date (to the extent applicable) and upon the coming into effect of this Scheme:





1. **Transfer of Assets:**

- 1.1. All the assets and properties (net of inter-company balances) comprised in the Transferor Company of whatsoever nature and wheresoever situated, including but not limited to tax credits, MAT credit, benefits of carried forward tax losses including unabsorbed depreciation (if any) etc. shall, under the provisions of Sections 230 to 232 and all other applicable provisions, if any, of the Act, without any further act or deed, be and stand transferred to and vested in the Transferee Company or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become the assets and properties of the Transferee Company.
- 1.2. In respect of such of the assets and properties of the Transferor Company as are immovable in nature, the same shall stand transferred by the Transferor Company and shall, upon such transfer, become the assets and properties of the Transferee Company as an integral part of the Undertaking, without requiring any separate deed or instrument or conveyance for the same. In respect of such immovable properties, the Parties shall be entitled to register the true copy of the Order of the NCLT approving the Scheme with the offices of the relevant sub-registrar of assurance or similar registering authority in Maharashtra and any other state where immovable property of the Transferor Company is located and shall also execute and register, as required such other documents which may be necessary in this regard, including separate deeds of conveyance or deeds of assignment of lease, etc., in favour of the Transferee Company in respect of such immovable properties. All the rights of the Transferor Company in the immovable properties shall stand transferred to the Transferee Company automatically without requirement of execution of any further documents for registering the name of the Transferee Company as owner thereof and the regulatory authorities, including Sub-registrar of Assurances, Talati, Tehsildar etc. may rely on this Scheme along with the certified copy of the Order of the NCLT, to make necessary mutation entries and changes in the land or revenue records to reflect the name of the Transferee Company as owner of such immovable properties. Without prejudice to the above, with respect to the immovable properties of the Transferor Company outside the states/territory where registered office of the Parties is situated, for the limited purposes of meeting regulatory requirements, inter alia, payment of stamp duty and vesting in the Transferee Company, if the Transferee Company so decides, the Parties will execute and register or cause to be executed and registered separate deeds of conveyance or assignment, as the case may be, in favour of the Transferee Company in respect of such immovable properties. Such immovable properties shall be deemed to be conveyed at the applicable circle rates, only for the purposes of payment of stamp duty (if required under Applicable Law). Further, the subject immovable properties shall not be deemed to be conveyed/assigned under such documents and such immovable properties shall be deemed to be conveyed/assigned pursuant to the terms of this Scheme. In so far as the immovable properties which have been allotted to or appropriated in favour of the Transferor Company but a formal deed of conveyance / sale or a lease has not yet been executed in favour of the Transferor Company, such formal deed of conveyance / sale or a lease will be executed directly in favour of the Transferee Company whereby the Transferee Company shall be entitled to avail benefit / credit of the charges already paid by the Transferor Company in respect of such immovable properties. All the assets which are subject matter of pending litigation shall stand transferred only to the extent permitted by law and subject to outcome of such litigation. The relevant authorities shall grant all clearances/permissions, if any, required for enabling the Transferee Company to absolutely own and enjoy the immovable properties in accordance with Applicable Law.





- 1.3. In respect of such of the assets and properties of the Transferor Company as are movable in nature or incorporeal property or are otherwise capable of transfer by mere physical delivery or by endorsement, the same shall stand transferred by the Transferor Company and shall, upon such transfer, become the assets and properties of the Transferee Company as an integral part of the Undertaking, without requiring any separate deed or instrument or conveyance for the same.
- 1.4. In respect of movables such as, sundry debts, receivables, bills, credits, loans and advances of the Transferor Company, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposits with any Governmental Authority or with any company or other person, the same shall on and from the Appointed Date stand transferred to and vested in the Transferee Company.
- 1.5. All the estate, assets, rights, title, claims, interest, investments and properties of the Transferor Company as on the Appointed Date, whether or not included in the books of the Transferor Company, and all assets, rights, title, interest, investments and properties, of whatsoever nature and wherever situate, which are acquired by the Transferor Company on or prior to the Effective Date, shall be deemed to be and shall become the assets and properties of the Transferee Company.
- 1.6. All the licenses, permits, quotas, approvals, permissions, registrations, incentives, tax deferrals and benefits, subsidies, concessions, grants, rights, claims including benefits of carried forward losses and unabsorbed depreciation, leases, tenancy rights, 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 before or after the Appointed Date, shall, under the provisions of Sections 230 to 232 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed, cost or charge be and shall stand transferred to and vest in and be deemed to be transferred to and vested in and be available to the Transferee Company. It is clarified that all the licenses, permits, quotas, approvals, permissions, registrations, incentives, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges of the Transferor Company shall remain valid, effective and enforceable on the same terms and conditions.
- 1.7. All tax benefits of any nature, duties, cess or any other like payments or deductions, carry forward of tax losses or unabsorbed depreciation available to the Transferor Company under Income Tax, Sales Tax, Value Added Tax, Service Tax, GST etc. or any Tax deduction/collections at source, MAT Credit, tax credits, benefits of CENVAT credits, benefits of input credits up to the Effective Date shall be deemed to have been on account of or paid by the Transferee Company and the relevant authorities shall transfer to the account of and give credit for the same to Transferee Company upon the passing of the orders by the NCLT.
- 1.8. The Transferor Company shall, if so required, also give notice in such form as it may deem fit and proper to the debtors, that pursuant to the sanction of this Scheme by the NCLT under and in accordance with Sections 230 to 232 and all other applicable provisions, if any, of the Act, the said debtors should pay to the Transferee Company the debt, loan or advance or make the same on account of the Transferor Company and the right of the Transferor Company to recover or realize the same stands vested in the Transferee Company.





- 1.9. All assets and properties of the Transferor Company as on the Appointed Date, whether or not included in the books of the Transferor Company and all assets and properties which are acquired by the Transferor Company on or after the Appointed Date but prior to the Effective Date, shall be deemed to be and shall become the assets and properties of the Transferee Company and shall under the provisions of Sections 230 to 232 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company upon the coming into effect of this Scheme. Provided however that no onerous assets shall have been acquired by the Transferor Company after the Appointed Date without the consent of the Transferee Company as provided for in this Scheme.

**2. Transfer of Liabilities:**

- 2.1 All liabilities (net off inter-company balances) including all secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, liabilities (including contingent liabilities), duties and obligations and undertakings of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilised for its business activities and operations of the Transferor Company (herein referred to as the "**Liabilities**"), shall, pursuant to the sanction of this Scheme by the NCLT under and in accordance with the provisions of Sections 230 to 232 and other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company, along with any charge, encumbrance, lien or security thereon, and the same shall be assumed by the Transferee Company to the extent they are outstanding as on the Effective Date so as to become as and from the Appointed Date the liabilities 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 same and further 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.
- 2.2 Where any such debts, loans raised, liabilities, duties and obligations as on the Appointed Date have been discharged or satisfied by the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge or satisfaction shall be deemed to be for and on account of the Transferee Company.
- 2.3 All debts, liabilities, duties and obligations of the Undertaking as on the Appointed Date, whether or not provided in the books of the Transferor Company and all debts and loans raised, and duties, liabilities and obligations incurred or which arise or accrue to the Undertaking on or after the Appointed Date till the Effective Date, shall be deemed to be and shall become the debts, loans raised, duties, liabilities and obligations incurred by the Transferee Company by virtue of this Scheme.
- 2.4 Loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future become due between the Transferor Company and the Transferee Company shall, ipso facto, stand discharged and come to an end and there shall be no liability in that behalf on any party and appropriate effect shall be given in the books of accounts and records of the Transferee Company.





### 3. Encumbrances

3.1 The transfer and vesting of the assets comprised in the Transferor Company in favour of and unto the Transferee Company under Clause 1 of Part C of this Scheme shall be subject to the mortgages and charges, if any, affecting the same, as and to the extent hereinafter provided.

- i. All the existing securities, mortgages, charges, encumbrances or liens (the "**Encumbrances**"), if any, as on the Appointed Date and created by the Transferor Company after the Appointed Date with express written approval of the Transferee Company, over the assets comprised in the Undertaking or any part thereof shall stand transferred to the Transferee Company by virtue of this Scheme and in so far as such Encumbrances secure or relate to Liabilities of the Transferor Company, the same shall, after the Effective Date, continue to relate and attach to only such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to the Transferee Company, and such Encumbrances shall not relate or attach to any of the other assets of the Transferee Company, provided however that no Encumbrances shall have been created by the Transferor Company over its assets after the Appointed Date without the consent of the Transferee Company as provided for in this Scheme.
- ii. The existing Encumbrances over the assets and properties of the Transferee Company or any part thereof which relate to the liabilities and obligations of the Transferee Company prior to the Effective Date shall continue to relate only to such assets and properties and shall not extend or attach to any of the assets and properties of the Transferor Company transferred to and vested in the Transferee Company by virtue of this Scheme.
- iii. Any reference in any security documents or arrangements (to which the Transferor Company is a party) to the Transferor Company and its assets and properties, shall be construed as a reference to the Transferee Company and the assets and properties of the Transferor Company transferred to the Transferee Company by virtue of this Scheme. Without prejudice to the foregoing provisions, the Transferor Company and the Transferee Company may execute any instruments or documents or do all the acts and deeds as may be considered appropriate, including the filing of necessary particulars and/or modification(s) of charge(s), with the Registrar of Companies to give formal effect to the above provisions, if required.
- iv. Upon the coming into effect of this Scheme, the Transferee Company alone shall be liable to perform all obligations in respect of the Liabilities, which have been transferred to it in terms of the Scheme.
  - It is expressly provided that, no other term or condition of the Liabilities transferred to the Transferee Company is modified by virtue of this Scheme except to the extent that such amendment is required statutorily or by necessary implication.
  - The provisions of this Clause 3 of Part C shall operate in accordance with the terms of the Scheme, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any





security document; all of which instruments, deeds or writings shall be deemed to stand modified and/or superseded by the foregoing provisions.

**4. Contracts, Deeds, Etc.**

- 4.1 Subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements, assurances and other instruments of whatsoever nature 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 by, for or against or in favour of, as the case may be, 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 or obligor thereto or thereunder.
- 4.2 All the letters of intent, requests for proposal, pre-qualifications, bid acceptances, tenders, and other instruments of whatsoever nature to which the Transferor Company is a party to or to the benefit of which the Transferor Company may be eligible, shall remain in full force 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. Upon coming into effect of this Scheme, the past track record of the Transferor Company shall be deemed to be the track record of the Transferee Company for all commercial and regulatory purposes.
- 4.3 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that by virtue of this Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or arrangements with any party to any contract or arrangement to which the Transferor Company are a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company.
- 4.4 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Transferor Company shall without any further act or deed, stand transferred to the Transferee Company, as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Transferee Company. The Transferee Company shall obtain relevant approvals from the concerned Governmental Authorities as may be necessary in this behalf.

**5. Employees**

On and from 00.00 hours of the day immediately following the Effective Date:

- 5.1 All the permanent employees of the Transferor Company and who are in its employment as on the Effective Date shall become the permanent employees of the Transferee Company with effect from the Effective Date without any break or





interruption in service and on terms and conditions as to employment and remuneration not less favourable than those on which they are engaged or employed by the Transferor Company. It is clarified that the employees of the Transferor Company who become employees of the Transferee Company by virtue of this Scheme, shall not be entitled to the employment policies and shall not be entitled to avail of any schemes and benefits that may be applicable and available to any of the employees of the Transferee Company (including the benefits of or under any employee stock option schemes applicable to or covering all or any of the employees of the Transferee Company), unless otherwise determined by the Board of Directors of the Transferee Company. The Transferee Company undertakes to continue to abide by any agreement/settlement, if any, validly entered into by the Transferor Company with any union/employee of the Transferor Company (as may be recognized by the Transferor Company).

- 5.2 The existing provident fund, gratuity fund and pension and/or superannuation fund or trusts or retirement funds or benefits created by the Transferor Company or any other special funds created or existing for the benefit of the concerned permanent employees of the Transferor Company (collectively referred to as the "**Funds**") and the investments made out of such Funds shall, at an appropriate stage, shall be transferred to the Transferee Company to be held for the benefit of the concerned employees. The Funds shall, subject to the necessary approvals and permission and at the discretion of the Transferee Company, either be continued as separate funds of the Transferee Company for the benefit of the employees of the Transferor Company or be transferred to and merged with other similar funds of the Transferee Company. In the event that the Transferee Company does not have its own fund with respect to any such Funds, the Transferee Company may, subject to necessary approvals and permissions, continue to maintain the existing Funds separately and contribute thereto, until such time as the Transferee Company creates its own funds at which time the Funds and the investments and contributions pertaining to the employees of the Transferor Company shall be transferred to such funds of the Transferee Company.

## 6. Legal Proceedings

On and from the Effective Date, all suits, actions, claims and legal proceedings by or against the Transferor Company pending as of the Effective Date shall be continued and / or enforced as desired by the Transferee Company and on and from the Effective Date, shall be continued and / or enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as if the same had been originally instituted and/or pending and/or arising by or against the Transferee Company. On and from the Effective Date, the Transferee Company shall have the right to initiate, defend, compromise or otherwise deal with any legal proceedings relating to the Undertaking in the same manner and to the same extent as would or might have been initiated by the Transferor Company as the case may be, had the Scheme not been made; If any suit, appeal or other proceedings of whatever nature by or against the Transferor Company be pending as of the Effective Date, the same shall not automatically abate or be discontinued or in any way be prejudicially affected by reason of the merger of the Transferor Company or by anything contained in this Scheme but the proceedings may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company as if this Scheme had not been made.





**7. Conduct of Business till Effective Date**

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

- 7.1 The Transferor Company shall carry on and shall be deemed to have carried on all its business and activities as hitherto and shall hold and stand possessed of the Undertaking for the benefit of and in trust for the Transferee Company.
- 7.2 All the profits or income accruing or arising to the Transferor Company and all expenditure or losses arising or incurred (including all taxes, if any, paid or accruing in respect of any profits and income) by the Transferor Company shall, for all purposes, be treated and be deemed to be and accrue as the profits or income or as the case may be, expenditure or losses (including taxes) of the Transferee Company.
- 7.3 Any of the rights, powers, authorities and privileges attached or related or pertaining to and exercised by or available to the Transferor Company shall be deemed to have been exercised by the Transferor Company for and on behalf of and as agent for the Transferee Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Undertaking that have been undertaken or discharged by the Transferor Company shall be deemed to have been undertaken or discharged for and on behalf of and as agent for the Transferee Company.
- 7.4 From the date of approval of the Scheme by the respective Boards of the Transferor Company and the Transferee Company and upto the Effective Date, the Transferor Company shall preserve and carry on their business and activities with reasonable diligence and business prudence and shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts nor incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitments either for itself or on behalf of its group companies or any third party or sell, transfer, alienate, charge, mortgage or encumber or deal with the Undertaking or any part thereof save and except in each case in the following circumstances:
- a) if the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with the NCLT; or
  - b) if the same is permitted by this Scheme; or
  - c) if consent of the Board of Directors of the Transferee Company has been obtained for the same.
- 7.5 The Transferor Company shall not take, enter into, perform or undertake, as applicable (i) any material decision in relation to its business and operations; (ii) any agreement or transaction; and (iii) such other matters as the Transferee Company may notify from time to time, save and except in each case in the following circumstances:
- a) if the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with the; or
  - b) if the same is permitted by this Scheme; or
  - c) if consent of the Board of Directors of the Transferee Company has been obtained.





7.6 Without prejudice to the generality of Clause 7.5 of Part C referred above, the Transferor Company shall not make any change in its capital structure, whether by way of increase (by issue of equity shares on a rights basis, bonus shares) decrease, reduction, reclassification, sub-division or consolidation, re-organisation, or in any other manner which may, in any way, affect the Share Exchange Ratio as provided in Clause 11.1 of Part C except under any of the following circumstances:

- a) by mutual consent of the Board of Directors of the Transferor Company and of the Transferee Company; or
- b) as may be permitted under this Scheme.

**8. Accounting Treatment in the Books of Transferee Company**

8.1 The Transferee company shall accounts for the merger of Transferor Company in accordance "Pooling of Interest Method" of accounting as laid down in Appendix C of Ind AS -103 (Business Combinations of the entities under common control) notified with accounting principles generally accepted in India including Indian Accounting Standard (Ind AS) specified under Section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015 as may be amended from time to time.

8.2 In respect of Transferee Company, the merger shall be accounted for, with effect from the Appointed Date, as follows:

- a) All the assets and liabilities of the Transferor Company shall stand transferred to and the same shall be recorded by the Transferee Company at their respective carrying amount in the same form as appearing in the financial statements of the Transferor Company.
- b) The identity of reserves shall be preserved and shall appear in the financial statements of the Transferee Company in the same form in which they appeared in the financial statements of the Transferor Company.
- c) The amount of intercompany balances, transactions or investments, if any, between the Transferor Company and the Transferee Company appearing in the books of accounts of the Transferor Company and the Transferee Company, shall stand cancelled without any further act or deed.
- d) The Transferee Company shall credit to its share capital in its books of account, the aggregate face value of the equity shares issued by it to the member of the Transferor Company pursuant to this Scheme.
- e) In compliance with the Indian Accounting Standards (Ind AS), the difference between the Net Assets transferred by Transferor Company to the Transferee Company and the consideration payable by the Transferee Company in the form of equity shares issued at nominal value, shall be credited/debited to capital reserve account. For the purpose of this Clause, net assets transferred mean difference between the carrying value of the assets being transferred to the Transferee Company





and the aggregate of carrying value of liabilities and reserves and surplus being transferred to Transferee Company.

- f) In case of any difference in accounting policies between the Transferor Company and the Transferee Company, the accounting policies followed by the Transferee Company will prevail and the difference, if any till the Appointed Date will be quantified and adjusted in the capital reserve account to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policies.
- g) The financial information in the financial statements of the Transferee Company in respect of prior periods shall be restated as if the business combination with Transferor Company had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination.
- h) For the avoidance of doubt, it is clarified that capital reserve account of the Transferee Company will not be considered as free reserves and the same shall not be utilised for declaration of dividends.
- i) Any matter not dealt with in this Scheme or hereinabove shall be dealt with in accordance with the applicable accounting standards prescribed.

#### 9. Treatment of Taxes

- 9.1 Any tax liabilities under the Income-tax Act, 1961 and all applicable indirect taxes , Wealth Tax Act, 1957, Customs Act, 1962, Central Excise Act, 1944, Maharashtra Value Added Tax Act, 2002, Central Sales Tax Act, 1956 , any other state Sales Tax / Value Added Tax laws, service tax, luxury tax, Goods and Services Tax (GST) stamp laws or other applicable laws/ regulations (hereinafter in this Clause referred to as "Tax Laws") dealing with taxes/ duties/ levies allocable or related to the business of the Transferor Company to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date shall be transferred to Transferee Company.
- 9.2 All taxes (including income tax & all indirect Taxes wealth tax, sales tax, excise duty, customs duty, service tax, GST, luxury tax, VAT, etc.) paid or payable by the Transferor Company in respect of the operations and/or the profits of the business on and from the Appointed Date, shall be on account of the Transferee Company and, insofar as it relates to the tax payment (including without limitation income tax, wealth tax, sales tax, excise duty, customs duty, service tax, GST, luxury tax, VAT, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operation of the business in respect of the Undertaking on and from the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company, and shall, in all proceedings, be dealt with accordingly.
- 9.3 Any refund under the Tax Laws due to the Transferor Company consequent to the assessments made on Transferor Company and for which no credit is taken in the





accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company.

- 9.4 Without prejudice to the generality of the above, all benefits including that of withholding tax (TDS) under the income tax, MAT credit under the Income Tax Act 1961 Sales Tax, Excise Duty, Customs Duty, Service Tax, Luxury Tax, VAT, carried forward tax losses (whether business losses or losses under any other head of income) , unabsorbed depreciation, other allowances, exemptions or benefits under the tax laws, to which the Transferor Company are entitled to in terms of the applicable Tax Laws of the Union and State Governments, shall be available to and vest in the Transferee Company.

**10. Saving of Concluded Transactions**

Subject to the terms of this Scheme, the merger of the Transferor Company into and with the Transferee Company including the transfer and vesting of the Undertaking of the Transferor Company in the Transferee Company under Clause 1 and 2 of Part C of this Scheme shall not affect any transactions or proceedings already concluded by the Transferor Company on or before the Appointed Date or concluded after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things made, done and executed by the Transferor Company as acts, deeds and things made, done and executed by or on behalf of the Transferee Company.

**11. Issue of New Equity Shares by Transferee Company to the shareholders of the Transferor Company**

- 11.1 Upon coming into effect of this Scheme and in consideration of the merger of the Transferor Company into and with the Transferee Company including transfer and vesting of the Undertaking of the Transferor Company in the Transferee Company, in terms of this Scheme, on the basis of Valuation Report dated 5 November 2022 and Fairness Opinion dated 5 November 2022, the Transferee Company shall without any further application or deed, be required to issue and allot to the shareholders of the Transferor Company whose names are recorded in the register of members as a member of the Transferor Company on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognised by the Board of the Transferee Company, 17 Transferee Company Shares, credited as fully paid-up, for every 100 equity shares of the face value of Rs. 5 each fully paid-up held by such member in the Transferor Company ("**Share Exchange Ratio**"). The Transferee Company Shares to be issued by the Transferee Company to the shareholders of the Transferor Company in accordance with this Clause shall be hereinafter referred to as "**New Equity Shares**".

- 11.2 It is clarified that the Transferor Company Shares held by the Transferee Company shall stand cancelled as on the Record Date and the Transferee Company shall and will not allot any New Equity Shares to itself albeit the name of the Transferee Company appearing as a shareholder in the register of members of the Transferor Company on the Record Date.

- 11.3 **Ranking:** The New Equity Shares of the Transferee Company shall have the same ranking as stipulated in Clause 1.1.4 of Part D of this Scheme.

- 11.4 **Fractional Shares:** Entitlement of any fractional shares to the shareholders of the Transferor Company upon issue and allotment of the New Equity Shares by the





Transferee Company, shall be dealt and given effect to in accordance with Clause 1.1.6 of Part D of this Scheme.

**12. Classification of Promoters of the Transferor Company and the Transferee Company**

Upon the Scheme becoming effective:

- (i) the Promoters of the Transferor Company will not be designated as the Promoters of the Transferee Company; and
- (ii) the current Promoters of the Transferee Company shall continue to be classified as Promoters of the Transferee Company and no additional person will be designated as Promoter of the Transferee Company pursuant to this Scheme.

**13. Amendment to the Memorandum of Association of the Transferee Company**

In order to carry on the activities currently being carried on by the Transferor Company, upon coming into effect of the Scheme, the main objects in the memorandum of association of the Transferor Company shall be added to the main objects of the memorandum of association of the Transferee Company if necessary and to the extent such objects are not already covered by those of the Transferee Company. For the purposes of the amendment of the Memorandum of Association of the Transferee Company as provided in this Clause, the consent/approval given by the shareholders of the Transferee Company to this Scheme pursuant to Sections 230 to 232 of the Act and any other applicable provisions of the Act shall be deemed to be sufficient and no further resolution of shareholders of the Transferee Company as required under the applicable provisions of the Act shall be required to be passed for making such change/amendment in the Memorandum of Association of the Transferee Company and filing of the certified copy of this Scheme as sanctioned by the Tribunal, in terms of Sections 230 to 232 of the Act and any other applicable provisions of the Act, together with the order of the Tribunal and a printed copy of the Memorandum of Association for the purposes of the applicable provisions of the Act and the relevant Registrar of Companies shall register the same and make the necessary alterations in the Memorandum of Association of the Transferee Company accordingly and shall certify the registration thereof in accordance with the applicable provisions of the Act.

**14. Dissolution of the Transferor Company**

Upon the Scheme coming into effect, the Transferor Company shall, without any further act, instrument or deed undertaken by the Transferor Company or the Transferee Company, stand dissolved without winding up pursuant to the order of the NCLT sanctioning the Scheme.

**PART D**

**General Provisions**

**1. Combination of the Authorised Share Capital**

As an integral part of the Scheme and upon the Scheme coming into effect on the Effective Date, the authorised share capital of the Transferor Company, comprised of 31,70,00,000 Equity Shares of Rs. 5 (Indian Rupee Five) each shall stand transferred, merged and combined with the authorised equity share capital of the Transferee Company. Upon the Scheme coming into effect, the authorised share capital of the





Transferee Company in terms of its Memorandum of Association and Articles of Association shall automatically stand enhanced by the authorized share capital of Transferor Company without requirement of any further act, instrument or deed on the part of the Transferee Company, including payment of stamp duty and fees payable to Registrar of Companies (to the effect that the Transferee Company shall be entitled to the credit of stamp duty and fees already paid by the Transferor Company) and the Memorandum of Association and Articles of Association of the Transferee Company (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, and the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under sections 9, 13, 14, 61, 64 or any other provision of the Act, would be required to be separately passed. For this purpose, the filing fees and stamp duty already paid by the Transferor Company on their respective authorized share capital shall be utilized and applied to the increased share capital of the Transferee Company and shall be deemed to have been so paid by the Transferee Company on such combined authorized share capital and accordingly, the Transferee Company shall not be required to pay any fees / stamp duty on the authorized share capital so increased.

Accordingly, in terms of this Scheme, the authorized share capital of the Transferee Company shall stand enhanced to an amount of Rs. 380,50,00,000 divided into 52,70,00,000 equity shares of Rs. 5 each and 11,70,00,000 preference shares of Rs. 10 each.

The capital clause being Clause V of the Memorandum of Association and Clause 2 of the Articles of Association of the Transferee Company shall on the Effective Date stand substituted to read as follows:

Altered Capital clause of the Memorandum of Association of the Transferee Company:

*"The Authorized Share Capital of the Company is Rs. 380,50,00,000 (Rupees Three Hundred and Eighty Crores Fifty Lakhs) divided into 52,70,00,000 equity shares of Rs. 5 (Rs. Five) each and 11,70,00,000 preference shares of Rs. 10 (Rs. Ten) each, with power to increase and reduce the capital of the company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company."*

#### 1.1. Pending transfers, Issue of New Equity Shares and Issuance Mechanics

- 1.1.1. In the event there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Transferor Company, the Board of the Transferee Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, as the case may be, to effectuate such a transfer as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor of the shares in the Transferor Company and in relation to the shares issued by the Transferee Company, after the effectiveness of the Scheme. The Board of the Transferee Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new shareholders in the Transferee Company on account of difficulties faced in the transition period.





- 1.1.2. Where New Equity Shares of the Transferee Company are to be allotted to heirs, executors or administrators, as the case may be, to successors of deceased equity shareholders or legal representatives of the equity shareholders of the Transferor Company, the concerned heirs, executors, administrators, successors or legal representatives shall be obliged to produce evidence of title satisfactory to the Board of the Transferee Company.
- 1.1.3. The New Equity Shares of the Transferee Company allotted and issued in terms of Clause 11.1 of Part C above, shall be listed and/or admitted to trading on the BSE and NSE. The New Equity Shares of the Transferee Company shall, however, be listed subject to the Transferee Company obtaining the requisite approvals from the stock exchanges on which the securities of Transferee Company are listed and SEBI pertaining to the listing of the New Equity Shares of the Transferee Company. 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 BSE and NSE.
- 1.1.4. The New Equity Shares of the Transferee Company to be allotted and issued to the shareholders of the Transferor Company as provided in Clause 11.1 of Part C above shall be subject to the provisions of the memorandum and articles of association of the Transferee Company and shall *rank pari passu* in all respects with the then existing equity shares of the Transferee Company after the Effective Date including in respect of dividend, if any, that may be declared by the Transferee Company on or after the Effective Date.
- 1.1.5. The Transferee Company shall complete all formalities, as may be required, for allotment of the New Equity Shares to the shareholders of the Transferor Company as provided in this Scheme within thirty (30) days from the Effective Date. It is clarified that the issue and allotment of New Equity Shares by the Transferee Company to the shareholders of the Transferor Company as provided in the Scheme, is an integral part thereof and shall be deemed to have been carried out without requiring any further act on the part of the Transferee Company or its shareholders and as if the procedure laid down under Section 62 or any other provisions of the Act as may be applicable, and such other statutes and regulations as may be applicable were duly complied with.
- 1.1.6. If any shareholder becomes entitled to any fractional shares, entitlements or credit on the issue and allotment of the New Equity Shares by the Transferee Company in accordance with Clause 11.1 of Part C above, the Board of the Transferee Company shall consolidate all such fractional entitlements and shall round up the aggregate of such fractions to the next whole number and issue consolidated New Equity Shares to a trustee nominated by the Transferee Company (the "Trustee"), who shall hold such New Equity Shares with all additions or accretions thereto in trust for the benefit of the respective shareholders, to whom they belong and their respective heirs, executors, administrators or successors for the specific purpose of selling such equity shares in the market at such price or prices and on such time or times within ninety (90) days from the date of allotment, as the Trustee may in its sole discretion decide and on such sale, pay to the Transferee Company, the net sale proceeds (after deduction of applicable taxes and costs incurred) thereof and any additions and accretions, whereupon the Transferee Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of the Transferor Company in proportion to their respective fractional entitlements.





- 1.1.7. In the event that the Parties restructure their equity share capital by way of share split/consolidation/issue of bonus shares during the pendency of the Scheme, the Share Exchange Ratio and the stock options, shall be adjusted accordingly to take into account the effect of any such corporate actions.
- 1.1.8. Subject to Applicable Laws, the New Equity Shares that are to be issued in terms of this Scheme shall be issued in dematerialised form. The register of members maintained by the Transferee Company and/ or, other relevant records, whether in physical or electronic form, maintained by the Transferee Company, the relevant depository and registrar and transfer agent in terms of Applicable Laws shall (as deemed necessary by the Board of the Transferee Company) be updated to reflect the issue of the New Equity Shares in terms of this Scheme. The shareholders of the Transferor Company who hold equity shares in physical form should provide the requisite details relating to his/her/its account with a depository participant or other confirmations as may be required, to the Transferee Company, prior to the Record Date to enable it to issue the New Equity Shares. However, if no such details have been provided to the Transferee Company by the equity shareholders holding equity shares of the Transferor Company in physical form on or before the Record Date, the Transferee Company shall deal with the relevant equity shares in such manner as may be permissible under the Applicable Law, including by way of issuing the corresponding equity shares in dematerialised form to the Trustee who shall hold these equity shares in trust for the benefit of such shareholder. The equity shares of the Transferee Company held by the Trustee of Transferee Company for the benefit of the shareholder shall be transferred to the respective shareholder once such shareholder provides details of his/her/its demat account to the Trustee of Transferee Company, along with such other documents as may be required by the Trustee of Transferee Company. The respective shareholders shall have all the rights of the shareholders of the Transferee Company, including the right to receive dividend, voting rights and other corporate benefits, pending the transfer of equity shares from the Trustee of Transferee Company.
- 1.1.9. The shares allotted pursuant to the Scheme shall remain frozen in the depositories system until listing/trading permission is given by the BSE and NSE, as the case may be.
- 1.1.10. The New Equity Shares to be issued by the Transferee Company pursuant to Clause 11.1 of Part C above in respect of such equity shares of the Transferor Company as are subject to lock-in pursuant to Applicable Law, shall be locked-in as and to the extent required under Applicable Law.
- 1.1.11. Upon the coming into effect of this Scheme becoming effective and upon the New Equity Shares of the Transferee Company being allotted and issued by it to the shareholders of Transferor Company whose names appear on the register of members as a member of the Transferor Company on the Record Date or whose names appear as the beneficial owners of the equity shares of the Transferor Company in the records of the depositories/register of members, as the case may be, as on the Record Date, the equity shares of Transferor Company, both in electronic form and in the physical form, shall be deemed to have been automatically cancelled and be of no effect on and from the Record Date. Wherever applicable, Transferee Company may, instead of requiring the surrender of the share certificates of Transferor Company, directly issue and dispatch the new share certificates of Transferee Company in lieu thereof. As specified in Clause 11.2 of Part





C above, the Transferor Company Shares held by the Transferee Company shall stand cancelled as on the Record Date and the Transferee Company shall and will not allot any New Equity Shares to itself albeit the name of the Transferee Company appearing as a member in the register of members of the Transferor Company on the Record Date.

1.1.12. The New Equity Shares to be issued by the Transferee Company pursuant to Clause 11.1 of Part C above in respect of such equity shares of the Transferor Company, the allotment or transfer of which is held in abeyance under Applicable Law shall, pending allotment or settlement of dispute by order of the appropriate court or otherwise, also be kept in abeyance in like manner by the Transferee Company.

1.1.13. The New Equity Shares to be issued by the Transferee Company in lieu of the shares of the Transferor Company held in the unclaimed suspense account of the Transferor Company shall be issued to a new unclaimed suspense account created for shareholders of the Transferor Company. The shares to be issued by the Transferee Company *in lieu* of the shares of the Transferor Company held in the investor education and protection fund authority shall be issued to investor education and protection fund authority for the benefit of relevant shareholders of the Transferee Company.

After the consolidation of the authorized share capital of the Transferor Company with the authorized share capital of the Transferee Company; and post allotment of New Equity Shares pursuant to this Scheme, final share capital structure of the Transferee Company would be as follows:-

| Particulars                                   | Rs. (in Crores) |
|---|-----------------|
| <b>Authorised Share Capital:</b>              |                 |
| 52,70,00,000 Equity Shares of Rs. 5 each      | 263.50          |
| 11,70,00,000 Preference Shares of Rs. 10 each | 117.00          |
| <b>Total</b>                                  | <b>380.50</b>   |
|   |                 |
| <b>Subscribed and Paid up Share Capital:</b>  |                 |
| 16,37,31,102 Equity Shares of Rs. 5 each      | 81.87           |
| <b>Total</b>                                  | <b>81.87</b>    |

## 2. Cancellation Of Shares

Upon the allotment of the New Equity Shares by the Transferee Company in accordance with the terms of this Scheme, all the equity shares held by the shareholders in the Transferor Company shall stand cancelled.

## 3. Validity of Existing Resolutions, Etc.





Upon the coming into effect of this Scheme, the resolutions including all approvals under Sections 42, 62(1)(a), 180, 185, 186, 188 etc., of the Act, read with the rules and regulations made thereunder, 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 any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then the said limits shall be added to the limits, if any, under like resolutions passed by the Transferee Company and shall constitute the aggregate of the said limits in the Transferee Company.

**4. Declaration of Dividend**

- 4.1 During the period between the Appointed Date and up to and including the Effective Date, the Transferor Company shall not declare and pay any dividend to its shareholders, whether interim or final, out of its profits and available cash, without obtaining prior approval of the Transferee Company.
- 4.2 For the avoidance of doubt, it is hereby declared that nothing in the Scheme shall prevent the Transferee Company from declaring and paying dividends, whether interim or final, to its equity shareholders as on the Record Date for the purpose of dividend and the shareholders of the Transferor Company shall not be entitled to dividend, if any, declared by the Transferee Company prior to the Effective Date.
- 4.3 For the avoidance of doubt, it is also clarified that the aforesaid provisions in respect of declaration of dividends of the Transferor Company and the Transferee Company are enabling provisions only and shall not be deemed to confer any right on any member of the respective companies to demand or claim dividend which, subject to the provisions of the Act, shall be entirely at the discretion of the Board of Directors of the respective companies.

**5. Modification of Scheme.**

- 5.1 Subject to approval of NCLT or other Competent Authority if required under Applicable Law, the Transferor Company and the Transferee Company (acting jointly) by their respective Board of Directors or any director/executives or any committee authorised in that behalf (hereinafter referred to as the "**Delegate**") may jointly assent to, or make, from time to time, any modification(s) or addition(s) to this Scheme which the NCLT or other Competent Authority, as the case may be or any authorities under law may deem fit to approve of or may impose and which the Board of Directors of the Transferor Company and the Transferee Company may in their discretion accept, such modification(s) or addition(s) as the Board of Directors of the Transferor Company and the Transferee Company as the case may be, their respective Delegate may deem fit, or required for the purpose of resolving any doubts or difficulties that may arise in carrying out this Scheme. The Transferor Company and the Transferee Company by their respective Boards of Directors or Delegates are authorised to do and execute all acts, deeds, matters and things necessary for bringing this Scheme into effect, or review the position relating to the satisfaction of the conditions of this Scheme and if necessary, waive any of such conditions (to the extent permissible in law) for bringing this Scheme into effect, and/or give such consents as may be required in terms of this Scheme.
- 5.2 For the purpose of giving effect to this Scheme or to any modification(s) thereof or addition(s) thereto, the Delegates (acting jointly) of the Transferor Company and





Transferee Company may give and are authorised to determine and give all such directions as are necessary for settling or removing any question of doubt or difficulty that may arise under this Scheme or in regard to the meaning or interpretation of any provision of this Scheme or implementation thereof or in any matter whatsoever connected therewith (including any question or difficulty arising in connection with any deceased or insolvent shareholders or depositors, if any of the Transferor Company) or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any such conditions (to the extent permissible in law) and such determination or directions or waiver, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme. For the avoidance of doubt it is clarified that where this Scheme requires the approval of the Board of Directors of the Transferor Company or the Transferee Company to be obtained for any matter, the same may be given through their Delegates.

**6. Filing Of Applications**

The Transferor Company and the Transferee Company shall use their best efforts to make and file all applications and petitions under Sections 230 to 232 and other applicable provisions of the Act, before the NCLT or other Competent Authority, as the case may be having jurisdiction for sanction of this Scheme under the provisions of law, and shall apply for such approvals as may be required under law.

**7. Approvals**

The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority, if required, under any law for such consents and approvals which the Transferee Company may require to own the Undertaking and to carry on the business of the Transferor Company.

**8. Scheme Conditional upon Sanctions, Withdrawals Etc.**

This Scheme is conditional upon and subject to:

- 8.1 The Scheme being agreed to by the requisite majority of the respective classes of members and / or creditors (where applicable) of the Transferor Company and of the Transferee Company as required under the Act, SEBI Circulars and the requisite approval of the NCLT being obtained. The members and/or creditors (where applicable) of the Transferor Company and of the Transferee Company shall be provided the facility of e-voting, if and as required by Applicable Laws in relation to voting on the Scheme;
- 8.2 The Scheme being approved by the public shareholders through e-voting in terms of Part – I (A)(10)(a) of SEBI Master circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020 and the scheme shall be acted upon only if vote cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it; and
- 8.3 Receipt of no-objection letters by the Parties from the BSE and the NSE in accordance with the LODR Regulations and the SEBI Circulars in respect of the Scheme (prior to filing the Scheme with the Competent Authority as well as following approval of the Scheme by the Competent Authority), which shall be in form and substance acceptable to the Parties, each acting reasonably and in good faith;





8.4 The certified copies of the orders of the NCLT sanctioning this Scheme being filed with the Registrar of Companies.

8.5 Without prejudice to the above, the Parties (jointly and not severally) shall be at liberty to withdraw the Scheme at any time as may be mutually agreed by respective Boards of the Parties, prior to the date on which this Scheme comes into effect.

9. **Costs, Charges, Expenses and Stamp Duty**

All costs, charges and expenses (including any taxes and duties) incurred or payable by the Transferor Company and the Transferee Company in relation to or in connection with this Scheme and incidental to the completion of the amalgamation of the Transferor Company with the Transferee Company in pursuance of this Scheme, including stamp duty on the orders of the NCLT or other Competent Authority, as the case may be, if any and to the extent applicable and payable, shall be borne and paid by the respective Parties till the Effective Date. Upon this Scheme coming into effect on the Effective Date, all costs, charges and expenses (including any taxes and duties) incurred or payable in relation to or in connection with this Scheme and incidental to the completion of the amalgamation of the Transferor Company with the Transferee Company in pursuance of this Scheme, including stamp duty on the orders of the NCLT or other Competent Authority, as the case may be, if any and to the extent applicable and payable, shall be borne and paid by the Transferee Company and shall be accounted for in accordance with the provisions of applicable Accounting Standard notified under Section 133 of the Companies Act, 2013.

