

**SCHEME OF AMALGAMATION
OF
PARRYS SUGAR INDUSTRIES LIMITED
WITH
E.I.D.-PARRY (INDIA) LIMITED
AND THEIR RESPECTIVE SHAREHOLDERS
(Under sections 391 to 394 of the Companies Act, 1956)**

PREAMBLE

This Scheme of Amalgamation is to provide for the Amalgamation of Parrys Sugar Industries Limited (Transferor Company) with E.I.D.-PARRY (INDIA) LIMITED (Transferee Company) and their respective shareholders. The Scheme is made pursuant to the provisions of section 391 to 394 and other relevant provisions of the Companies Act, 1956.

I. BACKGROUND

- a) The Transferee Company is a well established company engaged in the business of manufacture and marketing of various types of sugar in the branded form having several integrated manufacturing facilities with distilleries and cogeneration of Power located in Karnataka, Andhra Pradesh and Tamilnadu. The Company also manufactures and markets various forms of Bio-Pesticides and Nutraceutical products. The Transferee Company also has interests in various other segments of business like sugar refinery, fertilizer, insecticides etc. through its subsidiaries. The equity shares of the Transferee Company are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.
- b) The Transferor Company is a company engaged in the business of manufacture and marketing of sugar having its manufacturing facilities with cogeneration of Power located in Ramdurg, Karnataka. The equity shares of the Transferor Company are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.
- c) The Transferor Company is a subsidiary of the Transferee Company. The Transferee Company presently holds 1,29,75,110 Equity Shares constituting 65% of the total Issued, Subscribed and Paid up Equity Share Capital and 100% of the Preference Share Capital of the Transferor Company.

II. RATIONALE

The amalgamation of the Transferor Company with the Transferee Company would inter alia have the following benefits:

- a) The consolidation of operations of the Transferor Company and the Transferee Company by way of amalgamation will lead to a more efficient utilization of capital, superior deployment of brand promotion, sales and distribution strategies and create a consolidated and diversified base for future growth of the amalgamated entity with a wider presence in the sugar segment. The amalgamation would facilitate greater cohesiveness to gain market share through core market competencies which are hallmarks of the Transferee Company with increased brand and customer recognition. The amalgamation will result in administrative and operational rationalization and promote organizational efficiencies. It will prevent cost duplication that can erode financial efficiencies of the holding structure and the resultant operations will be more cost-efficient with the achievement of greater economies of scale, reduction in overheads and improvement in various other operating parameters.
- b) The amalgamation would result in greater integration and greater financial strength and flexibility for the amalgamated entity, which would result in maximising overall shareholder value, and will improve the competitive position of the combined entity.
- c) The amalgamation would result in greater efficiency in cash management of the amalgamated entity, and unfettered access to cash flow generated by the combined business which can be deployed more efficiently to fund growth opportunities, to maximize shareholder value.
- d) The amalgamation would result in benefit of operational synergies to the combined entity in areas such as cane sourcing, harvesting and transportation, utilization of the molasses generated by the Transferee Company, product pricing and logistics in various areas, which can be put to the best advantage of the stakeholders.
- e) The amalgamation would result in greater leverage in operations planning and process optimization and enhanced flexibility in product sale, transfer of resources etc. Cost savings are expected to flow from more focused operational efforts, rationalization, standardisation and simplification of business processes, productivity improvements, improved procurement, and the elimination of duplication, and rationalization of administrative expenses.
- f) The said amalgamation fits into the portfolio, growth and business strategies of the Transferee Company since the Transferor Company already have sugar manufacturing facilities in the state of Karnataka. As such there are various synergies between the businesses and operations of the Transferor Company and the Transferee Company.

In view of the aforesaid, the Board of Directors of the Transferor Company as well as the Board of Directors of the Transferee Company have considered and proposed the amalgamation of the entire undertaking and business of Transferor Company with Transferee Company in order to benefit the stakeholders of both companies. Accordingly, the Board of Directors of both the companies have formulated this Scheme of Amalgamation for the transfer and vesting of the entire undertaking and

business of the Transferor Company with and into the Transferee Company pursuant to the provisions of Section 391 to Section 394 and other relevant provisions of the Companies Act, 1956.

III. **Parts of the Scheme**

The Scheme is divided into following parts:

- (i) Part A - dealing with definitions of the terms used in this Scheme and sets out the share capital of the Transferor Company and the Transferee Company;
- (ii) Part B – dealing with the transfer and vesting of the undertaking of the Transferor Companies with the Transferee Company;
- (iii) Part C – dealing with the accounting treatment for the amalgamation in the books of the Transferee Company; and with the dissolution of the Transferor Company and the general terms and conditions applicable to this Scheme and other matters consequential and integrally connected thereto.

PART – A

DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

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

- 1.1. **“Act”** means the Companies Act, 1956 or the Companies Act, 2013 as in force from time to time. As on the date of approval of this Scheme by the Boards of Directors of the Transferor Company and the Transferee Company, Sections 391 and 394 of the Companies Act, 1956 continue to be in force with the corresponding provisions of the Companies Act, 2013 not having been notified. Accordingly, references in this Scheme to particular provisions of the Act are references to particular provisions of the Companies Act, 1956. Upon such provisions standing re-enacted by enforcement of provisions of the Companies Act, 2013, such references shall, unless a different intention appears, be construed as references to the provisions so re-enacted;
- 1.2. **“Appointed Date”** means April 1, 2016 or such other date as may be approved by the Hon’ble High Court of Karnataka at Bengaluru and the Hon’ble High Court of Judicature at Madras;
- 1.3. **“Assets”** shall have the meaning assigned to it in Clause 3.1 of this Scheme;
- 1.4. **“Board of Directors”** or **“Board”** means the board of directors of the Transferor Company or Transferee Company, as the case may be, and shall include a duly constituted committee thereof;
- 1.5. **“Effective Date”** means the last of the dates specified in Clause 17 of this Scheme. References in this Scheme to the date of “coming into effect of this Scheme” or “upon the Scheme becoming effective” or “upon the Scheme coming into effect” shall mean the Effective Date;
- 1.6. **“Equity Share(s)”** means equity shares of the Transferor Company or Transferee Company, as the case may be;
- 1.7. **“Record Date”** means the date to be fixed by the Board of Directors of the Transferee Company for the purpose of issue of new equity shares of the Transferee Company to the shareholders of the Transferor Company in terms of this Scheme;
- 1.8. **“Scheme”** or **“the Scheme”** or **“this Scheme”** or **“Scheme of Amalgamation”** means this scheme of amalgamation in its present form or with any modification(s) approved or directed by the Hon’ble High Court of Karnataka at Bengaluru and the Hon’ble High Court of Judicature at Madras pursuant to the provisions of Sections 391 to 394 of the Act;
- 1.9. **“Share Exchange Ratio”** shall have the meaning ascribed to it in Clause 11.1 of this Scheme;
- 1.10. **“Transferee Company”** means E.I.D.- Parry (India) Limited, a company incorporated under the provisions of the Companies Act, 1956 having its registered office at Dare House, Paryys Corner, Chennai-600001 .
- 1.11. **“Transferor Company”** means Paryys Sugar Industries Limited, a company incorporated under the provisions of the Companies Act, 1956 having its registered office at Venus Building, 3rd Floor, 1/2 Kalyanamantapa Road, Jakkasandra, Koramangala, Bengaluru-560034;
- 1.12. **“Undertaking of the Transferor Company”** means and includes all the properties, Assets, rights and powers of the Transferor Company; and all the debts, liabilities, duties and obligations of the Transferor Company.
- 1.13. Word(s) and expression(s) elsewhere defined in the Scheme will have the meaning(s) respectively ascribed thereto.

2. CAPITAL STRUCTURE

- 2.1. The authorized, issued, subscribed and paid up share capital of the Transferor Company as on 31.3.2016 is as under:

Particulars	Amount (In Rs)
AUTHORIZED SHARE CAPITAL	
2,19,00,000 Equity Shares of face value of Rs.10/- each	21,90,00,000/-
2,10,00,000 8% Redeemable Non Cumulative Preference Shares of face value of Rs.11/- each	23,10,00,000/-
13,00,00,000 8% Redeemable Cumulative Preference Shares of face value of Rs.10/- each	130,00,00,000/-
Total	175,00,00,000/-
ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL	
1,99,61,707 Equity Shares of Rs.10/- each fully paid up	19,96,17,070/-
23,26,420, 8% Redeemable Non Cumulative Preference Shares of Rs.11/- each	2,55,90,620/-
15000000 8% Redeemable Cumulative Preference shares of Rs.10/- each	15,00,00,000/-
30000000 8% Redeemable Cumulative Preference Shares of Rs.10/- each	30,00,00,000/-
13000000 8% Redeemable Cumulative Preference Shares of Rs.10/- each	13,00,00,000/-
35000000, 8% Redeemable Cumulative Preference Shares of Rs.10/- each	35,00,00,000/-
TOTAL	115,52,07,690/-

2.2. The authorized, issued, subscribed and paid up share capital of the Transferee Company as on 31.3.2016 is as under:

AUTHORIZED SHARE CAPITAL	Amount (In Rs)
2,12,50,00,000 Equity Shares of Re. 1/- each	212,50,00,000/-
50,00,000 Redeemable Preference Shares of Rs.100/- each	50,00,00,000/-
Total	262,50,00,000/-
ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL	Amount (In Rs)
17,58,14,884 Equity Shares of Re.1/- each	17,58,14,884/-

PART -B

TRANSFER AND VESTING OF UNDERTAKING OF THE TRANSFEROR COMPANY WITH THE TRANSFEE COMPANY

3. AMALGAMATION OF TRANSFEROR COMPANY

- 3.1. Upon the coming into effect of this Scheme and with effect from the Appointed Date, the whole of the Undertaking of the Transferor Company, including all properties, whether movable or immovable, freehold or leasehold, (the leasehold sugar plant at Ramdurg), real or personal, corporal or incorporeal, material or intellectual, present, future or contingent, including but without being limited to all assets, lands, buildings, plant and machinery, furniture and fittings, other fixed assets, current assets, receivables (whether in Indian Rupee or foreign currency), credits, investments, reserves, provisions, funds, and all utilities including electricity, telephones, facsimile connections, installations and utilities, benefits or agreements and arrangements, powers, authorities, allotments, approvals, authorizations, tenancies in relation to the offices and/or residential properties for the employees or other persons, guest houses, godowns, warehouses, trade and service names and marks, patents, copyrights and other intellectual property rights of any nature whatsoever, registrations, consents, privileges, liberties, and all the rights, title, interest, benefits, licenses (industrial or otherwise), municipal permissions, registrations, incentives, rebates, benefits and concessions to which the Transferor Company is entitled to in terms of the various statutes and/or schemes of the Union and State Governments including under the Essential Commodities Act, Sugarcane Control Order 1966, Sugar Development Fund Act, 1982, Excise Act, Sales Tax Act and Wealth Tax Act and benefit of carry forward and set off of accumulated loss, allowance of unabsorbed depreciation, minimum alternate tax credit entitlement, sale tax benefit concessions and other benefits and credits to which the Transferor Company is entitled under Income-tax Act and advantages of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or enjoyed by the Transferor Company (hereinafter referred to as "Assets") and all secured and unsecured debts (whether undertaken in Indian Rupee or foreign currency) outstandings, liabilities (including contingent liabilities), duties and obligations shall be transferred to and vest in the Transferee Company so as to become on and from the Appointed Date the undertaking of the Transferee Company without any further act, instrument or deed.
- 3.2. Notwithstanding what is stated in Clause 3.1 above, it is expressly provided that such of the Assets of the Transferor Company as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and delivery, shall be so transferred by the Transferor Company to the Transferee Company without requiring any deed or instrument of conveyance for the same 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 on such handing over. In terms of this Scheme such transfer shall be effective from the Appointed Date.

- 3.3. In respect of such of the Assets belonging to the Transferor Company other than those referred to in sub-clause 3.1 above, the same shall, without any further act, instrument or deed, be transferred to and stand vested in and / or be deemed to be transferred to and vested in the Transferee Company pursuant to the provisions of section 394(2) of the Act.
- 3.4. In relation to those Assets belonging to the Transferor Company, which require separate documents of transfer, if any, the parties will execute the necessary documents, if and when required.
- 3.5. The transfer and vesting of all the Assets of the Transferor Company, as aforesaid, shall be subject to the existing charges, mortgages and encumbrances, if any, over or in respect of any of the Assets or any part thereof, provided however that such charges, mortgages and/or encumbrances shall be confined only to the relative Assets of the Transferor Company or part thereof on or over which they are subsisting on transfer to and vesting of such Assets in the Transferee Company and no such charges, mortgages, and/or encumbrances shall be enlarged or extend over or apply to any other asset(s) of the Transferee Company. Any reference in any security documents or arrangements (to which the Transferor Company is a party) to any Assets of the Transferor Company shall be so construed to the end and intent that such security shall not extend, nor be deemed to extend, to any of the other asset(s) of the Transferee Company and the Transferee Company shall not be obliged to create any further or additional security. Similarly, the Transferee Company shall not be required to create any additional security over Assets of the Transferor Company vested in the Transferee Company under this Scheme for any loans, debentures, deposits or other financial assistance already availed by it and/or committed to be availed by it prior to the amalgamation and the charges, mortgages, and/or encumbrances in respect thereof shall not extend or be deemed to extend or apply to the Assets of the Transferor Company, as the case may be, vested in the Transferee Company under this Scheme.
- 3.6. Upon the coming into effect of this Scheme and on and from the Appointed Date, all debts, liabilities, duties and obligations of every kind, nature and description of the Transferor Company shall also be transferred to and be deemed to stand transferred to the Transferee Company without any further act, instrument or deed so as to become the debts, liabilities, duties and obligations of the Transferee Company pursuant to the provisions of section 394(2) of the Act. In respect of the debts, liabilities, duties and obligations of the Transferor Company, it is hereby clarified that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen (though the Transferee Company may, if it deems appropriate, give notice to the creditors that the debts stand transferred to and assumed by the Transferee Company).
- 3.7. For the removal of doubts, it is clarified that to the extent that there are inter-company loans, deposits, obligations, balances or other outstandings as between the Transferor Company and the Transferee Company, the obligations in respect thereof shall come to an end and there shall be no liability in that behalf and corresponding effect shall be given in the books of account and records of the Transferee Company and there would be no accrual of interest or any other charges in respect of such inter-company loans, deposits or balances, with effect from the Appointed Date.
- 3.8. The Transferee Company may at any time after the coming into effect of the Scheme, if so required under the provisions of any law for the time being in force or otherwise at its discretion, execute deeds of confirmation, in favour of secured creditors of the Transferor Company or in favour of any other party as directed by the Transferor Company with regard to any contract or arrangement to which the Transferor Company is a party or any other writings that may be necessary to give formal effect to the above provisions. The Transferee Company shall under the provisions of the Scheme be deemed to be authorized to execute any such confirmation in writing on behalf of the Transferor Company and to implement or carry out all such formalities or compliance referred to above on behalf of the Transferor Company.
- 3.9. The provisions of this Scheme as they relate to the amalgamation of the Transferor Company with 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 deemed 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.

4. LEGAL PROCEEDINGS

If any suits, actions and proceedings of whatsoever nature (hereinafter referred to as the "Proceedings") by or against the Transferor Company are pending on the Effective Date, the same shall not abate or be discontinued nor be in any way prejudicially affected by reason of the amalgamation of the Transferor Company with the Transferee Company or anything contained in the Scheme, but the Proceedings may be continued and enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as the same would or might have been continued and enforced by or against the Transferor Company, in the absence of the Scheme.

5. CONTRACTS AND DEEDS

- 5.1. All contracts, deeds, bonds, agreements, arrangements, incentives, licenses, permits, consents, registrations, engagements, sales tax deferrals and benefits exemptions, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties,

special status and other benefits or privileges and other instruments of whatsoever nature to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which have not lapsed and are subsisting on the Effective Date, shall remain in full force and effect against or in favour of the Transferee Company as the case may be, and may be enforced by or against the Transferee Company 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.

- 5.2. The Transferee Company shall, if and to the extent required by law, enter into and/or issue and/or execute deeds, writings or confirmations, to give formal effect to the provisions of this Clause and to the extent that the Transferor Company is required prior to the Effective Date to join in such deeds, writings or confirmations, the Transferee Company shall be entitled to act for and on behalf of and in the name of the Transferor Company.

6. SAVING OF CONCLUDED TRANSACTIONS

- 6.1. The transfer of the Assets and Liabilities of the Transferor Company under Clause 3 above, the continuance of the Proceedings under Clause 4 above and the effectiveness of contracts, deeds, permits and consents under Clause 5 above, shall not affect any transaction or the Proceedings already concluded by the Transferor Company on or before the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto, as if done and executed on its behalf.

7. EMPLOYEES

- 7.1. All the employees of the Transferor Company in service on the Effective Date shall, on and from the Effective Date, become the employees of the Transferee Company on the same terms and conditions on which they were employed on the Effective Date without treating it as a break, discontinuance or interruption in service on the said date. Accordingly the services of such employees for the purpose of the said Funds (as defined herein) or other statutory purposes and for all purposes will be reckoned from the date of their respective appointments with the Transferor Company.
- 7.2. With regard to provident fund and gratuity fund or any other special funds or schemes created or existing for the benefit of such employees of the Transferor Company (hereinafter referred to as the "said Funds"), upon the Scheme becoming effective, Transferee Company shall stand substituted for the Transferor Company in relation to the obligations to make contributions to the said Funds in accordance with the provisions thereof in the respective trust deeds or other documents. It is the aim and intent of the Scheme that all the rights, duties, powers and obligations of the Transferor Company in relation to the said Funds shall become those of the Transferee Company. The dues of the employees of the Transferor Company relating to the said Funds shall be continued to be deposited therein accordingly.

PART C

GENERAL TERMS AND CONDITIONS APPLICABLE TO THE TRANSFEROR COMPANY AND THE TRANSFEE COMPANY

8. ACCOUNTING TREATMENT

- 8.1. The amalgamation shall be accounted for in the books of account of the Transferee Company according to the "Pooling of Interests Method" of accounting as per the Accounting Standard (AS) 14, 'Accounting for Amalgamations' issued by the Institute of Chartered Accountants of India or as per Ind AS 103, 'Business Combinations' notified under section 133 of the Companies Act, 2013.
- 8.2. On and from the Appointed Date and subject to the provisions hereof, all assets, liabilities and reserves, of the Transferor Company, shall be recorded in the books of account of the Transferee Company at their existing carrying amounts and in the same form, including the debit balance in Profit and Loss Account of the Transferor Company as debit balance in Profit and Loss Account of the Transferee Company. Any excess/deficit amount after such transfer, issue of new Equity Shares by the Transferee Company as mentioned in Clause 11 and the cancellation of equity share capital as mentioned in Clause 12 against the value of investment of the Transferee Company in Transferor Company shall be adjusted in the Capital Reserves of the Transferee Company.
- 8.3. The 23,26,420, 8% Redeemable Preference Shares of Rs.11/- each and the 9,30,00,000 8% Redeemable Preference Shares of Rs.10/- each held by the Transferee Company in the Transferor Company shall stand cancelled.
- 8.4. All costs and expenses incurred as per Clause 19 below as well as other costs incidental with the finalization of this Scheme and to put it into operation and any other expenses or charges attributable to the implementation of the above Scheme, shall be charged to Profit and Loss Account with exception of the following cost and expenses, which will be accounted in the books of Transferee Company as under:
- Stamp duty payable, if any, on the basis of value of immovable properties of the Transferor Company transferred to the Transferee Company shall be capitalized in books of the Transferee Company with the said fixed assets in accordance with Accounting Standard – 10 "Accounting of Fixed Assets" or Ind AS – 16 "Property, Plant and Equipment".
- 8.5. In case of any difference in accounting policy between the Transferor Company and the Transferee Company, the impact of the same till the Appointed Date will be quantified and adjusted in accordance with Accounting Standard (AS) 5 'Net Profit

or Loss for the Period, Prior Period Items and Changes in Accounting Policies' or Ind AS – 8 "Accounting Policies, Changes in Accounting Estimates and Errors", in the books of the Transferee Company to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.

- 8.6. Upon coming into effect of this Scheme, to the extent that there are inter- company loans, advances, deposits, balances or other obligations as between the Transferor Company and the Transferee Company, the obligation in respect thereof shall come to an end and corresponding effect shall be given in the books of account and records of the Transferee Company.

9. CONDUCT OF BUSINESS TILL EFFECTIVE DATE

- 9.1. With effect from the Appointed Date and up to and including the Effective Date:
- 9.1.1 The Transferor Company shall be deemed to have been carrying on and shall carry on its business and activities and shall be deemed to have been held and stood possessed of and shall hold and stand possessed of all of the Assets of the Transferor Company for and on account of, and in trust for, the Transferee Company. The Transferor Company hereby undertakes to hold the said Assets with utmost prudence until the Effective Date.
- 9.1.2 All the profits or income, taxes (including advance tax and tax deducted at source) or any costs, charges, expenditure accruing to the Transferor Company or expenditure or losses arising or incurred or suffered by the Transferor Company shall for all purpose be treated and be deemed to be and accrue as the profits, taxes, incomes, costs, charges, expenditure or losses of the Transferee Company, as the case may be.
- 9.2. On and after the Appointed Date and until the Effective Date, the Transferor Company shall not without the prior written approval of the Board of Directors of the Transferee Company undertake (i) any material decision in relation to their businesses and affairs and operations (ii) any agreement or transaction (other than an agreement or transaction in the ordinary course of business) (iii) any new business, or discontinue any existing business or change the installed capacity of facilities.
- 9.3. With effect from the date of the Board meeting of the Transferee Company approving the Scheme and upto and including the Effective Date, the Transferor Company shall carry on its business and activities with reasonable diligence, prudence and in the same manner as carried on before and shall not (without the prior written consent of the Transferee Company) 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 or sell, transfer, alienate, charge, mortgage, encumber or otherwise deal with or dispose of the Undertaking of the Transferor Company or any part thereof except in the ordinary course of business, or pursuant to any pre-existing obligation(s) undertaken by the Transferor Company.
- 9.4. Without prejudice to the above provisions, with effect from the Appointed Date, all inter-party transactions between the Transferor Company and the Transferee Company shall be considered as intra-party transactions for all purposes.

10. DIVIDENDS

- 10.1 The Transferor Company and the Transferee Company shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date. The dividend, if any, shall be declared by the Transferor Company only with the prior written consent of the Board of Directors of the Transferee Company and in accordance with the applicable laws. The new Equity shares to be issued and allotted by the Transferee Company as per Clause 11 below shall be entitled to Dividend ,if any, which may be declared after the effective date by the Transferee Company.
- 10.2 Subject to the provisions of the Scheme, the profits of the Transferor Company, for the period beginning from the Appointed Date, shall belong to and be the profits of the Transferee Company and will be available to the Transferee Company for being disposed of in any manner as it thinks fit.
- 10.3. Until the coming into effect of this Scheme, the holders of equity shares of the Transferor Company and the Transferee Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing respective rights under their respective Articles of Association.
- 10.4. It is clarified that the aforesaid provisions in respect of declaration of dividends, whether interim or final, are enabling provisions only and shall not be deemed to confer any right on any member of the Transferor Company and/or the Transferee Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Directors of the Transferor Company and the Transferee Company and subject, wherever necessary, to the approval of the shareholders of the Transferor Company and the Transferee Company, respectively.

11. ISSUE OF SHARES BY THE TRANSFEE COMPANY

- 11.1. Upon the Scheme coming into effect, and without any further application, act or deed, the Transferee Company shall, in consideration of the amalgamation of the Transferor Company with the Transferee Company, issue and allot to every Equity Shareholder of the Transferor Company other than the Transferee Company holding fully paid-up Equity Shares in the Transferor Company and whose names appear in the register of members of the Transferor Company on the Record Date, 2 (Two) Equity Shares of Re. 1 /-each in the Transferee Company credited as fully paid-up with rights attached thereto as hereinafter mentioned (hereinafter referred to as the "New Equity Shares") for every 13 (Thirteen) Equity Share of Rs.10/- each fully paid-up held by

such member in the capital of the Transferor Company ("Share Exchange Ratio").

- 11.2. In respect of the Equity Shares in the Transferor Company already held in dematerialized form, the New Equity Shares to be issued by the Transferee Company in lieu thereof shall also be issued in dematerialized form with the New Equity Shares being credited to the existing depository accounts of the members of the Transferor Company entitled thereto. Members of the Transferor Company desirous of receiving the New Equity Shares in the Transferee Company in dematerialized form should have their shareholding in the Transferor Company dematerialized on or before the Record Date.
- 11.3. Pursuant to the Scheme, the shares of the Transferor Company held by its Equity Shareholders (both in physical and dematerialized form), shall, without any further application, act, instrument or deed, be deemed to have been automatically cancelled. The said Equity Shares of Transferor Company held in physical form shall be deemed to have been automatically cancelled without any requirement to surrender the certificates for shares held by the shareholders of the Transferor Company. The Transferee Company shall take such corporate actions in relation to the Equity Shares of the Transferor Company held in dematerialized form, as may be necessary.
- 11.4. No fractional share shall be issued by the Transferee Company in respect of the fractional entitlements, if any, to which the Equity Shareholders of the Transferor Company may be entitled on issue and allotment of New Equity Shares in the Transferee Company as above. The Board of Directors of the Transferee Company shall consolidate all such fractional entitlements and thereupon issue and allot New Equity Shares in lieu thereof to any director or officer of the Transferee Company appointed for the purpose who shall hold the New Equity Shares in trust for and on behalf of the members entitled to such fractional entitlements with the express understanding that such director shall sell the same at such time or times and at such price or prices to such person or persons, as it deems fit. The said director shall distribute such net sale proceeds to the members in the same proportion as their respective fractional entitlements bear to the consolidated fractional entitlements. The director shall be appointed by the Board of Directors of the Transferee Company.
- 11.5. The New Equity Shares in the Transferee Company to be issued to the members of the Transferor Company shall be subject to the Memorandum and Articles of Association of the Transferee Company and the New Equity Shares so issued shall rank pari passu in all respects with the existing Equity Shares in the Transferee Company.
- 11.6. The New Equity Shares of the Transferee Company issued in terms of the Scheme shall, subject to applicable regulations, be listed and/or admitted to trading on the relevant stock exchange(s) where the existing Equity Shares of the Transferee Company are listed and/or admitted to trading.
- 11.7. For issue and allotment of the New Equity Shares to the non-resident members of the Transferor Company, the Transferee Company shall, apply for and obtain approvals, if and to the extent required, under the Foreign Exchange Management Act, 1999. It is clarified that the issuance of shares to other shareholders of the Transferor Company shall not be subject to receipt of any such approvals by the Transferor Company and/or the Transferee Company.

12. NO ALLOTMENT OF SHARES TO THE TRANSFEE COMPANY

- 12.1 Upon the Scheme coming into effect, as a consequence of the Amalgamation of the Transferor Company with the Transferee Company, all the Equity Shares and Preference Shares which the Transferee Company holds in the Transferor Company (either directly or through nominees) shall stand cancelled without any issue or allotment of New Equity Shares or payment whatsoever by the Transferee Company in lieu of such Equity Shares and Preference Shares of the Transferor Company.

13. DISSOLUTION OF THE TRANSFEROR COMPANY

Subject to an order being made by the Court under Section 394 of the Act, the Transferor Company shall be dissolved without the process of winding up on the Scheme becoming effective in accordance with the provisions of the Act and the Rules made thereunder.

14. AUTHORISED SHARE CAPITAL

- 14.1. Upon the Scheme becoming effective, the authorised share capital of the Transferor Companies shall stand combined with the authorised share capital of the Transferee Company. Filing fees and stamp duty, if any, paid by the Transferor Companies on their authorised share capital, shall be deemed to have been so paid by the Transferee Company on the combined authorised Share capital and accordingly, the Transferee Company shall not be required to pay any fee/ stamp duty for its increased authorised share capital.
- 14.2. Clause V' of the Memorandum of Association of the Transferee Company shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to Sections 94 and 394 and other applicable provisions of the Act by deleting the existing Clause and replacing it by the following:

"The Authorised Share Capital of the company is Rs. 437,50,00,000/- (Rupees Four Hundred and Thirty Seven Crores Fifty Lakhs Only) divided into

- (i) 234,40,00,000 Equity Shares of Re. 1/- each and
- (ii) 203,10,000 - Redeemable Preference Shares of Rs. 100/- each

with the rights, privileges and conditions attaching thereto as are provided by the regulations of the Company for the time being, 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 rights, privilege or conditions as may be determined by or in accordance with the regulations of the company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the company."

- 14.3. Clause 4(1) of the Articles of Association of the Transferee Company shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to Sections 94 and 394 and other applicable provisions of the Act by deleting the existing Clause and replacing it by the following:

The Authorized Share Capital of the Company is Rs. 437,50,00,000/- (Rupees Four Hundred and Thirty Seven Crores Fifty Lakhs Only) divided into 234,40,00,000 Equity Shares of Re. 1/- each and 2,03,10,000 Redeemable Preference Shares of Rs. 100/- each.

- 14.4. The approval of this Scheme by the shareholders of the Transferee Company under sections 391 and 394 of the Act, whether at a meeting or otherwise, shall be deemed to have the approval under the applicable provisions of the Act and any other consents and approvals required in this regard.

15. APPLICATIONS

The Transferor Company and the Transferee Company shall, with all reasonable dispatch, make necessary applications to the Hon'ble High Court of Karnataka at Bengaluru and the Hon'ble High Court of Judicature of Madras respectively, for sanctioning this Scheme pursuant to sections 391 to 394 and other applicable provisions of the Act and for an order or orders for carrying this Scheme into effect and for dissolution of the Transferor Company without winding up. The Transferor Company and the Transferee Company shall also apply for such other approvals as may be necessary in law, if any, for bringing any provisions of this Scheme into effect. Further, the Transferor Company and the Transferee Company shall be entitled to take such other steps as may be necessary or expedient to give full and formal effect to the provisions of this Scheme.

16. MODIFICATIONS/ AMENDMENTS TO THE SCHEME

- 16.1. The Transferor Company and the Transferee Company by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize, including any committee or sub-committee thereof, may consent to any modifications/ amendments to the Scheme or to any conditions or limitations that the Court or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them for any reason whatsoever, including due to change in law. The Transferor Company and the Transferee Company by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize, including any committee or sub-committee thereof, shall be authorized to take all such steps as may be necessary, desirable or proper to give effect to the Scheme or resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.
- 16.2. For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the delegate(s) of the Transferor Company and the Transferee Company are authorized to determine to take all such steps and give all such directions as are necessary including directions dealing with the approvals required to be taken and directions for settling or removing any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on the Transferor Company and the Transferee Company, in the same manner as if the same were specifically incorporated in this Scheme.

17. SCHEME CONDITIONAL ON APPROVALS / SANCTIONS AND EFFECTIVE DATE OF SCHEME

- 17.1. The Scheme is conditional upon and subject to:
- 17.1.1 The sanction or approval under any law of the Central Government, State Government, or any other agency, department or authorities concerned being obtained and granted in respect of any of the matters in respect of which such sanction or approval is required.
- 17.1.2.(a) Approval of the Scheme by the requisite majority of the respective members and such class of persons of the Transferor Company and the Transferee Company as may be directed by the Hon'ble High Court of Karnataka at Bengaluru and the Hon'ble High Court of Judicature at Madras pursuant to the provisions of Section 391(1) of the Act and the provisions of Securities and Exchange Board of India Circular CIR/CFD/CMD/16/2015 dated November 30, 2015 (as amended from time to time) to the extent considered applicable.
- (b) The Scheme being approved by the shareholders of the Transferor Company by way of postal ballot/e-voting in terms of para 9(a) of Annexure I of the Circular No CIR/CFD/CMD/16/2015 dated November 30, 2015 issued by Securities and Exchange Board of India; provided that the said resolution shall be acted upon only if the votes cast by the public shareholders of the Transferor Company in favor of the proposal are more than the number of votes cast by the public shareholders against it;

- 17.1.3 The Scheme being sanctioned pursuant to Section 391 to 394 of the Act by the Hon'ble High Court of Karnataka at Bengaluru and the Hon'ble High Court of Judicature at Madras on the applications/petitions of the Transferor Company and the Transferee Company respectively and orders being passed pursuant to Section 394 of the Act by the said Hon'ble High Courts for transfer of the Undertaking of the Transferor Company to the Transferee Company and other matters as provided under the said provisions of the Act.
- 17.1.4 Receipt of such other approvals for the carrying on of the Undertaking by the Transferee Company, as identified by the boards of directors of the Transferee company and Transferor Company (or authorised committees thereof).
- 17.2. This Scheme, although to come into operation from the Appointed Date, shall not become effective until the later of the following dates, namely:
- 17.2.1 The last of the dates on which the last of the aforesaid consents, approvals, resolutions and orders as mentioned in Clause 17.1 shall be obtained or passed; or
- 17.2.2 The last of the dates on which all necessary certified copies of orders of the Hon'ble High Court of Karnataka at Bengaluru and the Hon'ble High Court of Judicature at Madras sanctioning the Scheme pursuant to sections 391 and 394 of the Act shall be duly filed with the appropriate Registrar of Companies.
- The last of such dates shall be the "Effective Date" for the purpose of this Scheme.
- 17.3 It is clarified that on the approval of the Scheme by the requisite majority of members of the Transferor Company and the Transferee Company pursuant to Section 391(1) of the Act as aforesaid, it shall be deemed that the said members have also resolved and accorded all relevant consents under any other provisions of the Act to the extent the same may be considered applicable. It is further clarified that there will be no need to pass any separate shareholders' resolution(s) under such other provisions of the Act. Without prejudice to the generality of the foregoing, such single window approval of the shareholders pursuant to Section 391(1) of the Act shall, include approvals under Sections 62, 52 of the Companies Act, 2013, 100 of the Companies Act, 1956 and 11 of the Companies Act, 2013 to the extent considered applicable.

18. POST SCHEME CONDUCT OF OPERATIONS

Even after the Scheme becomes effective, the Transferee Company shall be entitled to operate all Bank Accounts of the Transferor Company and realise all monies and complete and enforce all pending contracts and transactions in respect of the Transferor Company in the name of the Transferee Company in so far as may be necessary until the transfer of rights and obligations of the Transferor Company to the Transferee Company under this Scheme is formally accepted by the Transferor Company and the Transferee Company concerned. Pursuant to the Scheme becoming effective the Transferee Company is expressly permitted to revise its financial statements and returns along with prescribed forms, filings and annexures under the Income-tax Act, 1961 (including for minimum alternate tax purposes and tax benefits), service tax law and other tax laws, and to claim refunds and/or credits for Taxes paid (including minimum alternate tax), and to claim tax benefits under the said tax laws, and for matters incidental thereto, if required to give effect to the provisions of this Scheme.

19. COSTS

All costs, charges and expenses including stamp duty and registration fee, if any, of any deed, document, instrument or Court's order, including this Scheme, or in relation to or in connection with negotiations leading up to the Scheme and of carrying out and implementing the terms and provisions of this Scheme and incidental to the completion of arrangement in pursuance of this Scheme shall be borne and paid by the Transferee Company, unless otherwise agreed between the Transferor Company and the Transferee Company.

20. REVOCAION OF THE SCHEME

In the event of any of the said sanctions and approvals referred to in Clause 17 above not being obtained and/ or complied with and/ or satisfied and/ or this Scheme not being sanctioned by the Hon'ble High Court of Karnataka at Bengaluru and the Hon'ble High Court of Judicature at Madras and/ or order or orders not being passed as aforesaid before March 31, 2017 or such other date as may be mutually agreed upon by the respective Board of Directors of the Transferor Company and the Transferee Company who are hereby empowered and authorized to agree to and extend the aforesaid period from time to time without any limitations in exercise of their powers through and by their respective delegate(s), this Scheme shall stand revoked, cancelled and be of no effect and in that event, no rights and liabilities whatsoever shall accrue to or be incurred inter se the Transferor Company and the Transferee Company or their respective shareholders or creditors or employees or any other person save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with the applicable law and in such case, each company shall bear its own costs unless otherwise mutually agreed. Further, the board of directors of the Transferor Company and the Transferee Company shall be entitled to withdraw the Scheme with the same consequences, as aforesaid if such boards are of the view that the coming into effect of the Scheme in terms of the provisions of this Scheme or filing of the certified copies of the orders sanctioning the Scheme with any authority could have adverse implication on both/ any of the companies.