Annexure - H

COMPOSITE SCHEME OF ARRANGEMENT

AMONGST

HEG LIMITED

AND

HEG GRAPHITE LIMITED

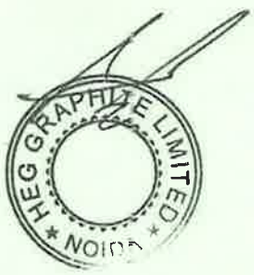
AND

BHILWARA ENERGY LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013



(A) DESCRIPTION OF COMPANIES

1. **HEG Limited ("Demerged Company" or "Transferee Company" or "Demerged/ Transferee Company")** is a company incorporated under the provisions of the Companies Act, 1956. The Demerged/ Transferee Company is, *inter alia*, engaged in the business of manufacturing and exporting of graphite electrodes and operates world's largest single-site integrated graphite electrodes plant. The Demerged/ Transferee Company also operates three power generation facilities with a total capacity of about 76.5 MW. The equity shares of the Demerged/ Transferee Company are listed on the Stock Exchanges (*as defined hereinafter*).

2. **HEG Graphite Limited ("Resulting Company")** is a company incorporated under the provisions of the Act (*as defined hereinafter*). The Resulting Company has been incorporated to carry on the Graphite Business (*as defined hereinafter*) proposed to be demerged under the Scheme. The Resulting Company is a wholly owned subsidiary of the Demerged Company.

3. **Bhilwara Energy Limited** ("**Transferor Company**") is a company incorporated under the provisions of the Companies Act, 1956. The Transferor Company, along with its subsidiaries, is, *inter alia*, engaged in the business of establishment, operation and maintenance of power generating stations and tie-lines, sub-stations and main transmission lines connected therewith. Currently, the Transferor Company is engaged in generation of wind power through 14 MW wind power project situated in Maharashtra.

(B) OVERVIEW OF THE SCHEME

1. This Scheme (*as defined hereinafter*) is pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Act read with Section 2(1B), Section 2(19AA) and other applicable provisions of the Income Tax Act (*as defined hereinafter*) and *inter alia* provides for:

   (a) the demerger, transfer and vesting of the Demerged Undertaking (*as defined hereinafter*) from the Demerged Company into the Resulting Company on a *going concern* basis, and issue of equity shares by the Resulting Company to the shareholders of the Demerged Company, in consideration thereof;

   (b) the amalgamation of the Transferor Company with the Transferee Company and issue of equity shares by the Transferee Company to the shareholders of the Transferor Company (except the Transferee Company itself), in consideration thereof; and

   (c) various other matters consequent and incidental thereto.

(C) RATIONALE

1. Over the course of time, core businesses of the Demerged Company viz., manufacturing graphite electrodes (including other carbon products) and generation of thermal and hydel power have acquired critical mass. Each of the said businesses require flexibility and independence to grow faster in the fast-changing technology and innovation driven environment.

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2. Each of the core businesses mentioned above has a differentiated strategy, different industry specific risks and operate *inter alia* under different market dynamics and growth trajectory. The nature and competition involved in each of the businesses is distinct from others and consequently each business or undertaking is capable of attracting a different set of investors, strategic partners, lenders and other stakeholders. Further, it is important to create a structure which is amenable for future growth keeping in view different growth trajectory for each business segment.

3. In view thereof, it is proposed to segregate the core businesses of the Demerged Company pursuant to the Scheme. The said segregation, is expected, *inter alia*, to result in following benefits:

   (a) unlocking the value of each of the businesses for the shareholders of the Demerged Company, attracting different sets of investors, strategic partners, lenders and other stakeholders having a specific interest in the respective businesses and providing better flexibility in accessing capital;

   (b) segregating different businesses having different risk and return profiles, and providing investors with better flexibility to select investments which best suit their investment strategies and risk profile;

   (c) enabling focused growth strategy for each of the businesses for opportunities specific to each business;

   (d) creating greater visibility on performance of each of the businesses;

   (e) providing a separate growth path and focussed management for each of the businesses;

   (f) enhancing operational efficiency; and

   (g) pursuing growth in the respective business verticals with focused management approach and de-risking the businesses from each other.

4. The Transferee Company is desirous of consolidating the assets and liabilities of the Transferor Company pursuant to amalgamation. Consolidating the assets and liabilities of the Transferor Company and the Transferee Company would streamline the corporate structure by consolidating multiple entities and enable efficiency in operations and processes through reduction in legal and regulatory compliances and related administrative costs.

5. The amalgamation will also result in the following benefits:

   (a) establishing independent brand identity of future oriented and new-age business;

   (b) combining resources, creating synergies, optimally utilising resources and greater economies of scale and deriving operating efficiencies from adoption of existing technology-enabled processes of the Transferor Company; and

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(c) eliminating multiple entities, legal and regulatory compliances and reduction of administrative costs.

The Scheme is in the interests of all stakeholders of each of the Demerged/ Transferee Company, the Transferor Company and the Resulting Company.

(D) PARTS OF THE SCHEME

The Scheme is divided into the following parts:

1. **PART I** deals with the definitions, share capital of the Parties (*as defined hereinafter*), date of taking effect and implementation of this Scheme;

2. **PART II** deals with the demerger, transfer and vesting of the Demerged Undertaking from the Demerged Company into the Resulting Company on a going concern basis and issue of equity shares by the Resulting Company to the shareholders of the Demerged Company, in consideration thereof;

3. **PART III** deals with the amalgamation of the Transferor Company with the Transferee Company and issue of equity shares by the Transferee Company to the shareholders of the Transferor Company (except the Transferee Company itself), in consideration thereof; and

4. **PART IV** deals with the general terms and conditions applicable to this Scheme.

PART I

DEFINITIONS, SHARE CAPITAL OF THE PARTIES, DATE OF TAKING EFFECT AND IMPLEMENTATION OF THIS SCHEME

1. DEFINITIONS

1.1 In this Scheme, (a) capitalised terms defined by inclusion in quotations and/ or parenthesis shall have the meanings so ascribed; and (b) the following expressions shall have the meanings ascribed hereunder:

"**Act**" means the Companies Act, 2013;

"**Applicable Law**" or "**Law**" means any applicable national, foreign, provincial, local or other law including applicable provisions of all (a) constitutions, decrees, treaties, statutes, enactments, laws (including the common law), bye-laws, codes, notifications, rules, regulations, policies, guidelines, circulars, press notes, clearances, approvals, directions, directives, ordinances or orders of any Appropriate Authority; (b) Permits; and (c) orders, decisions, writs, injunctions, judgments, awards and decrees of or agreements with any Appropriate Authority having jurisdiction over the Parties, in each case having the force of law and that is binding or applicable to a person, as may be in force from time to time;

"**Appointed Date**" means opening business hours of 1 April 2024 or such other date as may be mutually agreed by the respective Board of the Parties;

"**Appropriate Authority**" means:

(a) the government of any jurisdiction (including any national, state, municipal or local government or any political or administrative subdivision thereof) and any department, ministry, agency, instrumentality, court, Tribunal, central bank, commission or other authority thereof;

(b) any governmental, quasi-governmental or private body or agency lawfully exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, statutory, licensing, competition, Tax, importing, exporting or other governmental or quasi-governmental authority including without limitation, SEBI and the Tribunal; and

(c) any Stock Exchange.

"**Board**" in relation to a Party, means the board of directors of such Party, and shall include a committee of directors or any person authorized by such board of directors or such committee of directors;

"**Demerged Company**" or "**Transferee Company**" or "**Demerged/ Transferee Company**" means HEG Limited, a company incorporated under the provisions of the Companies Act, 1956, having corporate identity number L23109MP1972PLC008290 and having its registered office at Mandideep Near Bhopal, Dist Raisen, Madhya Pradesh – 462046, India;

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"**Demerged Undertaking**" means entire undertaking of the Demerged Company, including all assets and liabilities pertaining to the Graphite Business as on the Appointed Date and shall include (without limitation):

(a) all movable and immovable properties of the Demerged Company in relation to the Graphite Business, whether freehold or leasehold or licensed, including manufacturing units, plants, machinery and related tenancy rights, hire purchase and lease arrangements, real or personal, corporeal or incorporeal or otherwise, present, future, contingent, tangible or intangible, and associated capital costs, security deposits, capital work in progress, easmentary rights, rights of way, furniture, fixtures, office equipment, appliances, accessories, vehicles, stocks, investments in shares and securities, sundry debtors, deposits, provisions, advances, recoverables, receivables, title, interest, cash and bank balances, bills of exchange, covenants, all earnest monies, or other entitlements, funds, right to use and avail of telephones, telex, facsimile, email, internet, leased lines and other communication facilities, connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever and all the rights, title, interests, goodwill, benefits, fiscal incentives, entitlement and advantages, contingent rights or benefits 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 Demerged Company pertaining to the Graphite Business;

(b) Demerged Undertaking Liabilities;

(c) contracts, agreements, schemes, arrangements, know your customer (KYC) details and any other instruments pertaining to the Graphite Business;

(d) all refunds, reimbursements, claims, concessions, exemptions, benefits including sales tax deferrals, income tax deducted at source, goods and service tax credit, deductions and benefits under the relevant Law or any other Taxation statute pertaining to the Graphite Business;

(e) all Permits, quotas, incentives, powers, authorities, allotments, rights, benefits, advantages, pertaining to the Graphite Business;

(f) all intellectual property and intellectual property rights, brands, logos, designs, labels, tradenames and trademarks of the Demerged Company in relation to the Graphite Business (including any applications for the same) of any nature whatsoever, including all books, records, files, papers, engineering and process information, computer programs, domain names, software licenses (whether proprietary or otherwise), research and studies, technical know-how, confidential information and other benefits, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former investors, investor credit information, pricing information, and other records whether in physical or electronic form in connection with or pertaining to Graphite Business;

(g) entire experience, credentials, past record and market share of the Demerged Company pertaining to the Graphite Business; and

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(h) all employees engaged in the Graphite Business.

Any question that may arise as to whether a specific asset (tangible or intangible) or liability or employee pertains or does not pertain to the Demerged Undertaking shall be decided mutually by the Boards of the Demerged Company and the Resulting Company;

"**Demerged Undertaking Liabilities**" means the liabilities as defined in Clause 4.2.6 of the Scheme;

"**Effective Date**" means the date on which the last of the conditions specified in Clause 30 (Conditions Precedent) are complied with. Reference in this Scheme to the date of "coming into effect of this Scheme" or "effectiveness of this Scheme" or "effect of this Scheme" or "upon the Scheme becoming effective" shall mean the Effective Date;

"**Graphite Business**" means the entire business of manufacturing graphite electrode, speciality graphite products together with all associated activities, assets, liabilities including 76.5 mw captive power generating capacity (comprising of two thermal power plants and a hydroelectric power facility);

"**Income Tax Act**" means the Income-tax Act, 1961;

"**INR**" or "**Rupee(s)**" means Indian Rupee, the awful currency of the Republic of India;

"**Parties**" shall collectively mean the Demerged/ Transferee Company, the Transferor Company and the Resulting Company; and "**Party**" means each of them, individually;

"**Permits**" means all consents, licences, permits, certificates, permissions, authorisations, clarifications, approvals, clearances, confirmations, declarations, waivers, exemptions, registrations, filings, no objections, whether governmental, statutory, regulatory or otherwise as required under Applicable Law;

"**Person**" means an individual, a partnership, a corporation, a limited liability partnership, a company, an association, a trust, a joint venture, an unincorporated organization or an Appropriate Authority;

"**Record Date**" means the date to be fixed by the Board of the Resulting Company in consultation with the Board of the Demerged Company for the purpose of determining the shareholders of the Demerged Company for issue of the Resulting Company New Equity Shares;

"**Remaining Business of the Demerged Company**" means all the business, units, divisions, undertakings, and assets and liabilities of the Demerged Company other than the Demerged Undertaking;

"**Resulting Company**" means HEG Graphite Limited, a company incorporated under the Act, having corporate identity number U23994MP2024PLC071568 and its registered office at C/o HEG Limited, NH-12, Dist Raisen, Near Bhopal, Mandideep, Bhopal, Huzur, Madhya Pradesh – 462 046;

"**Resulting Company New Equity Shares**" means fully paid-up equity share(s) having face value of INR 2 each issued by the Resulting Company as consideration in terms of Clause 8.1 of this Scheme;

"**RoC**" means the relevant jurisdictional Registrar of Companies having jurisdiction over the Parties;

"**Scheme**" means this composite scheme of arrangement as modified from time to time;

"**SEBI**" means the Securities and Exchange Board of India;

"**SEBI Circular**" means the circular issued by the SEBI, being SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, and any amendments thereof issued pursuant to Regulations 11, 37 and 94 of the SEBI LODR Regulations;

"**SEBI LODR Regulations**" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

"**Stock Exchanges**" means BSE Limited and National Stock Exchange of India Limited collectively and Stock Exchange shall mean each of them individually;

"**Tax Laws**" means all Applicable Laws dealing with Taxes including but not limited to income-tax, goods and service tax, customs duty or any other levy of similar nature;

"**Taxation**" or "**Tax**" or "**Taxes**" means all forms of taxes and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions and levies, whether levied by reference to income, profits, book profits, gains, net wealth, asset values, turnover, added value, goods and services or otherwise and shall further include payments in respect of or on account of tax, whether by way of deduction at source, collection at source, dividend distribution tax, advance tax, minimum alternate tax, goods and services tax or otherwise or attributable directly or primarily to any of the Parties and all penalties, charges, costs and interest relating thereto;

"**Transferor Company**" means Bhilwara Energy Limited, a company incorporated under the provisions of the Companies Act, 1956 under the corporate identity number U31101MP2006PLC071693 and having its registered office at C/O HEG Limited, NH-12, Dist Raisen, Near Bhopal, Mandideep, Bhopal - 462046, Huzur, Madhya Pradesh, India; and

"**Tribunal**" means the relevant bench of the National Company Law Tribunal having jurisdiction over the Parties.

1.2 In this Scheme, unless the context otherwise requires:

(i) words denoting the singular shall include the plural and vice versa;

(ii) headings, subheadings, titles, subtitles to clauses and sub-clauses are for convenience only and shall be ignored in construing the Scheme;

(iii) reference to any law or legislation or regulation shall include amendment(s), circulars, notifications, clarifications or supplement(s) to, or replacement, re-

enactment, restatement or amendment of, that law or legislation or regulation and shall include the rules and regulations thereunder; and

(iv) all terms and words not defined in this Scheme shall unless repugnant or contrary to the context or meaning thereof, have the same meaning as prescribed to them under the Act, Income Tax Act, or any other Applicable Laws, rules, regulations, bye laws, as the case may be.

2. SHARE CAPITAL

2.1 The share capital of the Demerged/ Transferee Company is as follows:

Particulars	INR
Authorised Share Capital	
27,50,00,000 equity shares of INR 2 each	55,00,00,000
15,00,000 preference shares of INR 100 each	15,00,00,000
Total	**70,00,00,000**
Issued and Subscribed Share Capital	
19,29,77,530 equity shares of INR 2 each	38,59,55,060
1,150 forfeited equity shares	3,750
Total	**38,59,58,810**

2.2 The share capital of the Resulting Company is as follows:

Particulars	INR
Authorised Share Capital	
50,000 equity shares of INR 2 each	1,00,000
Total	**1,00,000**
Issued, Subscribed and Paid-up Share Capital	
50,000 equity shares of INR 2 each	1,00,000
Total	**1,00,000**

2.3 The share capital of the Transferor Company is as follows:

Particulars	INR
Authorised Share Capital	
24,00,00,000 equity shares of INR 10 each	240,00,00,000
Total	**240,00,00,000**
Issued, Subscribed and Paid-up Share Capital	
16,57,59,311 equity shares of INR 10 each fully paid up	1,65,75,93,110
100 equity shares of INR 10 each fully paid*	1,000
3,51,91,858 equity shares of INR 10 each (INR 1 paid up)*	3,51,91,858
Total	**1,69,27,85,968**

***Note**: Issued/to be issued pursuant to Clause 17.10 of the Scheme.

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3. DATE OF TAKING EFFECT AND IMPLEMENTATION OF THIS SCHEME

This Scheme in its present form or with any modification(s) made as per Clause 29 of this Scheme, shall become operative from the Effective Date and effective from the Appointed Date.

PART II

DEMERGER AND VESTING OF THE DEMERGED UNDERTAKING

4. DEMERGER AND VESTING OF THE DEMERGED UNDERTAKING

4.1 Upon coming into effect of the Scheme, with effect from the Appointed Date and in accordance with the provisions of this Scheme and pursuant to Sections 230 to 232 and other applicable provisions of the Act and Section 2(19AA) of the Income Tax Act, all assets, Permits, contracts, liabilities, loan, duties and obligations of the Demerged Undertaking shall, without any further act, instrument or deed, stand transferred to and vested in or be deemed to have been transferred to and vested in the Resulting Company on a *going concern* basis, so as to become as and from the Appointed Date, the assets, Permits, contracts, liabilities, loan, duties and obligations of the Resulting Company by virtue of operation of law, and in the manner provided in this Scheme.

This demerger under Part II of the Scheme complies with the definition of "demerger" as per Section 2(19AA) and other provisions of the Income Tax Act. If any terms of this Scheme are found to be or interpreted to be inconsistent with provisions of the Income Tax Act, then this Scheme shall stand modified to be in compliance with Section 2(19AA) of the Income Tax Act.

4.2 Without prejudice to the generality of the provisions of Clause 4.1 above, the manner of transfer of the Demerged Undertaking under this Scheme, is as follows:

4.2.1 In respect of such of the assets and properties forming part of the Demerged Undertaking which are movable in nature (including but not limited to all intangible assets), intellectual property and intellectual property rights, including any applications for the same, of any nature whatsoever including but not limited to brands, trademarks forming part of the Demerged Undertaking, whether registered or unregistered trademarks along with all rights of commercial nature including attached goodwill, title, interest, labels and brand registrations, copyrights and such other industrial and intellectual property rights of whatsoever nature or are otherwise capable of transfer by delivery or possession or by endorsement, the same shall stand transferred by the Demerged Company to the Resulting Company upon coming into effect of this Scheme and shall, *ipso facto* and without any other or further order to this effect, become the assets and properties of the Resulting Company without requiring any deed or instrument of conveyance for transfer of the same. The transfer pursuant to this sub-clause shall be deemed to have occurred by physical or constructive delivery or by endorsement and delivery or recordal, pursuant to this Scheme, as appropriate to the property being transferred, and title to the property shall be deemed to have been transferred accordingly;

4.2.2 Subject to Clause 4.2.3 below, with respect to the moveable assets of the Demerged Undertaking other than those referred to in Clause 4.2.1 above, including all rights, title and interests in the agreements (including agreements for lease or license of the properties), investments in shares, mutual funds, bonds and any other securities, sundry debtors, claims from customers or otherwise, outstanding loans and

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advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with any Appropriate Authority, customers and other Persons, whether or not the same is held in the name of the Demerged Company, the same shall, without any further act, instrument or deed, be transferred to and/or be deemed to be transferred to the Resulting Company, with effect from the Appointed Date by operation of law as transmission in favour of the Resulting Company. With regard to the licenses of the properties, the Resulting Company will enter into novation agreements, if it is so required;

4.2.3 In respect of such of the assets and properties forming part of the Demerged Undertaking which are immovable in nature, whether or not included in the books of the Demerged Company, including rights, interest and easements in relation thereto, the same shall stand transferred to the Resulting Company with effect from the Appointed Date, without any act or deed or conveyance being required to be done or executed by the Demerged Company and/or the Resulting Company. The Resulting Company shall be entitled to exercise all rights and privileges attached to such immovable properties and shall be liable to pay the ground rent and Taxes and fulfil all obligations in relation to or applicable to such immovable assets and properties;

4.2.4 For the avoidance of doubt and without prejudice to the generality of Clause 4.2.3 above and Clause 4.2.5 below, it is clarified that, with respect to the immovable properties comprised in the Demerged Undertaking in the nature of land and buildings, the Demerged Company and the Resulting Company shall register the true copy of the order of the Tribunal approving this Scheme with the offices of the relevant Sub-registrar of Assurances or similar registering authority having jurisdiction over the location of such immovable property and shall also execute and register, as required, such other documents as may be necessary in this regard. For the avoidance of doubt, it is clarified that any document executed pursuant to this Clause 4.2.4 or Clause 4.2.5 below will be for the limited purpose of meeting regulatory requirements and shall not be deemed to be a document under which the transfer of any part of the Demerged Undertaking takes place and the Demerged Undertaking shall be transferred solely pursuant to and in terms of this Scheme and the order of the Tribunal sanctioning this Scheme. The mutation or substitution of the title to the immovable properties of the Demerged Company comprised in the Demerged Undertaking shall, upon the Scheme becoming effective, be made and duly recorded in the name of the Resulting Company by the Appropriate Authority pursuant to the Scheme coming into effect, in accordance with the terms hereof;

4.2.5 Notwithstanding anything contained in this Scheme, with respect to the immovable properties comprised in the Demerged Undertaking in the nature of land and buildings situated in states other than the state of Madhya Pradesh, whether owned or leased, for the purpose of, *inter alia*, payment of stamp duty and transfer to the Resulting Company, if the Resulting Company so decides, the Demerged Company and the Resulting Company, may execute and register or cause to be executed and registered, separate deeds of conveyance or deeds of assignment of lease, as the case may be, in favour of the Resulting Company in respect of such immovable properties. Each of the immovable properties, only for the purposes of the payment

of stamp duty (if required under Applicable Law), shall be deemed to be conveyed at a value determined by the relevant authorities in accordance with the applicable circle rates. The transfer of such immovable properties shall form an integral part of this Scheme;

4.2.6 Upon effectiveness of Part II of the Scheme, all debts, liabilities, loans, obligations and duties of the Demerged Company as on the Appointed Date and relatable to the Demerged Undertaking ("**Demerged Undertaking Liabilities**") shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Resulting Company to the extent that they are outstanding as on the Appointed Date. The term "Demerged Undertaking Liabilities" shall include:

4.2.6.1 the debts, liabilities obligations incurred and duties of any kind, nature or description (including contingent liabilities) which arise out of the activities or operations of the Demerged Undertaking;

4.2.6.2 the specific loans or borrowings (including, notes and other debt securities raised, incurred and utilized solely for the activities or operations of the Demerged Undertaking); and

4.2.6.3 in cases other than those referred to in Clauses 4.2.6.1 or 4.2.6.2 above, so much of the amounts of general or multipurpose borrowings, if any, of the Demerged Company, as stand in the same proportion which the value of the assets transferred pursuant to the demerger of the Demerged Undertaking bear to the total value of the assets of the Demerged Company immediately prior to the Appointed Date.

4.2.7 Post the Effective Date, the Demerged Company may, at the request of the Resulting Company, give notice in such form as it may deem fit and proper, to such Persons, as the case may be, that any debt, receivable, bill, credit, loan, advance, or deposit, contracts or policies relating to the Demerged Undertaking stands transferred to the Resulting Company and that appropriate modification should be made in their respective books/records to reflect the aforesaid changes;

4.2.8 In so far as encumbrances, if any, are concerned, in respect of the Demerged Undertaking Liabilities, such encumbrance shall, without any further act, instrument or deed being required to be taken or modified, be extended to and shall operate only over the assets comprised in the Demerged Undertaking which have been encumbered in respect of the Demerged Undertaking Liabilities as transferred to the Resulting Company pursuant to this Scheme. Further, in so far as the assets comprised in the Demerged Undertaking are concerned, the encumbrance over such assets relating to any loans, liabilities, borrowings or other debts which are not transferred to the Resulting Company pursuant to this Scheme and which continue with the Demerged Company shall without any further act, instrument or deed be released from such encumbrance and shall no longer be available as security in relation to such liabilities and the Demerged Company shall provide such other security that may be agreed between the Demerged Company and the respective lenders having the encumbrance. The absence of any formal amendment which may

be required by a lender or trustee or third party shall not affect the operation of the above;

4.2.9 All the security interest over any moveable and/or immoveable properties and security in any other form (both present and future) including but not limited to any pledges, or guarantees, if any, created/executed by any person in favour of the Demerged Company (pertaining to the Demerged Undertaking), or any other person acting on behalf of or for the benefit of the Demerged Company for securing the obligations of the persons to whom the Demerged Company (pertaining to the Demerged Undertaking) has advanced loans and granted other financial assistance, by way of letter of comfort or through other similar instruments shall without any further act, instrument or deed stand vested in and be deemed to be in favour of the Resulting Company and the benefit of such security shall be available to the Resulting Company as if such security was *ab initio* created in favour of the Resulting Company. The recordal of such benefits/ charges, created in favour of the Resulting Company, shall upon this Scheme becoming effective and with effect from the Appointed Date, be made and duly recorded in the name of the Resulting Company by the appropriate authorities and third parties (including any depository participants) pursuant to the sanction of this Scheme by the Tribunal and upon the Scheme becoming effective in accordance with the terms hereof;

4.2.10 Subject to Clause 4 and any other provisions of this Scheme, in respect of any refund, benefit, incentive, grant or subsidy in relation to or in connection with the Demerged Undertaking, the Demerged Company shall, if so required by the Resulting Company, issue notices in such form as the Resulting Company may deem fit and proper, stating that pursuant to the Tribunal having sanctioned this Scheme, the relevant refund, benefit, incentive, grant or subsidy be paid or made good to or held on account of the Resulting Company, as the Person entitled thereto, to the end and intent that the right of the Demerged Company to recover or realise the same stands transferred to the Resulting Company and that appropriate entries should be passed in their respective books to record the aforesaid changes;

4.2.11 On and from the Effective Date, all cheques and other negotiable instruments and payment orders received or presented for encashment which are in the name of the Demerged Company and are in relation to or in connection with the Demerged Undertaking, shall be accepted by the bankers of the Resulting Company and credited to the account of the Resulting Company, if presented by the Resulting Company;

4.2.12 All letters of intent/ acceptance/ awards, memoranda, requests for proposal, qualifications, pre-qualifications (including pending applications), and other instruments of whatsoever nature pertaining to the Demerged Undertaking, to which the Demerged Company is a party to or to the benefit of which Demerged Company may be eligible (including but not limited to entire experience, credentials, past record and market share), shall remain in full force and effect against or in favour of the Resulting Company without any further act, instrument, deed or thing and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or oblige or

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applicant thereto;

4.2.13 Permits, including the benefits attached thereto of the Demerged Company, in relation to the Demerged Undertaking, shall be transferred to the Resulting Company from the Appointed Date, without any further act, instrument or deed and shall be appropriately mutated or endorsed by the Appropriate Authorities concerned therewith in favour of the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company and the Resulting Company shall be bound by the terms, obligations and duties thereunder, and the rights and benefits under the same shall be available to the Demerged Company to carry on the operations of the Demerged Undertaking without any hindrance, whatsoever; and

4.2.14 Contracts in relation to the Demerged Undertaking, where the Demerged Company is a party, shall stand transferred to the Resulting Company pursuant to the Scheme becoming effective. The absence of any formal amendment which may be required by a third party to effect such transfer shall not affect the operation of the foregoing sentence. The Demerged Company and the Resulting Company shall, wherever necessary, enter into and/or execute deeds, writings, confirmations or novations to all such contracts, if necessary, in order to give formal effect to the provisions of this Clause.

4.3 Without prejudice to the provisions of the foregoing sub-clauses of this Clause 4 and upon the effectiveness of Part II of this Scheme, the Demerged Company and the Resulting Company may execute any and all instruments or documents and do all acts, deeds and things as may be required, including executing necessary confirmatory deeds for filing with the trademark registry and Appropriate Authorities, filing of necessary particulars and/ or modification(s) of charge with the concerned RoC or filing of necessary applications, notices, intimations or letters with any Appropriate Authority or Person to give effect to this Scheme. The Demerged Company shall take such actions as may be necessary to get the assets pertaining to the Demerged Undertaking transferred to and registered in, the name of the Resulting Company, as per Applicable Law.

5. EMPLOYEES

5.1 Upon the effectiveness of Part II of this Scheme and with effect from the Effective Date, all employees of the Demerged Company engaged in or in relation to the Demerged Undertaking shall become the employees of the Resulting Company on terms and conditions no less favourable than those on which they are engaged by the Demerged Company and without any interruption in service. The decision on whether or not an employee is part of the Demerged Undertaking shall be decided by the Demerged Company, and such decision shall be final and binding on all concerned Parties.

5.2 The accumulated balances, if any, standing to the credit in favour of the aforesaid employees in the existing provident fund, gratuity fund, superannuation fund and any other fund of which they are members, as the case may be, will be transferred to the respective funds of the Resulting Company set-up in accordance with Applicable Law and caused to be recognized by the Appropriate Authorities or to the funds nominated by the Resulting

Company. Pending the transfer as aforesaid, the dues of the said employees would continue to be deposited in the existing provident fund, gratuity fund, superannuation fund and other fund respectively of Demerged Company.

6. LEGAL PROCEEDINGS

6.1 Upon coming into effect of this Scheme, all suits, actions, administrative proceedings, tribunals proceedings, show cause notices, demands, legal and other proceedings of whatsoever nature (except proceedings under the Income Tax Act) by or against the Demerged Company pending and/or arising on or before the Appointed Date or which may be instituted at any time thereafter and in each case relating to the Demerged Undertaking shall not abate or be discontinued or be in any way prejudicially affected by reason of this Scheme or by anything contained in this Scheme and shall be continued and be enforced by or against the Resulting Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company. The Resulting Company shall be substituted in place of the Demerged Company or added as party to such proceedings and shall prosecute or defend all such proceedings at its own cost, in cooperation with the Demerged Company and the liability of the Demerged Company shall stand nullified. The Demerged Company shall in no event be responsible or liable in relation to any such legal or other proceedings in relation to the Demerged Undertaking.

6.2 The Resulting Company undertakes to have all legal and other proceedings (except proceedings under the Income Tax Act) initiated by or against the Demerged Company referred to in Clause 6.1 above transferred to its name as soon as is reasonably practicable after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company on priority. The Demerged Company and the Resulting Company shall make relevant applications and take all steps as may be required in this regard.

6.3 Notwithstanding anything contained herein above, if at any time after the Effective Date, the Demerged Company is in receipt of any demand, claim, notice and/ or is impleaded as a party in any proceedings before any Appropriate Authority (except proceedings under the Income Tax Act), in each case in relation to the Demerged Undertaking, the Demerged Company shall, in view of the transfer and vesting of the Demerged Undertaking pursuant to this Scheme, take all such steps in the proceedings before the Appropriate Authority to replace the Demerged Company with the Resulting Company. However, if the Demerged Company is unable to get the Resulting Company replaced in its place in such proceedings, the Demerged Company shall defend the same or deal with such demand in accordance with the advice of the Resulting Company and at the cost of the Resulting Company and the latter shall reimburse to the Demerged Company all liabilities and obligations incurred by the Demerged Company in respect thereof.

7. TAXES/ DUTIES/ CESS

7.1 Tax payable to Appropriate Authorities under Tax Laws and/or any refunds of Tax from Appropriate Authorities under Tax Laws, which, in each case, arise from the operation or activities of the Demerged Undertaking prior to the Appointed Date, regardless of whether

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such payments or receipts are provided or recorded in the books of the Demerged Company and whether such payments or receipts are due or realised on, or after the Appointed Date; and even if the prescribed time limits for claiming such refunds or credits have lapsed, shall be the responsibility and / or entitlement of the Resulting Company. Upon effectiveness of this Scheme, in accordance with Tax Laws, the Demerged Company shall be liable for any Tax payable to and / or be entitled to any refunds of Tax receivable from Appropriate Authorities under Tax Laws, which, in each case, arise from the operation or activities of the Demerged Undertaking prior to the Appointed Date, and in this case the Resulting Company shall promptly reimburse the Demerged Company for such payment and / or be entitled to receive the amount of refund so received from the Demerged Company.

7.2 Upon the Scheme becoming effective and after the Appointed Date, the Resulting Company shall be liable for any Tax payable to Appropriate Authorities under Tax Laws and shall be entitled to refunds of any Tax from Appropriate Authorities under Tax Laws, which, in each case, arise from the operation or activities of the Demerged Undertaking on or after the Appointed Date, regardless of whether such payments or receipts are provided or recorded in the books of the Demerged Company and whether such payments or receipts are due or realised on, or after the Appointed Date.

7.3 If the Demerged Company is entitled to any unutilized credits (including accumulated losses and unabsorbed depreciation), advance tax, tax deduction at source, tax collection at source, benefits under the state or central fiscal / investment incentive schemes and policies or concessions relating to the Demerged Undertaking under any Tax Law or Applicable Law, the Resulting Company shall be entitled, as an integral part of this Scheme, to claim such benefit or incentives or unutilised credits, as the case may be, without any specific approval or permission and such benefit or incentives or unutilised credits, as the case may be, shall be available for utilisation to the Resulting Company in accordance with Applicable Law.

7.4 Upon the Scheme becoming effective, the Demerged Company and the Resulting Company shall have the right to revise their respective financial statements and returns along with prescribed forms, filings and annexures under the Tax Laws and to claim refunds and/or credit for Taxes paid and for matters incidental thereto, if required, to give effect to the provisions of this Scheme. It is further clarified that the Resulting Company shall be entitled to claim deduction under Section 43B of the Income Tax Act in respect of unpaid liabilities transferred to it as part of the Demerged Undertaking to the extent not claimed by the Demerged Company, as and when the same are paid subsequent to the Appointed Date.

8. CONSIDERATION

8.1 Upon effectiveness of Part II of this Scheme and in consideration of and subject to the provisions of this Scheme, the Resulting Company shall, without any further application, act, deed, consent, instrument or deed, issue and allot, on a proportionate basis to each shareholder of the Demerged Company whose name is recorded in the register of members and records of the depository as members of the Demerged Company as on the Record Date, as under:

*1 (One) fully paid-up equity share of INR 2 (Indian Rupees Two only) each of the Resulting Company ("**Resulting Company New Equity Shares**"), credited as fully paid up, for every 1*

(One) equity share of INR 2 (Indian Rupees Two only) each of the Demerged Company.

8.2 The Resulting Company New Equity Shares shall be subject to the provisions of the memorandum of association and articles of association of the Resulting Company, and shall rank *pari passu* in all respects with any existing equity shares of the Resulting Company, as the case may be, after the Effective Date including with respect to dividend, bonus, right shares, voting rights and other corporate benefits attached to the equity shares of the Resulting Company.

8.3 The Resulting Company New Equity Shares that are to be issued in terms of this Scheme shall be issued in dematerialised form. Prior to the Record Date, the eligible shareholders of the Demerged Company, who hold shares in physical form shall provide such confirmation, information and details as may be required, relating to his/ her/ its account with a depository participant, to the Resulting Company to enable it to issue the Resulting Company New Equity Share(s) in dematerialised form.

8.4 For the purpose of allotment of the Resulting Company New Equity Shares pursuant to this Scheme, in the event, if any eligible shareholder of the Demerged Company holds shares in physical form, the Resulting Company shall deal with the relevant shares in such manner as they may deem fit and in the best interest of such eligible shareholder, including by way of issuing the Resulting Company New Equity Share(s) in dematerialised form to a trustee nominated by the Board of the Resulting Company ("**Trustee of the Resulting Company**") who shall hold these equity shares in trust for the benefit of such shareholder. The Resulting Company New Equity Share(s) held by the Trustee of the Resulting Company for the benefit of such eligible shareholders shall be transferred to the respective eligible shareholder once they provide details of his/her/its demat account to the Trustee of the Resulting Company, along with such other documents as may be required by the Trustee of the Resulting Company.

8.5 The issue and allotment of the Resulting Company New Equity Shares is an integral part hereof and shall be deemed to have been carried out under the orders passed by the Tribunal without requiring any further act on the part of the Resulting Company or the Demerged Company or their shareholders and as if the procedure laid down under the Act and such other Applicable Law, were duly complied with. It is clarified that the approval of the members of the Resulting Company to this Scheme, shall be deemed to be their consent/approval for the issue and allotment of the Resulting Company New Equity Shares under applicable provisions of the Act.

8.6 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Demerged Company, the Board of the Demerged Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or transferee of shares in the Demerged Company, after effectiveness of this Scheme.

8.7 The equity shares to be issued pursuant to this Scheme in respect of any equity shares of the Demerged Company which are held in abeyance under the provisions of Section 126 of the Act or otherwise shall pending allotment or settlement of dispute by order of Court or

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otherwise, be held in abeyance by the Resulting Company.

8.8 The Resulting Company New Equity Shares issued *in lieu* of the equity shares of the Demerged Company held in the unclaimed suspense account shall be credited to a new unclaimed suspense account created for shareholders of the Resulting Company. The Resulting Company New Equity Shares to be issued by the Resulting Company in respect of the shares of the Demerged Company held in the Investor Education and Protection Fund shall be credited to the Investor Education and Protection Fund.

8.9 In the event the Demerged Company restructures its share capital by way of share split or consolidation or bonus or any other corporate action before the Record Date, the share entitlement ratio set out in Clause 8.1 shall be suitably adjusted considering the effect of such corporate action without requirement of any further approval from shareholders or Appropriate Authority.

8.10 The Resulting Company shall apply for listing of its equity shares on the Stock Exchanges in terms of and in compliance of SEBI Circular and other relevant provisions as may be applicable. The Resulting Company New Equity Shares allotted by the Resulting Company in terms of Clause 8.1 above, pursuant to this Scheme, shall remain frozen in the depository system till listing/ trading permission is given by the designated Stock Exchange. Further, there shall be no change in the shareholding pattern of the Resulting Company between the Record Date and the listing of its equity shares which may affect the status of approval of the Stock Exchanges.

8.11 The Resulting Company shall enter into such arrangements and give such confirmations and/ or undertakings as may be necessary in accordance with Applicable Law for complying with the formalities of the Stock Exchanges.

9. ACCOUNTING TREATMENT

9.1 **Accounting treatment in the books of account of the Demerged Company:**

Upon coming into effect of Part II of the Scheme, the same shall be accounted for in books of accounts of Demerged company in the following manner:

9.1.1 The Demerged Company shall reduce the book value of all assets, liabilities and reserves pertaining to the Demerged Undertaking transferred to the Resulting Company from its books of accounts.

9.1.2 The investment in the equity share capital of the Resulting Company held by Demerged Company, if any, as appearing in the books of account of Demerged Company shall stand cancelled.

9.1.3 The surplus/deficit, if any, arising between the carrying value of assets and liabilities and reserves pertaining to the Demerged undertaking transferred to the Resulting Company, after providing for adjustments as stated in clause 9.1.2 above, shall be adjusted in capital reserve of the Demerged Company. Any negative capital reserve shall be adjusted against the retained earnings in the books of account of the Demerged Company.

9.2 **Accounting treatment in the books of account of the Resulting Company: -**

Upon coming into effect of Part II of the Scheme, the Resulting Company shall account for the Demerged Undertaking in its books of account in accordance with principles laid down in Appendix C to the Indian Accounting Standard 103 "Business Combination" in the following manner:

9.2.1 The Resulting Company shall record the assets, liabilities and reserves pertaining to the Demerged Undertaking transferred to and vested in it, pursuant to the Scheme, at the same value as appearing in the books of account of the Demerged Company. The identity of the reserves shall be preserved and shall appear in the books of account of the Resulting Company in the same form and manner, in which they appeared in the books of account of the Demerged Company.

9.2.2 The Resulting Company shall credit the share capital in its books of account with the aggregate face value of the equity shares issued to the shareholders of the Demerged Company pursuant to Clause 8 of the Scheme.

9.2.3 The shareholding of the Demerged Company in the Resulting Company, if any, shall stand cancelled.

9.2.4 The surplus/deficit, if any, arising between the carrying value of assets and liabilities and reserves pertaining to the Demerged undertaking and the face value of shares issued by the Resulting Company, after providing for adjustments as stated in clause 9.2.3 above, shall be adjusted in capital reserve. Any negative capital reserve shall be adjusted against the retained earnings in the books of account of the Resulting Company.

9.2.5 In case of any differences in accounting policies of the Demerged Company and the Resulting Company, the accounting policies followed by the Resulting Company shall prevail and the difference shall be adjusted in capital reserve of the Resulting Company, to ensure that the financial statements of the Resulting Company reflect the financial position on the basis of consistent accounting policies.

9.2.6 The comparative financial information in the financial statements of the Resulting Company shall be restated as if the demerger had occurred from the beginning of the comparative period presented in the financial statements, irrespective of the actual date of the demerger.

10. SAVING OF CONCLUDED TRANSACTIONS

Nothing in this Scheme shall affect any transaction or proceedings already concluded or liabilities incurred by the Demerged Company in relation to the Demerged Undertaking until the Effective Date, to the end and intent that the Resulting Company shall accept and adopt all acts, deeds and things done and executed by the Demerged Company in respect thereto as done and executed on behalf of the Resulting Company.

11. REMAINING BUSINESS OF THE DEMERGED COMPANY

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11.1 The Remaining Business of the Demerged Company shall continue to belong to and be owned and managed by the Demerged Company. The Demerged Company shall continue to be liable to perform and discharge all its liabilities and obligations in relation to the Remaining Business of the Demerged Company and the Resulting Company shall not have any liability or obligation in relation to the Remaining Business of the Demerged Company.

11.2 If the Resulting Company is in receipt of any demand, claim, notice and/or is impleaded as a party in any proceedings before any Appropriate Authority, in each case in relation to the Remaining Business of the Demerged Company, the Resulting Company shall take all such steps in the proceedings before the Appropriate Authority to substitute the Resulting Company with the Demerged Company. However, if the Resulting Company is unable to replace the Demerged Company in such proceedings, the Resulting Company shall defend the same or deal with such demand at the cost of the Demerged Company and the latter shall reimburse the Resulting Company, against all liabilities and obligations incurred by or against the Resulting Company, in respect thereof.

12. REDUCTION AND CANCELLATION OF ENTIRE SHARE CAPITAL OF THE RESULTING COMPANY

12.1 Upon allotment of the Resulting Company New Equity Shares, the entire paid up share capital of the Resulting Company as on the Effective Date ("**Resulting Company Cancelled Shares**") shall stand cancelled and reduced, without any consideration, which shall be regarded as reduction of share capital of the Resulting Company, pursuant to Sections 230 to 232 of the Act as an integral part of the Scheme.

12.2 The Resulting Company shall debit its share capital account in its books of account with the aggregate face value of the Resulting Company Cancelled Shares and credit capital reserve account for the same amount.

12.3 It is clarified that the approval of the members of the Resulting Company to this Scheme, shall be deemed to be their consent/approval for the reduction of the share capital of the Resulting Company under applicable provisions of the Act.

12.4 Notwithstanding the reduction in the share capital of the Resulting Company, the Resulting Company shall not be required to add "And Reduced" as suffix to its name.

PART III
AMALGAMATION OF THE TRANSFEROR COMPANY WITH THE TRANSFEREE COMPANY

13. AMALGAMATION AND VESTING OF ASSETS AND LIABILITIES AND ENTIRE BUSINESS OF THE TRANSFEROR COMPANY

13.1 Immediately after Part II of the Scheme coming into effect and with effect from the Appointed Date and in accordance with the provisions of this Scheme and pursuant to Sections 230 to 232 and other applicable provisions of the Act and Section 2(1B) of the Income Tax Act, the Transferor Company shall stand transferred to and vested in the Transferee Company as a going concern and accordingly, all assets, Permits, contracts, liabilities, loan, duties and obligations of the Transferor Company shall, without any further act, instrument or deed, stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, so as to become as and from the Appointed Date, the assets, Permits, contracts, liabilities, loan, duties and obligations of the Transferee Company, by virtue of operation of law, and in the manner provided in this Scheme.

The amalgamation under Part III of the Scheme complies with the definition of "amalgamation" under Section 2 (1B) and other provisions of the Income Tax Act. If any terms of this Scheme are found to be or interpreted to be inconsistent with the provisions of the Income Tax Act, then this Scheme shall stand modified to be in compliance with Section 2 (1B) of the Income Tax Act.

13.2 Without prejudice to the generality of the provisions of Clause 13.1 above, the manner of transfer and vesting of assets and liabilities of the Transferor Company under this Scheme, is as follows:

13.2.1 In respect of such of the assets and properties of the Transferor Company which are movable in nature (including but not limited to all intangible assets), intellectual property and intellectual property rights, including any applications for the same, of any nature whatsoever including but not limited to brands, trademarks, whether registered or unregistered trademarks along with all rights of commercial nature including attached goodwill, title, interest, labels and brand registrations, copyrights and such other industrial and intellectual property rights of whatsoever nature or are otherwise capable of transfer by delivery or possession or by endorsement, the same shall stand transferred by the Transferor Company to the Transferee Company upon coming into effect of this Scheme and shall, *ipso facto* and without any other or further order to this effect, become the assets and properties of the Transferee Company without requiring any deed or instrument of conveyance for transfer of the same. The transfer pursuant to this sub-clause shall be deemed to have occurred by physical or constructive delivery or by endorsement and delivery or recordal, pursuant to this Scheme, as appropriate to the property being transferred, and title to the property shall be deemed to have been transferred accordingly;

13.2.2 Subject to Clause 13.2.3 below, with respect to the assets of the Transferor Company, other than those referred to in Clause 13.2.1 above, including all

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rights, title and interests in the agreements (including agreements for lease or license of the properties), investments in shares, mutual funds, bonds and any other securities, sundry debtors, claims from customers or otherwise, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with any Appropriate Authority, customers and other Persons, whether or not the same is held in the name of the Transferor Company shall, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred to and vested in the Transferee Company, with effect from the Appointed Date, by operation of law as transmission or as the case may be in favour of Transferee Company. With regard to the licenses of the properties, the Transferee Company will enter into novation agreements, if it is so required;

13.2.3 In respect of such of the assets and properties of the Transferor Company which are immovable in nature, whether or not included in the books of the Transferor Company, including rights, interest and easements in relation thereto, the same shall stand transferred to the Transferee Company with effect from the Appointed Date, without any act or deed or conveyance being required to be done or executed by the Transferor Company and/or the Transferee Company. The Transferee Company shall be entitled to exercise all rights and privileges attached to such immovable properties and shall be liable to pay the ground rent and Taxes and fulfil all obligations in relation to or applicable to such immovable assets and properties;

13.2.4 For the avoidance of doubt and without prejudice to the generality of Clause 13.2.3 above and Clause 13.2.5 below, it is clarified that, with respect to the immovable properties of the Transferor Company in the nature of land and buildings, the Transferee Company shall register the true copy of the order of the Tribunal approving this Scheme with the offices of the relevant Sub-registrar of Assurances or similar registering authority having jurisdiction over the location of such immovable property and shall also execute and register, as required, such other documents as may be necessary in this regard. For the avoidance of doubt, it is clarified that any document executed pursuant to this Clause 13.2.4 or Clause 13.2.5 below will be for the limited purpose of meeting regulatory requirements and shall not be deemed to be a document under which the transfer of any property of the Transferor Company takes place and the assets and liabilities of the Transferor Company shall be transferred solely pursuant to and in terms of this Scheme and the order of the Tribunal sanctioning this Scheme. The mutation or substitution of the title to the immovable properties of the Transferor Company shall, upon the Scheme becoming effective, be made and duly recorded in the name of the Transferee Company by the Appropriate Authority pursuant to the Scheme coming into effect, in accordance with the terms hereof;

13.2.5 Notwithstanding anything contained in this Scheme, with respect to the immovable properties of the Transferor Company in the nature of land and buildings situated in states other than the state of Madhya Pradesh, whether owned or leased, for the purpose of, *inter alia*, payment of stamp duty and

transfer to the Transferee Company, if the Transferee Company so decides, the Transferor Company and/ or the Transferee Company, may execute and register or cause to be executed and registered, separate deeds of conveyance or deeds of assignment of lease, as the case may be, in favour of the Transferee Company in respect of such immovable properties. Each of the immovable properties, only for the purposes of the payment of stamp duty (if required under Applicable Law), shall be deemed to be conveyed at a value determined by the relevant authorities in accordance with the applicable circle rates. The transfer of such immovable properties shall form an integral part of this Scheme;

13.2.6 All debts, liabilities, duties, loans and obligations of the Transferor Company (including any guarantees provided by the Transferor Company to secure borrowings of its subsidiaries and related obligations, if any) shall, without any further act, instrument or deed be transferred to, and vested in, and/or deemed to have been transferred to, and vested in, the Transferee Company, so as to become on and from the Appointed Date, the debts, liabilities, duties, loans and obligations of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company, and it shall not be necessary to obtain the consent of any Person who is a party to contract or arrangement by virtue of which such liabilities have arisen in order to give effect to the provisions of this Clause 13;

13.2.7 On and from the Effective Date and till such time that the name of the bank and demat accounts of the Transferor Company have been replaced with that of the Transferee Company, the Transferee Company shall be entitled to maintain and operate the bank and demat accounts of the Transferor Company, as may be applicable, and for such time as may be determined to be necessary by the Transferee Company. All cheques and other negotiable instruments, payment orders received or presented for encashment, debit or credit instructions which are in the name of the Transferor Company after the Effective Date shall be accepted by the bankers and depository participants of the Transferee Company and credited to the account of the Transferee Company, if presented by the Transferee Company;

13.2.8 Unless otherwise agreed between the Parties, the vesting of all the assets of the Transferor Company, as aforesaid, shall be along with the encumbrances, if any, over or in respect of any of the assets or any part thereof, provided however that such encumbrances shall be confined only to the relevant assets of the Transferor Company or part thereof on or over which they are subsisting prior to the amalgamation of the Transferor Company with the Transferee Company, and no such encumbrances shall 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) related to any of its assets, 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. Similarly, the Transferee Company shall not be required to create any additional security over assets vested under this Scheme for any loans, debentures, deposits or other financial assistance already availed of/ to be availed of by it,

and the Encumbrances in respect of such indebtedness of the Transferee Company shall not extend or be deemed to extend or apply to the assets so vested. With regards to any guarantees provided by the Transferee Company to the lenders of the Transferor Company is concerned, upon the Scheme coming into effect, the said guarantees will stand cancelled and annulled. No separate obligations and/or security would be provided by the Transferee Company to that effect;

13.2.9 All the security interest over any moveable and/or immoveable properties and security in any other form (both present and future) including but not limited to any pledges, or guarantees, if any, created/executed by any person in favour of the Transferor Company, or any other person acting on behalf of or for the benefit of the Transferor Company for securing the obligations of the persons to whom the Transferor Company has advanced loans and granted other financial assistance, by way of letter of comfort or through other similar instruments shall without any further act, instrument or deed stand vested in and be deemed to be in favour of the Transferee Company and the benefit of such security shall be available to the Transferee Company as if such security was *ab initio* created in favour of the Transferee Company. The recordal of such benefits/ charges, created in favour of the Transferee Company, shall upon this Scheme becoming effective and with effect from the Appointed Date, be made and duly recorded in the name of the Transferee Company by the appropriate authorities and third parties (including any depository participants) pursuant to the sanction of this Scheme by the Tribunal and upon the Scheme becoming effective in accordance with the terms hereof;

13.2.10 On and from the Effective Date, all cheques and other negotiable instruments and payment orders received or presented for encashment which are in the name of the Transferor Company, shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company, if presented by the Transferee Company;

13.2.11 All letters of intent/ acceptance/ awards, memoranda, requests for proposal, qualifications, pre-qualifications (including pending applications), and other instruments of whatsoever nature to which the Transferor Company is a party to or to the benefit of which Transferor Company may be eligible (including but not limited to entire experience, credentials, past record and market share), shall remain in full force and effect against or in favour of the Transferee Company without any further act, instrument, deed or thing 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 oblige or applicant thereto;

13.2.12 Permits, including the benefits attached thereto of the Transferor Company, shall be transferred to the Transferee Company from the Appointed Date, without any further act, instrument or deed and shall be appropriately mutated or endorsed by the Appropriate Authorities concerned therewith in favour of 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, obligations and duties thereunder, and the rights and benefits under the same shall be available to the Transferee Company to carry on the operations of the Transferor Company without any hindrance, whatsoever;

13.2.13 Contracts where the Transferor Company is a party, shall stand transferred to and vested in the Transferee Company pursuant to this Scheme becoming effective. The absence of any formal amendment which may be required by a third party to effect such transfer and vesting shall not affect the operation of the foregoing sentence. The Transferee Company shall, wherever necessary, enter into and/or execute deeds, writings, confirmations or novations to all such contracts, if necessary, in order to give formal effect to the provisions of this Clause; and

13.2.14 Provided that, upon the Part III of this Scheme coming into effect, all inter-company transactions including loans, contracts executed or entered into by or inter se between the Transferor Company and the Transferee Company, if any, shall stand cancelled with effect from the Effective Date and neither the Transferor Company and/or Transferee Company shall have any obligation or liability against the other party in relation thereto.

13.3 Without prejudice to the provisions of the foregoing sub-clauses of this Clause 13 and upon the effectiveness of Part III of this Scheme, the Transferor Company and the Transferee Company may execute any and all instruments or documents and do all acts, deeds and things as may be required, including filing of necessary particulars and/or modification(s) of charge, necessary applications, notices, intimations or letters with any Appropriate Authority or Person to give effect to the Scheme. Any procedural requirements required to be fulfilled solely by the Transferor Company, shall be fulfilled by the Transferee Company as if it were the duly constituted attorney of the Transferor Company. The Transferee Company shall take such actions as may be necessary and permissible to get the assets, Permits and contracts of the Transferor Company transferred and/or registered in its name.

14. EMPLOYEES

14.1 Upon the effectiveness of Part III of this Scheme and with effect from the Effective Date, all employees of the Transferor Company shall become the employees of the Transferee Company on terms and conditions no less favourable than those on which they are engaged by the Transferor Company and without any interruption in service.

14.2 The accumulated balances, if any, standing to the credit in favour of the aforesaid employees in the existing provident fund, gratuity fund, superannuation fund and any other fund of which they are members, as the case may be, will be transferred to the respective funds of the Transferee Company set-up in accordance with Applicable Law and caused to be recognized by the Appropriate Authorities or to the funds nominated by the Transferee Company. Pending the transfer as aforesaid, the dues of the said employees would continue to be deposited in the existing provident fund, gratuity fund, superannuation fund and other fund respectively of the Transferor Company. For all retirement and other benefits, employees of the Transferor Company shall be deemed to be in continuation of services and his / her service shall be deemed to have commenced from the date he / she joins the

Transferor Company.

15. LEGAL PROCEEDINGS

15.1 Upon coming into effect of Part III of this Scheme, all suits, actions, administrative proceedings, tribunals proceedings, show cause notices, demands, legal and other proceedings of whatsoever nature by or against the Transferor Company pending on the Effective Date shall not abate or be discontinued or be in any way prejudicially affected by reason of this Scheme or by anything contained in this Scheme but shall be continued and be enforced by or against the Transferee Company with effect from the Effective Date in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company as if this Scheme had not been made. On and from the Effective Date, the Transferee Company may initiate any legal proceeding for and on behalf of the Transferor Company.

15.2 From the date of approval of this Scheme by the Board of the Transferor Company and until the Effective Date, the Transferor Company shall defend all legal proceedings, other than in the ordinary course of business, with the advice and instructions of the Transferee Company.

16. TAXES/ DUTIES/ CESS

Upon coming into effect of Part III of this Scheme and with effect from the Appointed Date, by operation of law pursuant to the order of the Authority:

16.1 Taxes of whatsoever nature including advance tax, self-assessment tax, regular assessment taxes, tax deducted at source, dividend distribution tax, foreign tax, minimum alternative tax, if any, paid by the Transferor Company shall be treated as paid by the Transferee Company and it shall be entitled to claim the credit, refund, adjustment for the same as may be applicable. Further, any tax deducted at source by the Transferor Company/ the Transferee Company on payables to the Transferee Company/ the Transferor Company respectively which has been deemed not to be accrued, shall be deemed to be advance taxes paid by the Transferee Company and shall, in all proceedings, be dealt with accordingly.

16.2 If the Transferor Company is entitled to any benefits under incentive schemes and policies under Tax Laws, all such benefits under all such incentive schemes and policies shall be and stand vested in the Transferee Company. Further, losses (including but not limited to book losses, tax losses), book unabsorbed depreciation, tax unabsorbed depreciations to which Transferor Company is entitled to in terms of Applicable Law(s), shall be available to and vest in the Transferee Company.

16.3 Without prejudice to the provisions of this Scheme, 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, from the Appointed Date. Any Taxes (including tax deducted at source or dividend distribution tax) paid in relation to such transaction shall, to the extent permissible by Applicable Law, be claimed as a refund.

16.4 The Transferee Company is expressly permitted to revise and file its income tax returns and

other statutory returns, along with the necessary forms, filings and annexures even beyond the due date, if required, including tax deducted/ collected at source returns, service tax returns, excise tax returns, sales tax/ value added tax/ goods and service tax returns, as may be applicable and has expressly reserved the right to make such provision in its returns and to claim refunds, advance tax credits, credit of tax deducted at source, credit of foreign Taxes paid/ withheld, minimum alternate tax credit, losses (including but not limited to book losses, tax losses), book unabsorbed depreciation, tax unabsorbed depreciations etc. if any, as may be required for the purposes of/ consequent to implementation of the Scheme.

16.5 It is hereby clarified that in case of any refunds, benefits, incentives, grants, subsidies, etc., the Transferee Company, if so required, shall issue notice in the name of the Transferor Company, in such form as it may deem fit and proper stating that pursuant to the Tribunal having sanctioned this Scheme under Sections 230 to 232 of the Act, the relevant refund, benefit, incentive, grant, subsidies, be paid or made good or held on account of the Transferee Company, as the person entitled thereto, to the end and intent that the right of the Transferor Company, to recover or realise the same, stands transferred to the Transferee Company.

16.6 Obligation for deduction of tax at source on any payment made by or to be made by the Transferor Company, under Tax Laws or other applicable laws/ regulations dealing with Taxes/ duties/ levies duly complied by the Transferor Company shall be made or deemed to have been made and duly complied with by the Transferee Company.

17. CONSIDERATION

17.1 Upon the Part III of this Scheme coming into effect and in consideration of the amalgamation of the Transferor Company with the Transferee Company, the Transferee Company shall, without any further application, act, deed, consent, acts, instrument or deed, issue and allot, on a proportionate basis to each shareholder of the Transferor Company, whose name is recorded in the register of members as member of the Transferor Company as on the Effective Date, as under:

*8 (Eight) fully paid up equity shares of INR 2 (Indian Rupees Two only) each of the Transferee Company ("**Transferee Company New Equity Shares**"), credited as fully paid up, for every 7 (Seven) equity shares of INR 10 (Indian Rupees Ten only) each of the Transferor Company.*

17.2 No equity shares shall be issued by the Transferee Company in respect of the shares held by the Transferee Company in the Transferor Company and all such shares shall stand cancelled upon the Scheme becoming effective.

17.3 The Transferee Company New Equity Shares shall be subject to the provisions of the memorandum of association and articles of association of the Transferee Company, as the case may be, and shall rank *pari passu* in all respects with any existing equity shares of the Transferee Company, as the case may be, after the Effective Date including with respect to dividend, bonus, right shares, voting rights and other corporate benefits attached to the equity shares of the Transferee Company.

17.4 The issue and allotment of the Transferee Company New Equity Shares is an integral part hereof and shall be deemed to have been carried out under the orders passed by the

Tribunal without requiring any further act on the part of the Transferee Company or the Transferor Company or their shareholders and as if the procedure laid down under the Act and such other Applicable Law as may be appl cable, were duly complied with. It is clarified that the approval of the shareholders of the Transferee Company to this Scheme, shall be deemed to be their consent/ approval for the issue and allotment of the Transferee Company New Equity Shares.

17.5 Subject to Applicable Law, the Transferee Company 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 Law shall (as deemed necessary by the Board of the Transferee Company) be updated to reflect the issue of the Transferee Company New Equity Shares in terms of this Scheme.

17.6 For the purpose of the allotment of the Transferee Company New Equity Shares, pursuant to this Scheme, in case any shareholder's holding in the Transferor Company is such that the shareholder becomes entitled to a fraction of a share of the Transferee Company, the Transferee Company shall not issue fractional shares to such shareholder and shall consolidate all such fractions and round up the aggregate of such fractions to the next whole number and issue consolidated Transferee Company New Equity Shares to a trustee (nominated by the Board of the Transferee Company in that behalf) in dematerialised form, who shall hold such shares, with all additions or accretions thereto, in trust for the benefit of the respective shareholders to whom they belong for the specific purpose of selling such shares in the market at such price or prices and at any time within a period of 90 days from the date of allotment of the Transferee Company New Equity Shares as the trustee may, in its sole discretion, decide and distribute the net sale proceeds (after deduction of the expenses incurred and applicable income tax) to the respective shareholders in the same proportion of their fractional entitlements. It is clarified that any such distribution shall take place only on the sale of all the fractional shares of the Transferee Company pertaining to the fractional entitlements.

17.7 In the event, the Transferor Company and/or the Transferee Company restructure their equity share capital by way of share split or consolidation or bonus or any other corporate action during the pendency of the Scheme, the share entitlement ratio, per Clause 17.1 above shall be adjusted accordingly, to consider the effect of any such corporate actions.

17.8 The Transferee Company shall apply for listing of its equity shares on the Stock Exchanges in terms of and in compliance of SEBI Circular and other relevant provisions as may be applicable. The Transferee Company New Equity Shares allotted by the Transferee Company in terms of Clause 17.1 above, pursuant to this Scheme, shall remain frozen in the depository system till listing/ trading permissior is given by the designated Stock Exchange.

17.9 The Transferee Company shall enter into such arrangements and give such confirmations and/ or undertakings as may be necessary in accordance with Applicable Law for complying with the formalities of the Stock Exchanges.

17.10 Notwithstanding anything contained under the Scheme, prior to the Effective Date, the

Transferor Company will issue additional equity shares (being partly paid up or fully paid up) to one or more investors not being promoter(s) or persons acting in concert with the promoters of the Parties, in one or more tranches, aggregating to 3,51,91,958 shares i.e. 17.51% of the fully diluted share capital of the Transferor Company, by way of preferential allotment at fair value to be determined by an independent valuer, in accordance with the provisions of Applicable Law, which shall be equal to or more than the price considered for determining the share exchange ratio.

17.11 In the event if the shares issued by the Transferor Company in terms of Clause 17.10 of the Scheme are partly paid-up shares, then such partly paid-up shares shall be made fully paid-up prior to the Effective Date. Further, if such partly paid-up shares are not made fully paid-up prior to the Effective Date, then such partly paid-up shares shall be forfeited and no consideration to that effect shall be discharged by the Transferee Company.

18. ACCOUNTING TREATMENT

Upon coming into effect of Part III of the Scheme, the Transferee Company shall account for amalgamation of the Transferor Company in its books of account in accordance with principles laid down in Appendix C to the Indian Accounting Standard 103 "Business Combination" in the following manner:

18.1 All assets and liabilities of the Transferor Company shall be recorded by the Transferee Company at their respective book values as appearing in the books of account of the Transferor Company.

18.2 The balance of the reserves appearing in the books of account of the Transferor Company shall be aggregated with the corresponding balance appearing in the books of account of the Transferee Company.

18.3 The Transferee Company shall credit the share capital in its books of account with the aggregate face value of the equity shares issued by it to the shareholders of the Transferor Company pursuant to Clause 17 of the scheme.

18.4 The investment in the equity share capital of the Transferor Company held by Transferee Company, as appearing in the books of account of Transferee Company, shall stand cancelled.

18.5 The inter-company loans and advances, other dues, receivables and payables outstanding between the Transferee Company and the Transferor Company shall stand cancelled and there shall be no further obligation/ outstanding in that regard.

18.6 The surplus/deficit, if any, arising between the carrying value of assets and liabilities and reserves pertaining to the Transferor Company and the face value of shares issued by the Transferee Company, after providing for adjustments as stated in clause 18.4 and 18.5 above, shall be adjusted in capital reserve. Any negative capital reserve shall be adjusted against the retained earnings in the books of account of the Transferee Company.

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18.7 In case of any differences in accounting policies of the Transferor Company and the Transferee Company, the accounting policies of the Transferee Company shall prevail and the difference shall be quantified and adjusted in the capital reserve to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policies.

18.8 The comparative financial information in the financial statements of the Transferee Company shall be restated as if the merger had occurred from the beginning of the comparative period presented in the financial statements, irrespective of the actual date of the merger.

19. COMBINATION OF AUTHORISED SHARE CAPITAL

19.1 Upon the coming into effect of this Scheme, the authorised share capital of the Transferor Company as on the Effective Date will be combined with the authorised share capital of the Transferee Company and accordingly the authorised share capital of the Transferee Company shall stand increased without any further act, instrument or deed on the part of the Transferee Company including payment of stamp duty and fees to RoC.

19.2 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 approval of the Tribunal to the Scheme shall be deemed to be consent/ approval of the members of the Transferee Company also for the purposes of effecting this amendment, and no further resolution(s) under the applicable provisions of the Act would be required to be separately passed, as the case may be, for amendment of the Memorandum and Articles of Association of the Transferee Company and for this purpose the stamp duty and fees paid on the authorized capital of the Transferor Company shall be utilized and applied to the increased authorized share capital of the Transferee Company.

19.3 Consequentially, Clause V of the memorandum of association of the Transferee Company shall without any act, instrument or deed be and stand altered, modified and amended, to reflect the increased combined authorised share capital as per Clause 19.1 above, pursuant to Sections 13, 14, 61, 64, and other applicable provisions of the Act.

19.4 It is clarified that the approval of the Tribunal to the Scheme shall be deemed to be consent/ approval of the members of the Transferee Company also to the alteration of the memorandum and articles of association of the Transferee Company as may be required under the Act.

20. DISSOLUTION OF THE TRANSFEROR COMPANY

20.1 Upon the effectiveness of Part III of this Scheme, the Transferor Company shall stand dissolved without winding up and the Board and any committees thereof of the Transferor Company shall without any further act, instrument or deed be and stand discharged. On and from the Effective Date, the name of the Transferor Company shall be struck off from the records of the concerned RoC.

21. SAVING OF CONCLUDED TRANSACTIONS:

Nothing in this Scheme shall affect any transaction or Proceedings already concluded or liabilities incurred by the Transferor Company, until the Appointed Date, to the end and intent that the Transferee Company, shall accept and adopt all acts, deeds and things done and executed by the Transferor Company in respect thereto as done and executed on behalf of the Transferee Company. Upon this Scheme coming into effect, the resolutions/ power of attorneys/ letter of authority(ies) executed by the Transferor Company and that are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions, power of attorney and letter of authority(ies) passed/ executed by 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 such limits shall be added to the limits, if any, under like resolutions passed by the Transferee Company and shall constitute the new aggregate limits for each of the subject matters covered under such resolutions for the purpose of the Transferee Company.

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PART IV
GENERAL TERMS AND CONDITIONS

22. DIVIDENDS

22.1 The Parties shall be entitled to declare and pay dividends to their respective shareholders in the ordinary course of business, whether interim or final.

22.2 It is clarified that the aforesaid provisions in respect of declaration of dividends (whether interim or final) are enabling provisions only and shall not be deemed to confer any right on any shareholder of any of the Parties, as the case may be, to demand or claim or be entitled to any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the Board of respective Parties, and subject to approval, if required, of the shareholders of the respective Parties.

23. CONDUCT OF BUSINESS UPTO THE EFFECTIVE DATE

23.1 With effect from the date of approval of the Scheme by the Board of the Parties and up to and including the Appointed Date, the Demerged Company with respect to Demerged Undertaking and 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 held and stood possessed of and shall hold and stand possessed of the assets for and on account of, and in trust for the Resulting Company and Transferee Company, respectively.

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

23.2.1 The Demerged Company with respect to the Demerged Undertaking and the Transferor Company, shall carry on their respective businesses with reasonable diligence and business prudence and in the same manner as the Demerged Company and the Transferor Company had been doing hitherto;

23.2.2 The Demerged Company with respect to the Demerged Undertaking and the Transferor Company, shall be entitled, pending the sanction of the Scheme, to apply to the Appropriate Authorities concerned as necessary under Applicable Law for such consents, approvals and sanctions which the Resulting Company and the Transferee Company may respectively require to carry on the relevant businesses of the Demerged Company or the Transferor Company and to give effect to the Scheme; and

23.2.3 For the purpose of giving effect to the order passed under Sections 230 to 232 and other applicable provisions of the Act in respect of this Scheme by the Tribunal, the Resulting Company and the Transferee Company shall, at any time pursuant to the orders approving this Scheme, be entitled to get the recordal of the change in the legal right(s) upon demerger of the Demerged Undertaking and amalgamation of the Transferor Company, as the case maybe, in accordance with the provisions of Sections 230 to 232 of the Act. The Resulting Company and the Transferee Company shall always be deemed to have been authorized to execute any pleadings, applications, forms, etc., as may be required to remove any difficulties and facilitate and carry out any formalities or compliances as are necessary for the

implementation of this Scheme. For the purpose of giving effect to the vesting order passed under Section 232 of the Act in respect of this Scheme, the Resulting Company and the Transferee Company shall be entitled to exercise all rights and privileges, and be liable to pay all taxes and charges and fulfil all its obligations, in relation to or applicable to all immovable properties, including mutation and/or substitution of the ownership or the title to, or interest in the immovable properties which shall be made and duly recorded by the Appropriate Authority(ies) in favour of the Resulting Company and the Transferee Company, as the case maybe, pursuant to the sanction of the Scheme by the Tribunal and upon the effectiveness of this Scheme in accordance with the terms hereof, without any further act or deed to be done or executed by the Resulting Company and the Transferee Company. It is clarified that the Resulting Company and the Transferee Company shall be entitled to engage in such correspondence and make such representations, as may be necessary, for the purposes of the aforesaid mutation and/or substitution.

24. FACILITATION PROVISIONS

24.1 Immediately upon the Scheme being effective, the concerned Parties shall enter into agreements as may be necessary, *inter alia* in relation to use by the Parties of office space, infrastructure facilities, information technology services, security personnel, trademarks and other intellectual property rights, legal, administrative and other services, etc. on such terms and conditions that may be mutually agreed between them.

24.2 It is clarified that all guarantees provided by the Demerged Company in respect of the Demerged Undertaking and/ or by the Transferor Company, if any, shall be valid and subsisting till adequate arrangements/ guarantees have been provided in respect of the same by the Resulting Company and/ or the Transferee Company, as the case maybe.

24.3 The Board of the Resulting Company and the Transferee Company shall always be deemed to have been authorized to do all the acts, deeds and things as may be required for and on behalf the Board of the Demerged Company and the Transferor Company, respectively to give effect and implement the provisions of this Scheme, including executing any pleadings, applications, instruments, forms, policies, schemes, filing of necessary particulars relating to mutation and/or substitution of the ownership or the title to or interest in the immovable properties of the Demerged Company forming part of the Demerged Undertaking and the Transferor Company, as the case may be, and/ or modifications of charge, fulfilling statutory obligations, approving, etc.

24.4 Upon the Scheme coming into effect, the borrowing limit of the Transferee Company under Section 180(1)(c) and Section 186(2) of the Act shall be increased to INR 2500 crore and INR 3500 crore, respectively.

24.5 Upon the Scheme coming into effect, the limit under Section 180(1)(a) of the Act shall be increased in relation to creation or modification of security, mortgage, charges and hypothecation as may be necessary on the assets of the Transferee Company, in favour of the lenders and trustees of the holders of debentures/ bonds and/ or other instruments for the borrowings such that the outstanding amount of debt at any point of time does not exceed the limits mentioned in Clause 24.4 above.

24.6 Upon the Scheme becoming effective, all contracts, agreements (including joint venture agreements, memorandum of understandings, consortium agreements), undertakings of whatsoever nature, whether written or otherwise, deeds, bonds, arrangements, service agreements, or other instruments, executed by the Demerged Company, in relation to the Demerged Undertaking or the Transferor Company, as the case may be, shall stand transferred to and vested in the Resulting Company or the Transferee Company, pursuant to the Scheme, and the Resulting Company or the Transferee Company, as the case may be, shall be deemed to be a party to such agreements instead of the Demerged Company or the Transferor Company, and approval of shareholders of the Parties to the Scheme shall be deemed to be their approval as required under Section 188 of the Act and Regulation 23 of the SEBI LODR Regulations and no separate approval shall be obtained by the Parties, in this regard.

25. PROPERTY IN TRUST

Notwithstanding anything contained in this Scheme, on or after Effective Date, until any property, asset, license, approval, permission, contract, agreement and rights and benefits arising therefrom pertaining to the Demerged Undertaking of the Demerged Company, are transferred, vested, recorded, effected and/or perfected, in the records of any Appropriate Authority, regulatory bodies, any third party, or otherwise, in favour of the Resulting Company, the Resulting Company, will be deemed to be authorized to enjoy the property, asset or the rights and benefits arising from the license, approval, permission, contract or agreement as if it were the owner of the property or asset or as if it were the original party to the license, approval, permission, contract or agreement. It is clarified that till entry is made in the records of the Appropriate Authorities and till such time as may be mutually agreed by the Demerged Company and the Resulting Company, the Demerged Company will continue to hold the property and/or the asset, license, permission, approval, contract or agreement and rights and benefits arising therefrom, as the case may be, in trust for and on behalf of, the Resulting Company.

26. APPLICATIONS/ PETITIONS TO THE TRIBUNAL

26.1 The Parties shall make and file all applications and petitions under sections 230 to 232 and other applicable provisions of the Act before the Tribunal, for sanction of this Scheme under the provisions of the Act.

27. CHANGE OF NAME OF THE DEMERGED/ TRANSFEREE COMPANY AND THE RESULTING COMPANY

27.1 Upon this Scheme becoming effective, the name of the Demerged/ Transferee Company shall stand changed to 'HEG Greentech Limited' or such other name which is available and approved by the RoC, by simply filing the requisite forms with the Appropriate Authority and no separate consent, approval, act, procedure, instrument, or deed shall be required to be obtained or followed under the Act.

27.2 Consequently, subject to Clause 27.1 above, Clause I of the memorandum of association of the Demerged/ Transferee Company shall without any act, procedure, instrument or deed be and stand altered, modified and amended, to reflect the revised name of the Demerged/

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Transferee Company, pursuant to Sections 13, 232 and other applicable provisions of the Act.

27.3 Upon this Scheme becoming effective, the name of the Resulting Company shall stand changed to 'HEG Limited' or such other name which is available and approved by the RoC, by simply filing the requisite forms with the Appropriate Authority and no separate consent, approval, act, procedure, instrument, or deed shall be required to be obtained or followed under the Act.

27.4 Consequently, subject to Clause 27.3 above, Clause I of the memorandum of association of the Resulting Company shall without any act, procedure, instrument or deed be and stand altered, modified and amended, to reflect the revised name of the Resulting Company, pursuant to Sections 13, 232 and other applicable provisions of the Act.

27.5 It is hereby clarified that, for the purposes of acts and events as mentioned in Clause 27.1 to 27.4, the consent of the shareholders of the Demerged/ Transferee Company to this Scheme shall be deemed to be sufficient for the purposes of effecting the aforementioned amendment and that no further resolution under Section 13, Section 14 or any other applicable provisions of the Act, would be required to be separately passed.

28. CHANGE IN CHARTER DOCUMENTS OF THE DEMERGED/ TRANSFEREE COMPANY

28.1 With effect from the Effective Date, the memorandum of association of the Demerged/ Transferee Company shall be deemed to be altered and amended, without any further act or deed. Accordingly, the memorandum of association of the Demerged/ Transferee Company shall be altered and amended and following clauses shall be inserted in the Clause III (A) of the memorandum of association of the Demerged/ Transferee Company:

"3. Establishment, operation and maintenance of power generating stations and tie-lines, sub-stations and main transmission lines connected therewith.

4. Operation and maintenance of such power generating stations, tie-lines, sub- stations and main transmission lines as are assigned to it by the competent government or governments.

5. To carry on in India or elsewhere the business of establishing, commissioning, setting up, operating and maintaining electric power generating stations based on conventional/non-conventional resources, tie-lines, sub-stations and transmission lines on build, own and transfer (BOT), and/or build, own, lease and transfer (BOLT) and/or build, own, operate and transfer (BOOT) basis and to carry on in India or elsewhere the business of acquiring, operating, managing and maintaining existing power generation stations, tie-lines, sub-stations and transmission lines, either owned by the private sector or public sector or the Government or Governments or other public authorities and for any or all of the aforesaid purposes, to do all the necessary or ancillary activities as may be considered necessary or beneficial or desirable.

6. To acquire concessions or licenses granted by, and enter into contracts with the Government of India or the Government of any Province in India, or the Government of any State in India, or any municipal or local authority, company or person in India, or

elsewhere, for the construction and maintenance of an electric installation for the production, transmission or use of electric power for lighting, heating, pumping, signalling, telephonic, or traction or motive purposes, including the application thereof to tramcars, omnibuses, carriages, ships, conveyances and objects, or any other purpose.

7. To generate, acquire by purchase in bulk, develop and accumulate electrical power at the place or places contemplated by the said License and to transmit, distribute and supply such power throughout the area of supply named therein; and generally to generate, acquire by purchase in bulk, develop and accumulate power at any other place or places and to transmit, distribute and supply such power.

8. To carry on the business of an electric Power, Light and Supply Company in all its branches, and in particular to construct, lay down, establish, fix and carry out all necessary power stations, cables, wires, lines, accumulators, lamps and works, and to generate, acquire by purchase in bulk, accumulate, distribute and supply electricity, and to light cities, towns, streets, docks, markets, theatres, buildings and places, both public and private.

9. To carry on the business of purchase and sale of all forms of electrical Power, both conventional and non-conventional, and also to supply, import and export or otherwise deal in all forms of electrical energy in all aspects.

Without prejudice to generality of the above functions the Company shall carry out the business of (i) Purchase of all forms of power/ electricity from Independent Power Producers (IPPs). Captive Power Plants, other Generating Companies, Transmission Companies, State Electricity Boards, State Government's statutory bodies. Licensees, Power Utilities and to procure it from other sources (whether in Private, Public or Joint Sector Undertaking) including import from abroad; (ii) Sell all forms of electrical power to the State Electricity Boards, Vidut Boards, Power Utilities, Generating Companies, Transmission Companies, Distribution Companies, State Governments, Licensees, statutory bodies, other organizations and bulk consumers of power, whether in private and public sector or joint sector undertakings in India and abroad; (iii) Supply, distribute, transmit, export or otherwise transfer/ exchange of electrical power, and (iv) Co-ordinate with all concerned for purchase, import , sale, export, distribute, transmit and supply all forms of electrical power and undertake all connected functions.

10. To engage, undertake and carry on trading of all goods and commodities including providing services ancilliary to the main objects, in domestic and global markets."

28.2 Consequential (numbering) changes shall be made to the objects forming part of Clause III (B) and (C) of the memorandum of association of the Demerged/ Transferee Company without any act, instrument or deed, in terms per Clause 28.1 above, pursuant to Sections 13, 14 and other applicable provisions of the Act.

28.3 For the purposes of the amendment of the memorandum of association of the Demerged/ Transferee Company as provided in this Clause, the consent/ approval given by the members of the Demerged/ Transferee Company to this Scheme pursuant to Section 232 of the Act and any other applicable provisions of the Act shall be deemed to be sufficient and

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no further resolution of members of the Demerged/ 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 Demerged/ 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 RoC shall register the same and make the necessary alterations in the memorandum of association of the Demerged/ Transferee Company accordingly and shall certify the registration thereof in accordance with the applicable provisions of the Act.

28.4 The Demerged/ Transferee Company shall file with the RoC, all requisite forms and complete the compliance and procedural requirements under the Act, if any.

29. MODIFICATION OR AMENDMENTS TO THIS SCHEME

29.1 The Board of the Parties may make any modifications or amendments to this Scheme at any time and for any reason whatsoever, or which may otherwise be considered necessary, desirable or appropriate. The Board of the Parties may consent to any conditions or limitations that the Tribunal or any other Appropriate Authority may impose.

29.2 For the purposes of giving effect to this Scheme, the Board of the Parties may give such directions including directions for settling any question or difficulty that may arise and such directions shall be binding on all Parties as if the same were specifically incorporated in this Scheme.

30. CONDITIONS PRECEDENT

30.1 Unless otherwise decided (or waived) by the relevant Parties, the Scheme is conditional upon and subject to the following conditions precedent:

30.1.1 obtaining no-objection/ observation letter from the Stock Exchanges in relation to the Scheme under Regulation 37 of the SEBI LODR Regulations;

30.1.2 approval of the Scheme by the requisite majority of each class of shareholders and such other classes of Persons of the Parties, if any, as applicable or as may be required under the Act and as may be directed by the Tribunal;

30.1.3 the Demerged/ Transferee Company complying with other provisions of the SEBI Circular, including seeking approval of the shareholders through e-voting, as applicable. The Scheme shall be acted upon only if the votes cast by the public shareholders of the Demerged/ Transferee Company in favour of the proposal contemplated herein are more than the number of votes cast by the public shareholders of the Demerged/ Transferee Company against the proposal contemplated herein, as required under the SEBI Circular. The term 'public' shall carry the same meaning as defined under Rule 2 of Securities Contracts (Regulation) Rules, 1957;

30.1.4 the sanctions and orders of the Tribunal, under Sections 230 to 232 of the Act being

obtained by the Parties;

30.1.5 certified/ authenticated copies of the orders of the Tribunal, sanctioning the Scheme, being filed with the RoC having jurisdiction over the Parties; and

30.1.6 the requisite consent, approval or permission of Appropriate Authority which by Applicable Law or contract, agreement may be necessary for the implementation of this Scheme.

30.2 Without prejudice to Clause 30.1 and subject to the satisfaction or waiver of the conditions mentioned in Clause 30.1 above, the Scheme shall be made effective in the order as contemplated below:

30.2.1 Part II of the Scheme shall be made effective; and

30.2.2 Immediately upon effectiveness of Part II of the Scheme, Part III of the Scheme shall be made effective.

30.3 It is hereby clarified that submission of this Scheme to the Tribunal and to the Appropriate Authorities for their respective approvals is without prejudice to all rights, interests, titles or defences that the respective Parties may have under or pursuant to all Applicable Law.

30.4 On the approval of this Scheme by the shareholders and such other classes of Persons of the said Parties, if any, the shareholders and classes of Persons shall also be deemed to have resolved and accorded all relevant consents under the Act or otherwise to the same extent applicable in relation to the demerger, amalgamation set out in this Scheme, related matters and this Scheme itself.

31. WITHDRAWAL OF THIS SCHEME AND NON-RECEIPT OF APPROVALS

31.1 Parties, acting jointly, shall be at liberty to withdraw the Scheme, any time before the Scheme is effective.

31.2 In the event of any of the requisite sanctions and approvals not being obtained on or before such date as may be agreed to by the Parties, this Scheme shall become null and void and each Party shall bear and pay its respective costs, charges and expenses for and/or in connection with this Scheme.

31.3 In the event the Effective Date does not occur on or before such date as may be agreed by the Parties, this Scheme shall become null and void, and in that event no rights and liabilities whatsoever shall accrue to or be incurred *inter se* by the Parties or their shareholders or creditors or employees or any other person in terms of this Scheme.

31.4 In the event of revocation/ withdrawal of the Scheme under this Clause 31, no rights and liabilities whatsoever shall accrue to or be incurred inter se the Parties 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 as is specifically provided in the Scheme or in accordance with

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GRAPHITE LIMITED NOIDA

BHILWARA ENERGY LIMITED

Applicable Law and in such case, each Party shall bear its own costs, unless otherwise mutually agreed.

32. COSTS AND EXPENSES

All costs, charges and expenses (including, but not limited to, any taxes and duties, registration charges, etc.) of the Parties, respectively in relation to carrying out, implementing and completing the terms and provisions of this Scheme and/or incidental to the completion of this Scheme shall be paid by the Demerged Company/ Transferee Company and shall be allocated to the Resulting Company in the agreed ratio.

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