

**SCHEME OF AMALGAMATION**

**OF**

**CLEAR MIPAK PACKAGING SOLUTIONS LIMITED**

**(The Transferor Company)**

**WITH**

**HITECH PLAST LIMITED**

**(The Transferee Company)**

**1. PREAMBLE**

- 1.1 Clear Mipak Packaging Solutions Limited, a company incorporated on January 15, 1986 under the Companies Act 1956, is a Mumbai based, engaged in manufacturing and supplying plastic containers for the paints, chemicals, FMCG, Pharmaceuticals, lubricants and agrochemical products. It has 9 manufacturing & processing location across India.
- 1.2 HITECH PLAST LTD., is a Public Limited Company incorporated in 1991 under the Companies Act 1956 and engaged in manufacturing and supplying plastic containers for the paints, chemicals, FMCG, Pharmaceuticals, lubricants and agrochemical products. It has manufacturing plants at six locations across India. The equity shares of Hitech Plast Limited are listed on BSE Limited and National Stock Exchange of India Limited (NSE).

CERTIFIED TRUE-COPY

For HITECH PLAST LIMITED

*N. S. N. N.*

N. S. N. N.  
COMPANY SECRETARY

1.3 This Scheme of Amalgamation is presented under Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 and the Companies Act, 2013 for the merger of CLEAR MIPAK PACKAGING SOLUTIONS LIMITED, (hereinafter referred to as "The Transferor Company") into HITECH PLAST LIMITED, (hereinafter referred to as "The Transferee Company"), pursuant to Sections 391 to 394 of the Companies Act, 1956 read with Section 52 of the Companies Act, 2013 and Sections 100 to 104 of the Companies Act, 1956 and any corresponding provisions of the Companies Act, 2013 upon their notifications (including any statutory modifications or re-enactments thereof for the time being in force) and in compliance with the conditions relating to "Amalgamation" as specified u/s 2(1B) of the Income Tax Act, 1961.

The scheme is divided into the following Parts:

***Part A - Deals with Definitions and Share Capital;***

***Part B - Deals with Amalgamation of CLEAR MIPAK PACKAGING SOLUTIONS LIMITED with HITECH PLAST LIMITED.***

***Part C - Deals with General Clauses, Terms and Conditions.***

1.4 This Scheme also provides for various other matters consequential to or otherwise integrally connected herewith.

1.5 Though the scheme is divided into parts for the purpose of convenience it is to be implemented as a single inseparable comprehensive Scheme of Amalgamation under the provisions of the Companies Act, 1956 and the Companies Act 2013 as applicable.



## **2. RATIONALE FOR THE SCHEME OF AMALGAMATION**

- 2.1 The amalgamation will enable the Transferee Company to consolidate the businesses and lead to synergies in operation and reduce operational cost as well as overheads and strategically managing the entire manufacturing chain from product conceptualization till production runs.
- 2.2 The business of Clear Mipak Packaging Solutions Limited (CMPSL) is akin and germane to the business of Hitech Plast Ltd (HPL).
- 2.3 It would be advantageous to merge the activities and operations of Clear Mipak Packaging Solutions Limited into Hitech Plast Ltd for synergies in the area of manufacturing and marketing. The merger shall help HPL to not only expand its customer base but also give opportunity to penetrate into newer sectors. This will be reflected in the profitability of the Transferee Company.
- 2.4 The combined capacity of HPL and CMPSL shall bring efficiencies in production and distribution to become more competitive in the business.
- 2.5 Stronger in-house R & D of HPL and ability to strategically managing manufacturing chain from product conceptualisation till distribution shall help to scale up the operations and improve transactional efficiency.



- 2.6 This Scheme of Amalgamation would result in merger and thus consolidation of business of the Transferor Company into the Transferee Company. All the shareholders of the transferee company will be benefited by result of the amalgamation of Business and availability of a common operating platform.
- 2.7 The Amalgamation of the Transferor Company with the Transferee Company will also provide an opportunity to leverage combined assets and build a stronger sustainable business. Specifically, the merger will enable optimal utilization of existing resources and provide an opportunity to fully leverage strong assets, capabilities, experience, expertise and infrastructure of both the companies. The merged entity will also have sufficient funds required for meeting its long term capital needs as provided for in the scheme.
- 2.8 The Scheme of amalgamation will result in cost saving for both the companies as they are capitalizing on each other's core competency and resources which is expected to result in stability of operations, cost savings and higher profitability levels for the Amalgamated Company.



**3. DEFINITIONS**

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

3.1 CLEAR MIPAK PACKAGING SOLUTIONS LIMITED, (hereinafter referred to as “The Transferor Company”) means a company incorporated under the Companies Act, 1956, and having its Registered Office situated at Unit No. 203, 2nd Floor, Welspun House, Kamala City, Senapati Bapat Marg, Lower Parel (W), Mumbai – 400 013. The Corporate Identification Number of the Company is U25202MH1986PLC038626.

3.2 HITECH PLAST LIMITED, (hereinafter referred to as “The Transferee Company”) means a company incorporated under the Companies Act, 1956, and having its Registered Office situated at Unit No. 201, 2nd Floor, Welspun House, Kamala City, Senapati Bapat Marg, Lower Parel (W), Mumbai – 400 013. The Corporate Identification Number of the Company is L28992MH1991PLC168235.

3.3 “The Act” or “the said Act” means the Companies Act, 1956 as amended and corresponding provisions of the Companies Act, 2013 upon notification and shall include any statutory



modifications, re-enactment or amendments thereof for the time being in force.

- 3.4 "The Appointed Date" means 1st April, 2014 or such other date as the High Court of Judicature at Bombay or other competent authority may otherwise direct/ fix.
- 3.5 "The Effective Date" means the date on which certified copies of the Order(s) of the High Court Judicature at Bombay vesting the assets, properties, liabilities, rights, duties, obligations and the like of the Transferor Company in the Transferee Company are filed with the Registrar of Companies, Maharashtra, after obtaining the necessary consents, approvals, permissions, resolutions, agreements, sanctions and orders in this regard.
- 3.6 "Board of Directors" means the Board of Directors of CLEAR MIPAK PACKAGING SOLUTIONS LIMITED and HITECH PLAST LIMITED as the context may require and includes any committee thereof.
- 3.7 "The High Court" shall for the purpose of this Scheme, mean the *Hon'ble High Court of Judicature at Bombay* and the expression shall include, all the powers of the High Court under the Chapter V of the Act being vested on the National Company Law Tribunal constituted under Section 10 FB of the Act, the National



Company Law Tribunal and the provisions of the Act as applicable to the Scheme shall be construed accordingly.

3.8 "Undertaking" in relation to the Transferor Company, as the context may require, shall mean whole of the undertakings and business of the Transferor Company as a going concern, including (without limitation):

- (a) All the assets and properties and the entire business of the Transferor Company as on the Appointed Date, (hereinafter referred to as "the said assets")
- (b) All the debts, liabilities, contingent liabilities, duties, obligations and guarantees of the Transferor Company as on the Appointed Date (hereinafter referred to as "the said liabilities")
- (c) Without prejudice to the generality of sub-clause (a) above, the Undertaking of the Transferor Company shall include the Transferor Company reserves, movable and the immovable properties, all other assets including investments in shares, debentures, bonds and other securities, claims, loans and advances, deposits, ownership rights, lease-hold rights, tenancy rights, occupancy rights, hire purchase contracts, leased assets, lending contracts, revisions, powers, permits, authorities, licenses, consents, approvals, municipal permissions, industrial and other



licenses, permits, authorisations, quota rights, registrations, import/ export licenses, bids, tenders, letter of intent, connections for water, electricity and drainage, sanctions, consents, product registrations, quota rights, allotments, approvals, freehold land, buildings, factory buildings, plant & machinery, electrical installations and equipments, furniture and fittings, laboratory equipments, office equipments, effluent treatment plants, tube wells, software packages, vehicles and contracts, engagements, titles, interest, benefits, allocations, exemptions, concessions, remissions, subsidies, tax deferrals, tenancy rights, trademarks, brand names, patents and other industrial and intellectual properties, import quotas, telephones, telex, facsimile, websites, e-mail connections, networking facilities and other communication facilities and equipments, investments, rights and benefits of all agreements and all other interests, rights and power of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals and all necessary records, files, papers, process information; data catalogues and all books of accounts, documents and records relating thereof.





- 3.9 "Preference Shares" means *Non-Convertible Cumulative Redeemable Preference Shares* to be issued, carrying coupon rate of 9 % to be allotted to the shareholders of the Transferor Company as per Clause 11 of this Scheme and shall be redeemable by the Transferee Company within 20 years from the Effective Date unless a shorter period is allowed by the express mutual consent of the holders of such Preference Shares and Transferee Company as may be allowed under the Act.
- 3.10 "Record Date" means such date to be fixed by the Board of Directors of the Transferee Company after the sanction of this Scheme by the High Court or such other competent authority as is empowered to sanction the Scheme, to determine the members of the Transferor Companies to whom Preference Shares of the Transferee Company will be allotted.
- 3.11 "The Scheme" means this Scheme of Amalgamation in its present form or with any modification(s) approved or imposed or directed by the High Court at Mumbai.



#### 4. SHARE CAPITAL

4.1 The Share Capital of the Transferor Company as at 31st March, 2014 is as under.

Particulars	Amount in (Rs.)
<b>Authorised Capital</b>	
90,00,000 Equity Shares of Rs.10/- each	9,00,00,000
5,00,000 Unclassified shares of Rs.10/- each	50,00,000
<b>Total</b>	<b>9,50,00,000</b>
<b>Issued, Subscribed and Paid-up</b>	
4471,700/-Equity Shares of Rs.10/- each fully Paid-up	4,47,17,000
<b>Total</b>	<b>4,47,17,000</b>

Between March 31, 2014 and on the date of filing of this Scheme with the High Court, there is no change in the issued, subscribed and paid up share capital of the Transferor Company. Out of the aforesaid issued, subscribed and paid-up equity capital, 60% is held by the Transferee Company.

4.2 The Share Capital of the Transferee Company as at 31st March, 2014 is as under.

Particulars	Amount in (Rs.)
<b>Authorised Capital</b>	
2,00,00,000 Equity Shares of Rs.10/-each.	20,00,00,000
<b>Total</b>	<b>20,00,00,000</b>
<b>Issued, Subscribed and Paid-up</b>	
*1,31,75,700 Equity Shares of Rs. 10/- each fully paid-up.	13,17,57,000
<b>Total</b>	<b>13,17,57,000</b>



**\*Note:** In addition to the above, on August 8, 2014 further 20,00,0000 equity shares of Rs. 10 /- each and 20,00,000 convertible warrants were issued and allotted to some of the promoter shareholders on a preferential basis as approved by the shareholders at the EGM on 7th July, 2014. Each convertible warrant is convertible into 1 equity share in the company within a period of 18 months from the date of allotment.

***PART-B - AMALGAMATION OF THE TRANSFEROR COMPANY WITH THE TRANSFEREE COMPANY***

***5. TRANSFER AND VESTING OF UNDERTAKING***

5.1 With effect from the opening of the business as on the Appointed Date (i.e;1st April, 2014) and subject to the provisions of this Scheme, the entire Undertaking of the Transferor Company including the assets and liabilities as on the Appointed Date, shall pursuant to Section 394 and other applicable provisions of the Act, without any further act, instrument or deed, be and shall stand transferred to and vested in and/or deemed to have been transferred to and vested in the Transferee Company as a going concern subject, however, to all charges, liens, mortgages, if any, then affecting the same or any part thereof.



PROVIDED ALWAYS that the Scheme shall not operate to enlarge the security for any loan, deposit or facility created by or available to the Transferor Company and which shall vest in the Transferee Company by virtue of the amalgamation and the Transferee Company shall not be obliged to create any further or additional security after the amalgamation has become effective or otherwise unless specifically provided hereinafter.

5.2 The entire business of the Transferor Company as going concerns and all the properties whether movable or immovable, real or personal, corporeal or incorporeal, present or contingent including but without being limited to all assets, authorized capital, fixed assets, capital work-in-progress, current assets and debtors, investments, rights, claims and powers, authorities, allotments, approvals and consents, reserves, provisions, permits, ownerships rights, lease, tenancy rights, occupancy rights, incentives, claims, rehabilitation schemes, funds, quota rights, import quotas, licenses, registrations, contracts, engagements, arrangements, brands, logos, patents, trade names, trade marks, copy rights, all other intellectual property rights, other intangibles of the Transferor Company whether registered or unregistered or any variation thereof as a part of its name or in a style of business otherwise, other industrial rights and licenses in respect thereof, lease, tenancy rights, flats, telephones, telexes, facsimile connections, e-mail connections, internet connections, websites,



installations and utilities, benefits of agreements and arrangements, powers, authorities, permits, allotments, approvals, permissions, sanctions, consents, privileges, liberties, easements, other assets, special status and other benefits that have accrued or which may accrue to the Transferor Company on and from the Appointed Date and prior to the Effective Date in connection with or in relation to the operation of the undertaking and all the rights, titles, interests, benefits, facilities and advantages of whatsoever nature and wherever situated belonging to or in the possession of or granted in favour of or enjoyed by the Transferor Company as on the Appointed Date and prior to the Effective Date shall, pursuant to the provision of Section 394(2) of the Act, without any further act, instrument or deed, be and stand transferred to and vested in or deemed to be transferred to and vested in the Transferee Company.

- a. With effect from the Appointed Date, all the equity shares, debentures, bonds, notes or other securities held by the Transferor Company, whether convertible into equity or not and whether quoted or not as the case may be shall, without any further act or deed, be and stand transferred to the Transferee Company as also all the movable assets including cash in hand, if any, of the Transferor Company shall be capable of passing by manual delivery or by endorsement and delivery, as the case may be, to the Transferee Company to the end and intent that



the property therein passes to the Transferee Company on such manual delivery or by endorsement and delivery.

- b. In respect of movable properties of the Transferor Company other than specified in Clause 5.2 (a) above, including sundry debtors, 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 government, semi government, local and other authorities and bodies, the Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, give notice in such form as it may deem fit and proper to each person, debtor or depositor, as the case may be, that pursuant to the High Court having sanctioned the Scheme, the said debts, loans, advances or deposits 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 realize all such debts, deposits and advances (including the debts payable by such persons, debtor or deposit to the Transferor Company) stands transferred and assigned to the Transferee Company and that appropriate entries should be passed in their respective books to record the aforesaid changes.

- 5.3 Without prejudice to the generality of the above, all benefits including under Income Tax, Excise (including Cenvat), Sales Tax



(including deferment of sales tax), Service tax, TDS, etc., to which the Undertaking of the Transferor Company is entitled to in terms of the applicable Tax Laws of the Union and State Governments, shall be available to and vest in the Transferee Company.

5.4 With effect from the Appointed Date, all the debts, unsecured debts, liabilities, duties and obligations of every kind, nature and description of the Transferor Company shall also under the provision of Sections 391 to 394 of the Act, without any further act or deed be transferred to or be deemed to be transferred to the Transferee Company so as to become as and from the Appointed Date, the debts, liabilities, duties and obligations of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company and further that it shall not be necessary to obtain the consent of any third party or other person who is a party to the contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen, in order to give effect to the provisions of this clause.

5.5 It is clarified that all debts, loans and liabilities, duties and obligations of the Transferor Company as on the Appointed Date and all other liabilities which may accrue or arise after the Appointed Date but which relate to the period on or upto the day of the Appointed Date shall be the debts, loans and liabilities, duties and obligations of the Transferee Company including any



encumbrance on the assets of the Transferor Company or on any income earned from those assets.

- 5.6 It is further specifically clarified, admitted, assured and declared by the Transferee Company that on this Scheme becoming effective, it will take over, absorb and pay and discharge on due dates all the liabilities including liabilities for income tax, wealth tax, central sales tax, value-added tax, service tax, excise duty, custom duty, fringe benefit tax, dividend distribution tax, if any, of the Transferor Company.
- 5.7 With effect from the Appointed Date all debts, liabilities, dues, duties and obligations including all income tax, wealth tax, central sales tax, value added tax, service tax, excise duty, custom duty, fringe benefit tax, dividend distribution tax and other Government and Semi-Government and Statutory liabilities of the Transferor Company shall pursuant to the applicable provisions of the Act and without any further act or deed be also transferred or be deemed to be transferred to and vest in and be assumed by the Transferee Company so as to become as from the Appointed Date the debts, liabilities, duties and obligations of Transferee Company on the same terms and conditions as were applicable to the Transferor Company.





## **6. CONTRACTS, BONDS AND OTHER INSTRUMENTS**

Subject to other provisions contained in the Scheme, all contracts, bonds, debentures, indentures and other instruments to which the Transferor Company are parties subsisting or having effect immediately before the Effective Date shall remain in full force and effect against or in favour of the Transferee Company, as the case may be, and may be enforced as fully and as effectually as if, instead of the Transferor Company, the Transferee Company had been a party thereto.

## **7. LEGAL PROCEEDINGS**

If any, suit, writ petition, appeal, revision or other proceedings (hereinafter called "the Proceedings") by or against the Transferor Company are pending, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer of the Undertaking of the Transferor Company or of anything contained in the Scheme, but all such Proceedings may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would be or might have been continued, prosecuted and enforced by or against the Transferor Company as if the Scheme had not been made. On and from the Effective Date, the Transferee Company shall and may initiate any legal proceedings including criminal proceedings for and on behalf of the Transferor Company.



**8. OPERATIVE DATE OF THE SCHEME**

The Scheme set out herein in its present form with or without any modifications(s) approved or imposed or directed by the High Court or made as per Clause 17 of the Scheme, shall be effective from the Appointed Date but shall become operative from the Effective Date.

**9. TRANSFEROR COMPANY STAFF, WORKMEN AND EMPLOYEES**

All the staff, workmen and other employees in the service of the Transferor Company immediately before the transfer of the Undertaking under the Scheme shall become the staff, workmen and employees of the Transferee Company on the basis that:

- 9.1 Their respective services shall have been continuous and shall not have been interrupted by reason of the transfer of the Undertaking of the Transferor Company;
- 9.2 The terms and conditions of service applicable to the said staff, workmen or employees after such transfer shall not in any way be less favorable to them than those applicable to them immediately before the transfer; and
- 9.3 It is provided that as far as Provident Fund, Gratuity Fund, Superannuation Fund or other special fund, if any, created or existing for the benefit of the staff, workmen and other employees



of the Transferor Company are concerned, upon the Scheme becoming effective, the Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever related to the administration or operation of such funds or in relation to the obligation to make contributions to the said Funds in accordance with the provisions of such Funds as per the terms provided in the respective trust deeds. It is the aim and intent of the Scheme herein that all the rights, duties, powers and obligations of the Transferor Company in relation to such funds shall become those of the Transferee Company and all the rights, duties and benefits of the employees employed in different units of the Transferor Company under such Funds and Trusts shall remain fully protected.

**10. CONDUCT OF BUSINESS BY THE TRANSFEROR COMPANY TILL EFFECTIVE DATE**

With effect from the Appointed Date and upto the Effective Date, the Transferor Company:

- 10.1 shall carry on and shall be deemed to be carrying on all their respective business activities and shall stand possessed of their respective properties and assets for and on account of and in trust for the Transferee Company and all the profits or income accruing or arising to the Transferor Company and/or any cost, charges,



expenditure or losses arising or incurred by them shall, for all purposes, be treated and be deemed to be and accrue as the profits or incomes or cost, charges, expenditure or losses of the Transferee Company;

10.2 shall in the ordinary course of their respective business activities, assign, transfer or sell or exchange or dispose of or deal with all or any part of the rights vested with or title and interest in the property, assets, immovable or movable properties including assignment, alienation, charge, mortgage, encumbrance or otherwise deal with the rights, title and interest in the actionable claims, debtors and other assets etc., with the consent of the Transferee Company and such acts or actions would be deemed to have been carried on by the Transferor Company for and behalf of the Transferee Company and such acts or actions would be enforceable against or in favour of the Transferee Company and all the profits or incomes or losses or expenditure accruing or arising or incurred by the Transferor Company shall, for all purposes, be treated as the profits or incomes or expenditure or losses of the Transferee Company;

10.3 hereby undertakes to carry on their respective businesses until the Effective Date with reasonable diligence, utmost prudence and shall not, without the written consent of the Transferee Company, alienate, charge or otherwise deal with the said Undertaking or



any part thereof except in the ordinary course of the Transferor Company business;

10.4 shall not, without the written consent of the Transferee Company, undertake any new business.

10.5 shall not vary the terms and conditions of the employment of their employees except in the ordinary course of business.

10.6 pay all statutory dues relating to their respective Undertakings for and on account of the Transferee Company.

## **11. ISSUE OF SHARES BY THE TRANSFEE COMPANY**

11.1 Upon coming into effect of this Scheme and in consideration of the Shareholders of the Transferor Company agreeing to the extinguishment of the shares of the Transferor Company, consequently the Amalgamation of the Transferor Company in the Transferee Company, the Transferee Company shall without any further application, act, instrument or deed, issue and allot to the Equity Shareholders of the Transferor Company whose names are recorded in the Register of Members on the Record Date, 3,09,44,164/- 9% Non Convertible, Redeemable Cumulative Preference share of Rs. 10/- (Rupees ten only) each, credited as fully paid up, in the ratio of 173(One Hundred Seventy Three) 9% Non Convertible Redeemable Cumulative Preference share of the face value of Rs. 10/- (Rupees ten only) each in the Transferee Company for



every 10 (Ten) equity shares of face value of Rs. 10/- (Rupees ten only) each held in Transferor Company. The approval of the members to the scheme will be deemed approval for the issue and allotment of shares to shareholders of transferor Company under the applicable provisions of the Act. No separate approval of the members under the Act shall be required to be obtained in this regard. The terms and conditions of the issues of the said 9 % Redeemable Cumulative Preference Shares of face value of Rs. 10/- each are annexed and marked Annexure I hereto

11.2 All New 9% Non Convertible, Redeemable Cumulative Preference shares to be issued and allotted by the Transferee Company in terms hereof shall be subject to the provisions of the Memorandum and Articles of Association of the Transferee Company. It is hereby clarified that New 9% Non Convertible, Redeemable Cumulative Preference share allotted by the Transferee Company to the shareholders of the Transferor Company pursuant to this Scheme shall not be entitled to any dividend declared, distributed by the Transferee Company before the Effective Date.

11.3 No fractional shares shall be issued in respect of fractional entitlements, if any, by the Transferee Company, to which the members and shareholders of the Transferor Company may be entitled on issue and allotment of 9% Non Convertible, Redeemable Cumulative Preference Shares of the Transferee Company. Any fraction arising on



issue of Preference Shares as above will be rounded off to the nearest number.

11.4 Subject to Clause 11.5 below, the members and shareholders of the Transferor Company as of the Record Date, shall receive new share certificates of 9% Non Convertible, Redeemable Cumulative Preference Shares of the Transferee Company issued in accordance with Clauses stated herein below.

11.5 The Preference Shares to be issued by the Transferee Company pursuant to Clause 11.1 to 11.4 above shall be issued in dematerialized form by the Transferee Company, unless otherwise notified in writing by the shareholders of the Transferor Company to the Transferee Company on or before such date as may be determined by the Board of Directors of the Transferee Company or a committee thereof. In the event that such notice has not been received by the Transferee Company in respect of any of the members of the Transferor Company, the Preference Shares shall be issued to such members in dematerialized form provided that the members of the Transferee Company shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. In the event that a Transferee Company has received notice from any member that preference shares are to be issued in physical form or if any member has not provided the requisite details relating to his/her/its account with a depository



participant or other confirmations as may be required or if the details furnished by any member do not permit electronic credit of the shares of the Transferee Company, then the Transferee Company shall issue Preference Shares in physical form to all such member or members.

11.6 Unless otherwise determined by the Board of Directors or any committee thereof of the Transferor Company and the Board of Directors or any committee thereof of the Transferee Company, issuance of Preference Shares in terms of Clause 11.1 to 11.5 shall be effected within prescribed time from the Record Date, subject to completion of legal formalities and statutory approvals if any.

11.7 For the purposes of this Scheme the Transferor Company shall draw up a statement of account as on the close of business immediately prior to the Appointed Date of the said Assets of Undertaking and the said Liabilities of Undertaking at their respective book values to be transferred and vested in the Transferee Company.

## **12. PROFITS, DIVIDENDS, BONUS/ RIGHTS SHARES**

12.1 With effect from the Appointed Date, the Transferor Company shall not without the prior written consent of the Transferee Company, utilize the profits, if any, for declaring or paying of any dividend to its shareholders and shall also not utilize, adjust or claim adjustment of





profits/reserves, as the case may be earned/ incurred or suffered after the Appointed Date.

12.2 The Transferor Company shall not after the Appointed Date, issue or allot any further securities, by way of rights or bonus or otherwise without the prior written consent of the Board of Directors of the Transferee Company.

### **13. ACCOUNTING TREATMENT**

13.1 The accounting treatment to be given to the amalgamation shall be for Amalgamation in the Nature of Merger as given in Accounting Standard 14 issued under the Companies Accounting Standard Rules, 2006 ("AS14").

13.2 The Transferee Company shall record all assets and liabilities recorded in the Books of Account of the Transferor Company, which are transferred to and vested in the Transferee Company pursuant to the Scheme at their book values as on the Appointed Date.

13.3 Inter-company balances, investments and transactions if any, will stand cancelled.

13.4 The Transferee Company shall record all the Reserves of the Transferor Company, in the same form and at the same values as they appear in the financial statements of the Transferor Companies at the close of business of the day immediately preceding the Appointed Date.

13.5 Since the amalgamation is in the nature of merger, the difference between the amount recorded as share capital issued by the Transferee Company and the amount of share capital of the Transferor Company shall be adjusted first against Capital Reserve Account, then to Securities Premium Account and remaining balance if any against General Reserve in the books of the Transferee Company.

13.6 Equity Shares of the Transferor Company held by Transferee Company as on the Record Date shall stand cancelled and there shall be no further obligation / outstanding in that behalf.



- 13.7 Inter-company balances, and any other transactions, if any, as on the Appointed Date shall be taken over by the Transferee Company and cancelled.
- 13.8 In case of any differences in the accounting policies between the Transferor Company and the Transferee Company, the impact of the same till the Appointed Date of amalgamation will be quantified and adjusted in the Free/ General Reserves of the Transferee Company to ensure that the financial statements of the Transferee Company reflects the financial position on the basis of consistent accounting policies.
- 13.9 *To the extent the balance in Securities Premium Account is adjusted as per clause 13.5 above, there shall be reduction of Securities Premium Account which shall be effected as an integral part of the Scheme itself in accordance with the provisions of Section 52 of the Companies Act, 2013 and Sections 100 to 104 of the Companies Act, 1956 and the Order of the High Court sanctioning the Scheme shall be deemed to be also the Order under Section 102 of the Act for the purpose of confirming the reduction of capital. The Utilization of Security Premium Account would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital and the provisions of Section 101 of the Act will not be applicable.*
- 13.10 Upon the coming into effect of this Scheme, the Transferor Company and the Transferee Company are expressly permitted to revise their Tax returns to the extent required. Transferee Company shall be entitled to get credit/claim refund regarding any tax paid and/or Tax Deduction at Source certificates on or after the Appointed Date by the Transferor Company.

#### **14. Consolidation of Authorised Share Capital of the Transferor Company**

- 14.1 Upon sanction of this Scheme, the authorised share capital of the Transferee Company shall automatically stand increased without any further act, instrument or deed on the part of the Transferee Company including therein the payment of stamp duty and fees payable to Registrar of Companies, by the authorised share capital of the Transferor Company aggregating 90,00,000 equity shares of Rs. 10/- each, and 5,00,000 unclassified shares of Rs. 10 each and the



Memorandum of Association and Articles of Association of the Transferee Company (relating to the authorised share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, pursuant to Sections 391 to 395 of the Companies Act, 1956 and 13, 14 and 61 of the Companies Act, 2013 and applicable provisions of the Act, as the case may be and for this purpose the stamp duties and the fees paid on the authorised capital of the Transferor Company shall be utilized and applied to the above referred increased authorized share capital of the Transferee Company and no payment of any extra stamp duty and/or fee shall be payable by the Transferee Company for increase in its authorised share capital to that extent.

- 14.2 The transferee company shall further increase its authorized share capital by 3,10,00,000 preference shares of INR 10 each for implementing the terms of the scheme, to the extent necessary.
- 14.3 Consequent upon the amalgamation, the authorised share capital of the Transferee Company will be as under:

<b>Authorised Share Capital</b>	<b>Amount in Rs.</b>
2,90,00,000 Equity shares of Rs. 10/- (Rupees Ten) each	<b>29,00,00,000</b>
3,10,00,000 – 9% Nonconvertible Redeemable Cumulative Preference shares of Rs. 10/- (Rupees Ten) each	<b>31,00,00,000</b>
5,00,000 Unclassified shares of Rs. 10/- (Rupees Ten) each	<b>50,00,000</b>
<b>Total</b>	<b>60,50,00,000</b>

- 14.4 Clause V of the Memorandum of Association of the Transferee Company and clause 4 of Article of Association of the Transferee Company relating to authorised share capital shall respectively, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to Section 16, 31, 94 (corresponding notified section 13, 14, 61 and other applicable provisions of the Companies Act, 2013 and the rules and regulations made thereunder) and Section 394 of the



Act and other applicable provisions of the Act, as the case may be and be replaced with the following clause:

14.4.1.1 Clause V of Memorandum of Association of the Transferee Company

The Authorised Share capital of the company is Rs. 60,50,00,000/- (Rupees Sixty Crore fifty lakhs only) divided into 2,90,00,000 Equity shares of Rs. 10/- (Rupees Ten) each, 3,10,00,000 Preference shares of Rs. 10/- (Rupees Ten) each and 5,00,000 Unclassified shares of Rs. 10/- (Rupees Ten) each with power to the Company to increase or reduce the capital of the Company and to divide the equity and preference shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Companies Act, 2013 or any statutory modification or re-enactment thereof for the time being in force or as provided by the Articles of Association of the Company.

14.4.2 Clause 4 of Articles of Association of the Transferee Company

The Authorised Share capital of the company is Rs. 60,50,00,000/- (Rupees Sixty Crore fifty lakhs only) divided into 2,90,00,000 Equity shares of Rs. 10/- (Rupees Ten) each, 3,10,00,000 Preference shares of Rs. 10/- (Rupees Ten) each and 5,00,000 Unclassified shares of Rs.



10/- (Rupees Ten) with power to the Company to increase or reduce the capital of the Company and to divide the equity and preference shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Companies Act, 2013 or any statutory modification or re-enactment thereof for the time being in force or as provided by the Articles of Association of the Company.

14.5 Upon the Scheme becoming effective, it is clarified that under the accepted principle of a single window clearance while approving the Scheme as a whole, shareholders of the Transferee Company have also resolved and accorded the relevant consents and approvals as required under section 17, 31, 94 and all other applicable provisions of the Act (corresponding notified section 13, 14, 61 and all other applicable provisions of the Companies Act, 2013 and the rules and regulations made thereunder) for amendments provided hereinabove in the Memorandum and Articles of Association. It is also clarified that there will be no need to pass a separate shareholders' resolution whatsoever as required under any provisions of the Act for the same. Pursuant to this Scheme, the Transferee Company shall file the requisite forms with



the concerned Registrar of Companies, if required for amending the Memorandum and Articles of Association in accordance with this clause of the Scheme.

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

On the Scheme becoming effective, the Transferor Company shall be dissolved without being wound up.

### **PART-C – GENERAL**

#### **16. APPLICATIONS TO HIGH COURT**

The Transferor Company and the Transferee Company herein shall, with all reasonable dispatch, make applications under Sections 391 to 394 of the said Act to the High Court of judicature at Bombay for sanctioning the Scheme and for dissolution of the Transferor Company without being wound up.

#### **17. MODIFICATIONS/AMENDMENTS TO THE SCHEME**

17.1 The Transferor Company (by their respective Directors) and the Transferee Company (by its Directors) may assent to any modifications or amendments to the Scheme or agree to any terms and/or conditions which the Courts and/or any other authorities under law may deem fit to direct or impose or which may



otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/or carrying out the Scheme and do all acts, deeds and things as may be necessary, desirable or expedient for putting the Scheme into effect. All amendments/modifications to the Scheme shall be subject to approval of High Court.

17.2 For the purpose of giving effect to the Scheme or to any modification thereof, the Directors of the Transferee Company are hereby authorised to give such directions and/or to be take such steps as may be necessary or desirable including any directions for settling any question or doubt or difficulty whatsoever that may arise.

## **18. SCHEME CONDITIONAL ON APPROVALS/ SANCTIONS**

The Scheme is conditional on and subject to:

18.1 The approval to the Scheme by the requisite majorities of the members and *creditors (Secured/ Unsecured)* of the Transferor Company and of the members and creditors of the Transferee Company.

18.2 The requisite resolution(s) under the applicable provisions of the said Act shall be passed by the Shareholders of the transferee Company for any of the matters provided for or relating to the Scheme, as may be necessary or desirable, including approval to the issue and allotment of Preference Shares in the Transferee



Company to the members of the Transferor Company. Further, the requisite resolution(s) under SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 read with SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013 shall be passed through e-voting and Postal ballot as required after disclosure of all material facts in the explanatory statement sent to the shareholders in relation to such resolution and the Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the proposal is more than the votes cast by the public shareholders against it. The term "public" shall carry the same meaning as defined under Rule 2 of the Securities Contract (Regulation) Rules, 1957.

18.3 The sanction of the High Court of Judicature at Bombay under Sections 391 to 394 of the said Act, in favour of the Transferor Company and the Transferee Company and to the necessary Order or Orders under Section 394 of the said Act, being obtained.

18.4 Any other sanction or approval of the Appropriate Authorities concerned, as may be considered necessary and appropriate by the respective Boards of Directors of the Transferor Company and the Transferee Company being obtained and granted in respect of any of the matters for which such sanction or approval is required.





18.5 The requisite consent, approval or permission of the Central Government or any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme.

18.6 It is clarified that if any asset (estate, claims, rights, title, interest in or authority relating to such asset) or any contracts, deeds, bonds, agreements, scheme, arrangements or other instruments of whatsoever nature in relation to the Undertaking which the Transferor Company owns or to which the Transferor Company is a party and which cannot be transferred to the Transferee Company for any reason whatsoever, the Transferor Company shall hold such assets or contract, deeds, bonds, agreements, scheme, arrangements or other instruments of whatsoever nature in trust for the benefit of the Transferee Company to which the Undertaking is being transferred in terms of the Scheme, in so far as, it is permissible so to do, till such time as the transfer is effected.

18.7 *After the sanction of the Scheme and in spite of dissolution of the Transferor Company, the Transferee Company shall for a period of five years from the date of sanction of the Scheme, be also entitled to continue to operate existing Bank account(s) of the Transferor Company for the purpose of depositing cheques, drafts, pay orders and / or payment advances issued to or to be issued in favour of the Transferor Company and for the purpose of transferring such*



*deposits in such accounts of the Transferor Company to the accounts of the Transferee Company.*

**19. EFFECT OF NON RECEIPT OF APPROVALS/ SANCTIONS**

In the event of any approvals or conditions enumerated in the Scheme not being obtained or complied with, or for any other reason, the Scheme cannot be implemented, the Boards of Directors of the Transferee Company and the Transferor Company shall mutually waive such conditions as they consider appropriate to give effect, as far as possible, to this Scheme and failing such mutual agreement, or in case the Scheme not being sanctioned by the Hon'ble High Court, the Scheme shall become null and void and each party shall bear and pay their respective costs, charges and expenses in connection with the Scheme.

**20. VALIDITY OF EXISTING RESOLUTIONS**

*Upon the coming into effect of this Scheme, the Resolutions, if any, of the Transferor Company, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as Resolutions of the Transferee Company and if any such Resolutions have any monetary limits approved under the provisions of the Act or any other applicable statutory provisions, then the said limits shall be added to the limits, if any, under like Resolutions passed by the Transferee Company and shall constitute the aggregate of the said limits in the Transferee Company.*



## **21. SEVERABILITY**

*If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to mutual agreement of the Transferor Company and the Transferee Company, affect the validity or implementation of the other parts and/or provisions of this Scheme.*

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

All costs, charges, taxes including duties, levies and all other expenses of the Transferor Company and the Transferee Company respectively in relation to or in connection with the Scheme and of carrying out and implementing/completing the terms and provisions of the Scheme and/or incidental to the completion of Amalgamation of the said Undertakings of the Transferor Company in pursuance of the Scheme shall be borne and paid by the Transferee Company.



***The Terms and Conditions for the issues of the said 9 % Redeemable Cumulative Preference Shares of face value of Rs. 10/- each and redemption thereof:***

1. Preference Shares will be issued at par of Rs. 10 each.
2. The coupon rate (i.e. the rate of dividend) will be 9%.
3. The Preference Shares will be classified as "9% Non convertible Redeemable Cumulative Preference Shares".
4. Preference Shares will carry preferential (cumulative) right to dividend, at the above said coupon rate , when declared.
5. The dividend will be calculated pro rata i.e. from the date of allotment of such Preference Shares.
6. The Preference Shares will not carry any voting rights except in case of any Resolution placed before the Company which directly affects the rights attached to such shares or otherwise provided in the Companies Act.
7. The Preference Shares will have the maximum redemption period of 20 years. However, the same may be redeemed fully or in such trenches, before the aforesaid period, by the express mutual consent of the holders of such Preference Shares and Transferee Company as may be allowed under the Act
8. Only fully paid up Preference Shares will be redeemed.
9. The Preference Shares will be redeemed at par of Rs. 10 each
10. The Preference Shares will be redeemed out of profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purposes of the redemption.

**Others:**

1. The Company shall, out of yearly profits which would otherwise have been available for dividend, transfer such sum as decided by the Board to "Capital Redemption Reserve Fund" for the purposes of redemption of Preference Shares.
2. The redemption of Preference Shares will not be taken as reducing the Authorised Share Capital of the Company.
3. Where any Preference Shares are redeemed out of profits which would otherwise have been available for dividend, a sum equivalent to the nominal value of the Preference Shares redeemed will be transferred to the "Capital Redemption Reserve Account".

