

**IN THE NATIONAL COMPANY LAW TRIBUNAL,
DIVISION BENCH - I, CHENNAI**

CP/1256 & 1257/CAA/2019

In

CA/800 & 801/CAA/2019

Under Sections 230 to 232 of the Companies Act, 2013

In the matter of *Scheme of Amalgamation*

Between

M/s. MELOY METALS PRIVATE LIMITED

... Petitioner / Transferor Company

And

M/s. PONDY OXIDES AND CHEMICALS LIMITED

... Petitioner / Transferee Company

Order Pronounced on 21st February 2020

CORAM

R. VARADHARAJAN, MEMBER (JUDICIAL)

ANIL KUMAR B, MEMBER (TECHNICAL)

~~For Petitioner~~ : *Pawan Jhabakh, Advocate*

For OL : *B. Palani, Authorized Representative*

COMMON ORDER

Per: ANIL KUMAR B, MEMBER (TECHNICAL)

1. The present Company Petitions have been filed by the Companies above named for the purpose of the approval of the Scheme of Amalgamation (hereinafter referred to as "Scheme",



as contemplated between the companies, viz. **M/s. Meloy Metals Private Limited** (*hereinafter referred to as the "Transferor Company"*) and **M/s. Pandy Oxides and Chemicals Limited** (*hereinafter referred to as the "Transferee Company"*) under Section 230 to 232 and other applicable provisions of the Companies Act, 2013(for brevity 'the Act') read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (for brevity 'the Rules') and the said Scheme is also commonly annexed as Annexure A5 in the Company Petitions.

2. From the records, it is seen that in the First Motion Application was filed before this Tribunal vide CA/800 & 801/CAA/2019 wherein the Transferor Company has sought for a direction for convening the meeting of the Equity Shareholders and dispensation of the meeting of the Secured and Unsecured Creditors and the Transferee Company has sought for a direction for convening the meeting of the Equity Shareholders, Secured and Unsecured Creditors and based on such application moved under Sections 230-232 of the Companies Act, 2013; accordingly, directions were issued by this Tribunal vide order dated 09.08.2019.



3. Under the circumstances, the Petitioner Companies have filed these petitions for sanction of the 'Scheme' before this Tribunal and subsequent to the order of convening / dispensation of the meeting in respect of the Petitioner Companies, the Chairman appointed by this Tribunal has also filed his report in relation to Transferor Company on 03.10.2019 and in relation to Transferee Company on 16.10.2019. Directions were issued vide order dated 22.11.2019 in relation to the notice to the Statutory / Regulatory Authorities as well as for paper publication in "Business Standard" (Chennai Edition) in English and "Maalai Chudar" (Chennai Edition) in Tamil and pursuant to the same notices have been served to the Regional Director, RoC, Chennai, Official Liquidator, the Income Tax Department and other regulatory authorities.

4. It is seen from the records that the Petitioner Companies have filed an affidavit of service on 11.12.2019 in relation to the compliance of the order passed by the Tribunal as noted above and a perusal of the same discloses that the Petitioner Companies have effected the paper publication as directed by the Tribunal in one issue of "Business Standard" (Chennai Edition) in English and "Maalai Chudar" (Chennai Edition) in



Tamil on 02.12.2019. Further notices have been also served to (i) The Regional Director, Southern Region, Chennai, on 04.12.2019 (ii) Registrar of Companies Chennai on 04.12.2019 (iii) Assessing Officer, Income Tax Department on 02.12.2019 (iv) Official Liquidator, Chennai on 04.12.2019, in addition to the same, in relation to the Transferee Company, notices were served to (v) Securities Exchange Board of India (SEBI) on 03.12.2019 and (vi) Bombay Stock Exchange (BSE) on 03.12.2019, in compliance with the directions passed by this Tribunal and in proof of the same acknowledgements/receipts have also been enclosed.

5. The Regional Director, (for brevity 'RD') Chennai to whom the notice was issued in the First Motion itself, has filed his Report on 05.11.2019 before this Tribunal and has stated that Clause 7 of Part B of the Scheme provide for protection of the interest of the employees of the Transferor Company. It was also stated that as per the report of Registrar of Companies, Chennai both the Petitioner Companies are regular in filing the statutory returns and there is no prosecution filed, no complaints pending and no inspection / investigation has been ordered / pending in respect of both the companies. That RD in para 9 of his Affidavit has made the following observation;



"It is submitted that clause 12 of Part B of the Scheme has stated that the authorized capital of the Transferor Company will be merged with the authorized capital of the Transferee Company. The Transferee Company may be directed to file the amended MOA and AOA with the RoC, Chennai for its records. In the said clause of the Scheme the Companies have stated that the Transferee Company would not be required to pay any fee or stamp duty for the increase in the Authorized capital. This is contrary to the provisions of clause (i) to sub - section (3) of Section 232 of the Companies Act, 2013, which mandates the Transferee company to pay the fees, if any, for the enhanced authorized capital subsequent to the amalgamation after setting off the fees paid by the Transferor Company. In the light of the above, the transferee company may be directed to comply with the above provisions of the Act by making an application with RoC, Chennai for payment of the balance fee as applicable under the provisions of the Act and rules framed thereunder."

6. Thus, the RD after examining the Scheme, except for the above observations, has decided not to make any objection to the Scheme. However, it is seen from the records, that the Transferee Company represented by K. Kumaravel, General Manager Finance and Authorized Representative of the Transferee Company, has filed an Affidavit dated 09.01.2020

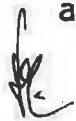


vide diary No.204, wherein it has been stated that the Transferee Company undertakes to comply with the requirements specified in the report of the RD at paragraph 9 by filing the amended Memorandum of Association and Articles of Association and pay the aforesaid fees for the enhanced authorized share capital of the Transferee Company pursuant to amalgamation, post approval of the Scheme by this Tribunal.

7. The Official Liquidator has filed his report on 26.11.2019, and has stated that the affairs of the Transferor Company were not conducted in a manner prejudicial to the interest of its members, or creditors or to the public, as per the provisions of the Companies Act, 1956/ Companies Act 2013, whichever is applicable.

8. The Chartered Accountant appointed by the Official Liquidator verified the books of accounts of the Transferor Company and has observed as follows;

- The company is maintaining proper books of Accounts as per requirements of the Companies Act, 2013 and in accordance with generally accepted accounting principles.



- All the entries have been duly made in the statutory registers in accordance with the requirements of the Companies Act, 2013 and no discrepancies were noted.
- It is also observed from the records maintained at the Office of the Registrar of Companies, Chennai that the Company has filed all the returns.
- Clause 13.2 of the Scheme of Amalgamation provides for the following:

“Upon this Scheme becoming effective and upon the entire business and the whole of the undertaking of the Transferor Company M/s. Meloy Metals Private Limited being transferred to and vested in the Transferee Company M/s. Pondy Oxides and Chemicals Limited, the Transferee Company shall without any further application or deed, issue allot and credit as fully paid up, to every shareholders of the Transferor Company whose name appear in the Register of Members of the Transferor Company (or his/her heir, executors, administrators or successors in title, as the case may be, and as may be recognized by the Board of the Transferee Company) as on the Record date, equity shares in the following proportion:

- “102 Equity Shares of Rs.10/- (Rupees Ten) each of the Transferee Company



credited as fully paid up in respect of every 100 equity shares of Rs.100/- each" fully paid up held by them in the Transferor Company M/s. Meloy Metals Private Limited (Share Exchange Ratio)"

9. From the above observations made by the Chartered Accountants, the Official Liquidator sought to take on record and consider the report of the Chartered Accountant and has also sought to fix the remunerations payable to the Auditor who has investigated into the affairs of the Transferor Company. In this regard, this Tribunal hereby directs the Transferor Company to pay a sum of Rs. 30,000/- to the Official Liquidator for the payment of fees payable towards the Auditor who has investigated into the affairs of the Transferor Company.

10. Despite notice being served, there is no representation from the Department of Income Tax, Securities Exchange Board of India, Bombay Stock Exchange and in the circumstances, this Tribunal presumes that the above mentioned authorities does not have any objection to the sanction of the Scheme.

11. The Petitioner Companies have filed the certificate of the Independent Statutory Auditor in relation to compliance with the



Accounting Standards with respect to the Scheme. Thus, the Petitioner Companies have complied with proviso to Section 230 (7) / Section 232 (3) of the Companies Act, 2013.

12. In Company Petition CAA-284/ND/2018 vide Order dated 12.11.2018, the NCLT New Delhi has made the following observations with regard to the right of the IT Department in the Scheme of Amalgamation,

"taking into consideration the clauses contained in the Scheme in relation to liability to tax and also as insisted upon by the Income Tax and in terms of the decision in RE: Vodafone Essar Gujarat Limited v. Department of Income Tax (2013)353 ITR 222 (Guj) and the same being also affirmed by the Hon'ble Supreme Court and as reported in (2016) 66 taxmann.com.374(SC) from which it is seen that at the time of declining the SLPs filed by the revenue, however stating to the following effect vide its order dated April 15,2015 that the Department is entitled to take out appropriate proceedings for recovery of any statutory dues from the transferor or transferee or any other person who is liable for payment of such tax dues, the said protection be afforded is granted. With the above observations, the petition stands allowed and the scheme of amalgamation is sanctioned."



13. The Petitioner companies have submitted that no investigation proceedings are pending against them under the provisions of the Companies Act, 1956 or the Companies Act, 2013 and no proceedings are pending against the petitioner companies under Section 235 to 251 of the Companies Act, 2013 or under relevant provision of the Companies Act, 1956.

14. In view of absence of any other objections having been placed on record before this Tribunal and since all the requisite statutory compliances having been fulfilled, this Tribunal, sanctions the Composite Scheme of Arrangement, annexed as Annexure "A5" with the Company Petitions as well as the prayer made therein.

15. Notwithstanding the above, if there is any deficiency found or, violation committed qua any enactment, statutory rule or regulation, the sanction granted by this Tribunal will not come in the way of action being taken, albeit, in accordance with law, against the concerned persons, directors and officials of the petitioners.

16. While approving the Scheme as above, it is clarified that this order should not be construed as an order in any way



granting exemption from payment of stamp duty, taxes or any other charges, if any payment is due or required in accordance with law or in respect to any permission/compliance with any other requirement which may be specifically required under any law.

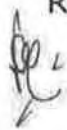
THIS TRIBUNAL DO FURTHER ORDER:

(i) That all properties, right and interest of the Amalgamating Companies shall pursuant to section 232(3) of the Companies Act, 2013 without further act or deed be transferred to and vest in or be deemed to have been transferred and vested in the Transferee Company as per the terms of the Scheme of Amalgamation.

(ii) That all the liabilities, powers, engagements, obligations and duties of the Transferor Company shall pursuant to Section 232 (3) of the Companies Act, 2013 without further act or deed be transferred to the Transferee Company and accordingly the same become the liabilities and duties of the Transferee Company.



- (iii) That all proceedings now pending by or against the Transferor Company be continued by or against the Transferee Company.
- (iv) That the Appointed date for the Scheme shall be **1st April 2019.**
- (v) That all the employees of the Transferor Company in service on date immediately preceding the date on which the Scheme finally take effect shall become the employees of the Transferee Company without any break or interruption in their service.
- (vi) That the Transferee Company do without further application allot to such members of the Transferor Company, as have not given such notice of dissent, as is required by Clause 13.2 of the SCHEME herein the shares in the Transferee Company to which they are entitled under the said SCHEME.
- (vii) That the Transferee Company shall file the revised Memorandum and Articles of Association with the Registrar of Companies, Chennai and further make



the requisite payments of the differential fee (if any) for the enhancement of authorized capital of the Transferee Company after setting off the fees paid by the Transferor Company.

(viii) That the Transferor Company and the Transferee Company, shall within thirty days of the date of receipt of this order cause a certified copy of this order to be delivered to the Registrar of Companies for registration and on such certified copy being so delivered, the Transferor Company shall be dissolved and the Registrar of Companies shall place all documents relating to the Transferor Company and registered with him on the file kept by him in relation to all the Transferee Company and the files relating to the said both companies shall be consolidated accordingly.

(ix) That any person interested shall be at liberty to apply to the Tribunal in the above matter for any directions that may be necessary.



17. Accordingly, the Company Petitions stand **allowed** on the
aforementioned terms.

-SD-
(ANIL KUMAR B)
MEMBER (TECHNICAL)

-SD-
(R.VARADHARAJAN)
MEMBER (JUDICIAL)

Raymond



Certified to be True Copy

26/2/2020
N. SRIRAMASUBRAMANIAN
ASSISTANT REGISTRAR
NATIONAL COMPANY LAW TRIBUNAL
CHENNAI BENCH
CORPORATE BHAVAN, 3rd FLOOR
29, RAJAJI SALAI, CHENNAI-600001.

**SCHEME OF AMALGAMATION
OF
MELOY METALS PRIVATE LIMITED
WITH
PONDY OXIDES AND CHEMICALS LIMITED
AND**

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

**(UNDER SECTIONS 230 to 232 AND OTHER APPLICABLE PROVISIONS OF THE
COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER)**

PREAMBLE

A. Description of the Companies

- (a) Meloy Metals Private Limited ('Transferor Company' or 'Amalgamating Company') with Corporate Identification Number U27310TN2011PTC115709, was incorporated on the 25th day of May 2011 in the State of Andhra Pradesh under the name and style of "Vedam Drugs Private Limited" as per the provisions of the Companies Act, 1956. The name of the Transferor Company was changed to "Meloy Metals Private Limited" on 29th June 2016. The registered office of the Transferor Company was located at Plot No: A-28/1/14-D, Road No: 15, IDA, Nacharam, Hyderabad, Telangana – 500 076. The registered office of the Transferor Company after obtaining due approvals has been shifted to 4th Floor, KRM Centre, No. 2, Harrington Road, Chetpet, Chennai – 600031, Tamil Nadu, India vide the order passed by the Regional Director dated 06th February 2017.
- (b) The Transferor Company is engaged in the business of manufacturing of Lead Metal and Lead Alloys.
- (c) Pondy Oxides and Chemicals Limited ('Transferee Company' or 'Amalgamated Company') with Corporate Identification Number L24294TN1995PLC030586, was incorporated on the 21st day of March 1995 in the State of Tamil Nadu under the Companies Act, 1956. The registered office of the Transferee Company is located at 4th Floor, KRM Centre, No. 2, Harrington Road, Chetpet, Chennai – 600031, Tamil Nadu, India.
- (d) The Transferee Company is engaged in the production of Lead, Lead Alloys, Zinc Metal and Zinc Oxide.
- (e) The Transferee Company and the Transferor Company are hereinafter collectively known as 'Parties' or 'Parties to the Scheme' or 'the Companies'.

B. Purpose of the Scheme

It is proposed to amalgamate the Transferor Company with the Transferee Company. The Board of Directors of the Transferor Company and the Transferee Company through resolutions passed in their respective meetings, have considered and decided to amalgamate the Transferor Company with the Transferee Company with an objective to ensure better management of the resources and businesses as a single unit.



C. Rationale of the Scheme

The Board of Directors of the Transferor Company and the Transferee Company are of the opinion that the proposed amalgamation of the Transferor Company with the Transferee Company shall be advantageous and beneficial to both the Transferor Company and the Transferee Company in the following manner:

(i) Consolidation of business:

The amalgamation will enable consolidation of the businesses into one amalgamated entity which, will facilitate in focused growth, operational efficiency, integration synergies and better supervision of the business of the group. The Amalgamated Company would also have a better credit rating in the market enabling it to have better access to market funds.

(ii) Pooling of resources:

The amalgamation will enable pooling of resources of the Companies to their advantage, resulting in more productive utilization of the resources, and achieving cost and operational efficiency which will be beneficial to all stakeholders.

(iii) Scaling of operations:

The amalgamation would facilitate scaling of operations i.e. achieving economies of scale, reduce administrative, managerial, compliance costs and other expenditure and bring operational rationalization resulting in greater visibility for the resultant amalgamated entity in the market.

(iv) Financial consolidation and flexibility:

The amalgamation will lead to combination of funds of the companies. This will lead to consolidation of the financial strengths of the companies and will also result in fungibility of funds amongst various projects.

(v) Implementation of policy changes:

From a management perspective, the amalgamation will also enable smoother implementation of policy changes at a higher level and help enhance the efficiency of the entities.

(vi) Operational efficiencies:

The amalgamation will result in reduction of multiplicity of compliances.

Recognizing the strengths of each other and with the ultimate intent of aligning the business operations undertaken by the Transferor Company and the Transferee Company, the Transferor Company and the Transferee Company propose to amalgamate by way of and in accordance with the terms of this Scheme of Amalgamation (as detailed below) which will cause benefits to both the Companies, the employees, the shareholders, the creditors and the public at large.

There is no likelihood that the interests of any shareholder or creditor of either the Transferor Company or the Transferee Company would be prejudiced as a result of the proposed Scheme. The amalgamation will not impose any additional burden on the shareholders of the Transferor Company or the Transferee Company.



D. Parts of the Scheme

The Scheme is divided into the following parts:

1. PART A which deals with definition, date of taking effect and share capital.
2. PART B which deals with amalgamation of the Transferor Company with Transferee Company.
3. PART C which deals with general terms and conditions.



PART A – DEFINITION, DATE OF TAKING EFFECT & SHARE CAPITAL

1. DEFINITIONS

In this Scheme, unless inconsistent with the subject or context, the following expression shall have the meanings respectively assigned against them:

- 1.1. "Act" means the Companies Act, 2013 and rules, regulations, guidelines, notifications made thereunder, if any, and shall include any statutory modification, re-enactment or amendments thereof for the time being in force.
- 1.2. "Amalgamation" shall have the same meaning as provided under Section 2(1B) of the Income-tax Act, 1961.
- 1.3. "Appointed Date" means opening hours of business on 1 April 2019 or any other date as the Tribunal may direct or approve under the relevant provisions of the Act.
- 1.4. "Board" means the Board of Directors of any of the Parties to the Scheme, as the context may require, and shall include any committee thereof or any person authorised by the respective Board of Directors.
- 1.5. "Charter Documents" means Memorandum of Association and Articles of Association.
- 1.6. "Effective Date" means the last of the dates on which the conditions specified in Clause 18 (Part C) of this Scheme are fulfilled with respect to the Scheme. Any references in this Scheme to "upon the Scheme becoming effective", "coming into effect of this Scheme", "upon this Scheme coming into effect", shall mean the "Effective Date".
- 1.7. "Government Entity" or "Governmental Authority" means any applicable central or state government or local body, legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction.
- 1.8. "Income-tax Act, 1961" or "IT Act" means (Indian) Income-tax Act, 1961, including any amendments or restatements or statutory re-enactments thereof.
- 1.9. "Intellectual Property" means and includes all intellectual properties including trademarks, service marks, logos, trade names, domain names, database rights, design rights, rights in know-how, trade secrets, copyrights, moral rights, confidential processes, patents, inventions research, and any other intellectual property or proprietary rights (including rights in computer software) or any other business or commercial right of similar nature pertaining to the Transferor Company, in each case whether registered or unregistered and including applications for the registration or grant of any such rights and any and all forms of protection having equivalent or similar effect anywhere in the world.
- 1.10. "NCLT" or "Tribunal" means the National Company Law Tribunal as constituted as per the relevant provisions of the Companies Act, 2013 at Chennai for approving any Scheme of arrangement, compromise or reconstruction of companies.
- 1.11. "Record Date" means the date to be fixed by the Board of the Transferee Company, after the effective date for the purpose of determining the Shareholders of the Transferor Company to whom shares shall be allotted under the Scheme of Amalgamation.
- 1.12. "Registrar of Companies" or "RoC" means the relevant Registrar of Companies, having jurisdiction over the Transferor Company and the Transferee Company, as the case may be.



- 1.13. "Scheme of Amalgamation" or "Scheme" or "the Scheme" or "this Scheme" means this Scheme of Amalgamation in its present form or with any modification(s) as approved, imposed, or directed by the NCLT.
- 1.14. "Shareholders" means respectively the persons registered as holders of equity shares of the Transferor Company or the Transferee Company, as the case may be.
- 1.15. "Stock Exchange" means BSE Limited [CIN: L67120MH2005PLC155188], having its registered office at P.J. Towers (251h Floor), Dalal Street, Mumbai 400 001.
- 1.16. "Transferee Company" means Pondy Oxides and Chemicals Limited, a company incorporated under the Companies Act, 1956, and having its registered office at 4th Floor, KRM Centre, No. 2, Harrington Road, Chetpet, Chennai – 600031, Tamil Nadu, India.
- 1.17. "Transferor Company" means Meloy Metals Private Limited, a company incorporated under the Companies Act, 1956 and having its registered office at 4th Floor, KRM Centre, No. 2, Harrington Road, Chetpet, Chennai – 600031, Tamil Nadu, India.
- 1.18. "Tribunal Order" shall mean the order of the Tribunal approving and sanctioning the Scheme.
- 1.19. "Undertaking" shall mean and include the whole of the Transferor Company's business undertaking and associated goodwill, as a going-concern as on the Appointed date and also taking into account the business undertaking and associated goodwill from the Appointed Date to the Effective Date, including but not limited to:
- (i) all cash in hand, cash at bank, deposits, savings, reserves, investments, funds, receipts, trade receivables, provisions and cash equivalent of any kind whatsoever;
 - (ii) all secured and unsecured debts, liabilities, duties and obligations together with all present and future liabilities (including contingent liabilities) relating to the Transferor Company;
 - (iii) all the assets, properties, rights, titles and benefits, whether movable or immovable (as detailed in Schedule A), real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent and including but without being limited to land and building (whether owned, leased, licensed), all fixed assets, plant and machinery, movable assets, vehicles, work-in-progress, current assets, goods, computers, office equipment, telephones, telexes, facsimile connections, communication facilities, equipments, installations, furniture, fixtures, utilities, electricity, water and other service connections;
 - (iv) all licenses, permits, quotas, approvals, registrations, allotments, approvals, privileges, advantages, exemptions, accreditations to trade and industrial bodies, no-objections, clearances, incentives, municipal permissions, regulatory permissions, consents or power of every kind, nature and description whatsoever, obtained from governmental bodies, appropriate authorities or third parties, in connection with the operations of or relating to the Transferor Company;
 - (v) all copyrights, patents, trade names, trademarks, software licences, domain / websites, and other rights (including rights under any contracts, government contracts, memoranda of understanding etc.) and licenses in respect thereof, applications for copyrights, patents, trade names, trademarks, domain names, industrial designs, trade secrets, technical know-how or intellectual property rights of any nature and any other intangibles;



- (vi) all leases, tenancy rights, premises, ownership flats, hire-purchase, benefits of security arrangements, benefits of agreements, contracts and arrangements, powers, easements and all the rights thereof;
- (vii) all title, interest benefit, advantage, deposits, reserves, provisions, advances, receivables, subsidies, grants, benefits of agreements, and all other rights relating to taxes (including tax refunds, credits, etc.) including but not limited to credits in respect of income tax, minimum alternate tax, fringe benefit tax, taxes withheld at source by or on behalf of the Transferor Company, Goods and Services Tax ('GST'), wealth tax, sales tax, value added tax, turnover tax, MODVAT credit, CENVAT credit, service tax etc.;
- (viii) any other title, interest, goodwill, benefit, advantage, liability, obligation, right, in connection with or relating to the Transferor Company and other claims and powers, of whatsoever nature and wheresoever situated belonging to, or in the possession of, or granted in favour of, or enjoyed by the Transferor Company;
- (ix) All books, records, files, papers, governance templates and process in formation, records of standard operating procedures, computer programs along with their licenses, manuals and backup copies, advertising materials, and other data and records whether in physical or electronic form, directly or indirectly in connection with or relating to the Transferor Company;
- (x) Employees of the Transferor Company that are determined by its Board of Directors to be engaged in or in relation to the business and contributions, if any, made towards any insurance, provident fund, employees state insurance, gratuity fund, labour welfare fund, staff welfare Scheme or any other special Schemes, funds or benefits, existing for the benefit of such Employees, together with such of the investments made by these funds, which relate to such employees;
- (xi) All legal, tax, regulatory, quasi-judicial, administrative or other proceedings (including before any statutory or quasi-judicial authority or tribunal) by or against the Transferor Company; and
- (xii) Liabilities of every kind, nature and description, whether present or future, whether or not required to be reflected on a balance sheet in accordance with the Accounting Standards and includes corporate loans, refundable deposits, advances, contingent liabilities, term loans including secured loans and unsecured loans, borrowings, statutory liabilities (including those under taxation laws, stamp duty laws etc.), contractual liabilities, duties, obligations, guarantees and those arising out of proceedings of any nature, relating to or appertaining to, or attributable to the Transferor Company, comprising of as on the Appointed Date.

All the terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning as ascribed to them under the Act, the Securities Contract Regulations Act, 1956, the Securities and Exchange Board of India Act, 1992, the Depositories Act, 1996 and other applicable laws, rules, regulations, bye-laws, as the case may be, including any statutory modification(s) or re-enactment(s) thereof, from time to time.

2. Interpretation

In this Scheme, unless the context otherwise requires:

- a. References to any law or legislation or regulation shall include amendment(s), circulars, notifications, clarifications or supplement(s) to, or replacement or amendment of, that law or legislation or regulation;
- b. words denoting singular shall include plural and vice versa;



- c. Words of either gender shall be deemed to include all the other genders.
- d. Headings, subheadings, titles, subtitles to clauses, sub-clauses and paragraphs are for information only and shall not form part of the operative provisions of this Scheme or the schedules hereto and shall be ignored in construing the same.
- e. references to the word "include" or "including" shall be construed without limitation;
- f. a reference to an article, clause, section, paragraph or schedule is, unless indicated to the contrary, a reference to an article, clause, section, paragraph or schedule of this Scheme;
- g. reference to dates and times shall be construed to be references to Indian dates and times; and
- h. reference to a document includes an amendment or supplement to, or replacement or novation of, that document.

3. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) and amendment(s), approved or imposed or directed by the Tribunal, shall be effective from the Appointed Date but shall be made operative from the Effective Date.

4. SHARE CAPITAL

- 4.1. The authorized, issued, subscribed and paid-up share capital of Transferee Company as on 31 March 2019 as per the unaudited financial statements is as under:

Share Capital	Amount in Rs.
Authorised Share Capital	
1,24,00,000 Equity Shares of face value of Rs.10/- each	12,40,00,000
Issued, subscribed and paid-up Share Capital	
55,75,993 Equity Shares of face value of Rs.10/- each	5,57,59,930

There has been no change in the capital structure of Transferee Company subsequently. The shares of the Transferee Company are listed on the Stock Exchange.

- 4.2. The authorized, issued, subscribed and paid-up share capital of Transferor Company as on 31 March 2019 as per the unaudited financial statements is as under:

Share Capital	Amount in Rs.
Authorised Share Capital	
7,75,000 Equity Shares of face value of Rs.100/- each	7,75,00,000
Issued, subscribed and paid-up Share Capital	
2,31,764 Equity Shares of face value of Rs.100/- each	2,31,76,400

There has been no change in the capital structure of Transferor Company subsequently.



PART B – AMALGAMATION OF TRANSFEROR COMPANY WITH TRANSFEREE COMPANY

5. TRANSFER AND VESTING OF UNDERTAKING OF TRANSFEROR COMPANY

This part of the Scheme has been drawn up to comply with the conditions relating to "Amalgamation" as specified under Section 2(1B) of the IT Act. If any terms or provisions of the Scheme is/are inconsistent with the provisions of Section 2(1B) of the IT Act, at a later date including resulting from an amendment of law or for any other reasons whatsoever, the provisions of Section 2(1B) of the IT Act, shall prevail and the Scheme shall stand modified to the extent necessary to comply with Section 2(1B) of the IT Act, such that the modification does not affect other parts of the Scheme.

With effect from the Appointed Date and upon coming into effect of this Scheme, the entire business and Undertaking of the Transferor Company shall, in accordance with Section 2(1B) of the IT Act, stand transferred to and be vested in or deemed to be transferred to and vested in Transferee Company, as a going concern.

Without prejudice to the generality of the above said clause:

- 5.1. With effect from the Appointed date and upon the Scheme becoming effective, all assets that are immovable in nature and rights (whether contingent or not) in the immovable properties which form a part of the Transferor Company, whether freehold or leasehold or licensed or otherwise and all documents of title, rights and easements in relation thereto, shall pursuant to the provisions of Sections 230 to 232 of the Act and pursuant to the orders of the NCLT or any other appropriate authority sanctioning this Scheme and without any further act, instrument or deed shall stand transferred to and vested in and/or deemed to be transferred to and vested in the Transferee Company, subject to all the encumbrances, fixed and/or floating charges (if any). The Transferee Company shall be entitled to and exercise all rights and privileges attached thereto including right to use, enjoy, occupy, develop, possess the immovable property with all rights of ownership and right to deal with and dispose of such immovable properties and appropriate all consideration arising there from as the Transferee Company deems fit and shall be liable to pay ground rent and taxes and to fulfill all obligations in relation to or applicable to such immovable properties. The Transferee Company shall under the provisions of Scheme be deemed to be authorized to execute, if required, such instruments, deeds and writing on behalf of the Transferor Company and to implement or carry out all such formalities or compliances to give effect to the provisions of this Scheme. The relevant authorities shall grant all clearances / permissions / approvals, if any, required for enabling the Transferee Company to absolutely own and enjoy the immovable properties in accordance with applicable law. The mutation of the title to the immovable properties shall be made and duly recorded by the appropriate authorities pursuant to the sanction of this Scheme, and upon this Scheme becoming effective, in accordance with the terms hereof, in favour of the Transferee Company without any further act or deed on the part of Transferee Company. Any inchoate title or possessory title of the Transferor Company shall be deemed to be the title of the Transferee Company.
- 5.2. With effect from the Appointed Date and upon this Scheme becoming effective, all assets that are movable in nature or are intangible in nature, as identified and applicable or are otherwise capable of transfer by manual or constructive delivery or by endorsement and delivery, shall stand transferred to and vested in the Transferee Company and shall become the property and an integral part of the Transferee Company (to the extent permissible under Applicable Law) without any further act, instrument or deed. The vesting pursuant to this clause shall be deemed to have occurred by manual or constructive delivery or by endorsement and delivery, as appropriate to the property being vested and title to the property shall be deemed to have been transferred accordingly to the Transferee Company.
- 5.3. With effect from the Appointed Date and upon this Scheme becoming effective, all movable Assets of the Transferor Company, other than those specified in clause 5.2 above, including cash and cash equivalents, 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, customers and other persons shall without any requirement of any further act, instrument or deed become the property of the Transferee Company.

- 5.4. With effect from the Appointed Date and upon this Scheme becoming effective, all lease or license or rent agreements entered into by the Transferor Company with various landlords, owners and lessors in connection with the use of the Assets of the Transferor Company, together with security deposits, shall stand automatically transferred in favour of the Transferee Company on the same terms and conditions, subject to Applicable Law, without any further act, instrument or deed. The Transferee Company shall continue to pay rent amounts as provided for in such agreements and shall comply with the other terms, conditions and covenants thereunder and shall also be entitled to refund of security deposits paid under such agreements by the Transferor Company.
- 5.5. With effect from the Appointed Date and upon this Scheme becoming effective, all Intellectual Property of the Transferor Company, as identified and applicable, shall without any requirement of any further act, instrument or deed, stand transferred to and vested in the Transferee Company. This Scheme shall serve as a requisite consent for use and transfer of such Intellectual Property without requiring the execution of any further deed or document, so as to transfer the said Intellectual Property in favour of the Transferee Company.
- 5.6. With effect from the Appointed Date and upon this Scheme becoming effective, in relation to Assets, if any, which require separate documents for vesting in the Transferee Company, or which the Transferor Company and/or the Transferee Company otherwise desire to be vested separately, the Transferor Company and the Transferee Company will execute such deeds, documents or such other instruments, if any, as may be mutually agreed.
- 5.7. On and from the Effective Date and till such time that the name of the bank 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 accounts of the Transferor Company in its name for such time as may be determined to be necessary by the Transferee Company. All cheques and negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company, after the Effective Date 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. It is hereby expressly clarified that any legal proceedings by or against the Transferor Company in relation to cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company shall be instituted, or as the case may be, continued, by or against, the Transferee Company after the coming into effect of the Scheme.
- 5.8. With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses (including software licenses) or permissions or approvals or consents or certificates or permits or quotas or rights or entitlements or accreditations to trade and industrial bodies, privileges, powers, facilities, authorities (including for operation of bank accounts), powers of attorneys given by, issued to or executed in favour of or held by the Transferor Company shall stand vested in or transferred to Transferee Company without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of Transferee Company and the benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses, quality certifications and approvals, trademarks, patents, industrial designs and trade secrets, other intangibles, any benefits and consents of every kind and description of whatsoever nature in relation to the Transferor Company shall vest in and become available to Transferee Company as if they were originally obtained by Transferee Company. In so far as the various incentives, subsidies, rehabilitation schemes, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by the Transferor Company, are concerned, the same shall vest with and be available to Transferee Company on the same terms and



conditions as applicable to the Transferor Company, as if the same had been allotted and/or granted and/or sanctioned and/or allowed to Transferee Company.

- 5.9. With effect from the Appointed Date and upon this Scheme becoming effective, each of the permissions, approvals, consents, sanctions, remissions (including remittance under income-tax, minimum alternate tax, fringe benefit tax, sales tax, value added tax, turnover tax, excise duty, service tax, customs, GST), special reservations, sales tax remissions, tax holidays, incentives, grants, subsidies, concessions and other authorizations relating to the Transferor company, shall stand transferred to the Transferee Company and shall be carried forward by the Transferee Company under the provisions of the applicable laws. Further, the Transferee Company shall file the relevant notifications, if any, for the record of the statutory authorities who shall take them on file, pursuant to the Order of the NCLT and coming into effect of this Scheme.
- 5.10. With effect from the Appointed Date and upon this Scheme becoming effective, all liabilities (including but not limited to contingent liabilities, debts, duties, obligations etc. of every kind, nature and description whether or not provided for in the books of accounts and whether disclosed or undisclosed in the balance sheet of the Transferor Company) shall, under the provisions of Sections 230 to 232 and all other applicable provisions, if any, of the Act, and without any further act or deed, be transferred to or be deemed to be transferred to Transferee Company, so as to become from the Appointed Date the liabilities of Transferee Company and the Transferee Company undertakes to meet, discharge and satisfy the same. It is hereby clarified that, unless expressly provided for, it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such liabilities have arisen, in order to give effect to the provisions of this clause.
- 5.11. The transfer and vesting of the entire business and Undertaking of the Transferor Company as aforesaid shall be subject to the existing securities, charges, mortgages, if any, in respect of any assets of the Transferor Company.
- 5.12. Provided always that the Scheme shall not operate to enlarge the security for any loan, deposit or facility availed of by the Transferor Company and Transferee Company shall not be obliged to create any further or additional security thereof after the Effective Date or otherwise.
- 5.13. Loans or other obligations, if any, due between or amongst the Transferor Company and the Transferee Company shall stand discharged and there shall be no liability in that behalf. In so far as any shares, securities, debentures or notes issued by the Transferor Company, and held by the Transferee Company and vice versa, the same shall, unless sold or transferred by the said Transferor Company or the Transferee Company, as the case may be, at any time prior to the Effective Date, stand cancelled as on the Effective Date, and shall have no effect and the Transferor Company or the Transferee Company, as the case may be, shall have no further obligation outstanding in that behalf.
- 5.14. Upon this Scheme becoming effective, the borrowing limits of the Transferee Company shall, without any requirement of any further act or deed, stand enhanced by an amount being the aggregate of the Liabilities pertaining to the Transferor Company which are being transferred to the Transferee Company pursuant to this Scheme and the Transferee Company shall not be required to pass any separate resolution in this regard.
- 5.15. In respect of such of the assets / liabilities belonging to the Transferor Company other than those referred to in aforementioned clauses, the same shall be transferred to and vested in and/or be deemed to be transferred to and vested in Transferee Company on the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act.
- 5.16. For avoidance of doubt and without prejudice to the generality of any applicable provisions of this Scheme, it is clarified that in order to ensure (i) implementation of the provisions of the Scheme; and (ii) continued vesting of the benefits, exemptions available to the Transferor Company in favour of the Transferee Company, the Board



of the Transferor Company and the Transferee Company shall be deemed to be authorized to execute or enter into necessary documentations with any regulatory authorities or third parties, if applicable and the same shall be considered as giving effect to the order passed by NCLT and shall be considered as an integral part of this Scheme.

6. PERMITS, CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

- 6.1. With effect from the Appointed Date and upon this Scheme becoming effective and subject to the provisions of this Scheme, all permits, no objection certificates, contracts, deeds, bonds, agreements and other instruments, permissions, approvals, consents, licenses, of every kind entered into with various persons including independent consultants, statutory authorities, government departments/agencies, subsidiaries/associate/joint venture companies and other shareholders of such subsidiaries/associate/joint venture companies, arrangements and other instruments of whatsoever nature, to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect on or against or in favour of, as the case may be, of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been an original party or beneficiary or obligee thereto or thereunder.
- 6.2. Without prejudice to the other provisions of this Scheme and notwithstanding that amalgamation of Transferor Company with the Transferee Company occurs by virtue of this Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any Applicable Law or otherwise, execute deeds, confirmations or other writings or arrangements with any party (including secured and unsecured creditors) to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary to, be executed merely in order to give formal effect to the above provisions. The Transferor Company will, if necessary, also be a party to the above. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company to be carried out or performed.
- 6.3. Without any further act or deed, all governmental approvals and other consents, permissions, quotas, rights, authorisations, entitlements, no-objection certificates and licenses including but not limited to the approvals obtained from Andhra Pradesh Industrial Infrastructure Corporation Limited for allotment of land in favour of the Transferor Company irrespective of change in shareholding as a consequence of the Amalgamation of the Transferor Company and the Transferee Company, including those relating to tenancies, privileges, powers and facilities of every kind and description of whatsoever nature, to which the Transferor Company is a party or to the benefit of which the Transferor Company may be entitled to use and which may be required to carry on the operations of the Undertaking, and which are subsisting or in effect immediately prior to the Effective Date, shall be, and remain, in full force and effect in favour of the Transferee Company and may be enforced as fully and effectually as if, the Transferee Company had been a party, a beneficiary or an obligee thereto. The Transferee Company shall be entitled to undertake and carry out the business pertaining to the Undertaking pursuant to the effectiveness of this Scheme on its own account, pending the relevant authority taking on record the effectiveness of this Scheme. The Transferee Company is authorized to take such steps or actions as may be necessary in this regard.
- 6.4. As a consequence of the Amalgamation of the Transferor Company and the Transferee Company, the recording of change in name from the Transferor Company to the Transferee Company, whether for the purposes of any licence, permit, approval or any other reason, or whether for the purposes of any transfer, registration, mutation or any other reason, shall be carried out by the concerned statutory or regulatory or any other authority without the requirement of payment of any transfer or registration fee or any other charge or imposition whatsoever.



- 6.5. For the removal of doubts, it is expressly made clear that the dissolution of the Transferor Company without the process of winding-up as contemplated hereinafter, shall not, except to the extent set out in the Scheme, affect the previous operation of any contract, agreement, deed, or any instrument, or beneficial interest to which the Transferor Company is a party thereto. Such winding-up shall not affect any right, privilege, and obligations, acquired, or deemed to be acquired prior to Appointed Date, and all such references in such agreements, contracts and instruments to the Transferor Company shall be construed as reference only to the Transferee Company with effect from the Appointed Date.
- 6.6. Upon this Scheme becoming effective, the past track record of the Transferor Company, including without limitation, the profitability, experience, credentials and market share, shall be deemed to be the track record of the Transferee Company for all commercial and regulatory purposes including for the purposes of eligibility, standing, evaluation and participation of the Transferee Company in all existing and future bids, tenders and contracts of all authorities, agencies and clients.

7. STAFF, WORKMEN AND EMPLOYEES

- 7.1. Upon this Scheme becoming effective, all staff, executives workmen and other employees of the Transferor Company (hereinafter referred to as "Employees") as on the Effective Date, shall be deemed to have become Employees of the Transferee Company, without any interruption of service and on the basis of continuity of service with reference to the Transferor Company from the Appointed Date or their respective joining date, whichever is later and, subject to the provisions, hereof, on the terms and conditions not less favorable than those on which they are engaged by the Transferor Company. The services of such Employees, if any, with the Transferor Company up to the Effective Date shall be taken into account for the purposes of all benefits to which the Employees, may be eligible under Applicable Law.
- 7.2. In the event of retrenchment or termination of Employees, the Transferee Company shall be liable to pay compensation in accordance with contract or law, as the case may be, on the basis that the services of the Employees shall have been continuous and shall not have been interrupted by reason of such transfer.
- 7.3. Upon this Scheme becoming effective, all contributions to funds and schemes in respect of provident fund, Employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme or any other special schemes or benefits created or existing for the benefit of the Employees, if any, shall be deemed to be made by the Transferee Company in accordance with the provisions of such schemes or funds and Applicable Law.
- 7.4. The existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, pension fund, the staff welfare scheme and any other schemes or benefits created by the Transferor Company for the Employees, shall be continued on the same terms and conditions and be transferred to the existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, pension fund, staff welfare scheme and any other schemes or benefits or any other similar funds being maintained by the Transferee Company without any requirement of any separate act or deed/approval. The said benefits shall be extended to the Employees of the Transferor Company even if such benefits were not available to the Employees during their tenure in the Transferor Company, by virtue of non-applicability of the relevant provisions to the Transferor Company. In relation to the Employees, for whom the Transferor Company is making contributions to the government provident fund, the Transferee Company shall stand substituted for the Transferor Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye-laws, etc. in respect of such Employees. In the event that the Transferee Company does not have its own funds in respect of any of the above, Transferee Company may, subject to necessary approvals and permissions, continue to contribute to relevant funds of the Transferor Company, until such time that the Transferee Company creates its own fund, at which time the Funds and the investments and contributions pertaining to the Employees of the Transferor Company shall be transferred to the funds created by the Transferee Company. Subject to the relevant law, rules, regulations and provisions



to the Funds, the respective Board of Directors or any committee thereof of the Company may decide to continue to make the said contributions to the Funds of the Transferor Company and take such other actions as may be deemed fit. It is clarified that the services of the Employees of the Transferor Company will be treated as having been continuous and not interrupted for the purpose of the said fund or funds. It is the aim and the intent of the Scheme that all the rights, duties, powers and obligations, in whatsoever nature, that are available to the employees of the Transferee Company shall also be available to all the employees of the Transferor Company in relation to Provident Fund, Gratuity and Pension and / or Superannuation Fund or any other special fund, however subject to the provisions of the relevant and applicable statutes.

8. CONTINUATION OF LEGAL PROCEEDINGS

- 8.1. From the Effective Date, all legal or other proceedings (including before any statutory or quasi-judicial authority or tribunal or administrative or any adjudicating authorities) by or against the Transferor Company, whether pending on the Appointed Date or which may be instituted any time in the future (irrespective of whether they relate to periods on or prior to the Appointed Date) shall be continued and enforced by or against the Transferee Company after the Effective Date, to the extent legally permissible.
- 8.2. If any Legal Proceedings are initiated or carried on against the Transferor Company in respect of the matters referred in the above clause, it shall defend the same in accordance with the advice of the Transferee Company.
- 8.3. If any Legal Proceeding(s) is/ are pending, the same shall not abate, be discontinued or in any way be prejudicially affected by reason of this Scheme and the proceedings may be continued, prosecuted and enforced, by or against the Transferee Company in the same manner and to the same extent, as they would or might have been continued, prosecuted and enforced by or against the Transferor Company, as if this Scheme had not been made.

9. TAXES

- 9.1. Upon this Scheme becoming effective and with effect from the Appointed Date, all taxes (direct or indirect), surcharge, duties and cess payable by the Transferor Company including but not limited to the Income-tax Act, 1961, Customs Act, 1962, Central Excise Act, 1944, Central Sales Tax Act, 1956, Goods and Services Tax laws, any other state Sales Tax / Value Added Tax laws, stamp laws or any other tax or duties (whether central or state) on goods and services, on inputs / capital goods / input services, and impositions imposed by any Governmental Authority, including taxes based upon or measured by gross receipts, income, profits, sales and value added services, payroll taxes, property taxes, registration fees, together with all interest and penalties with respect to any such amounts and all other applicable laws accruing and relating to the Transferor Company whether or not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date shall be transferred to the Transferee Company. Similarly all credits for taxes available under the aforementioned laws including Minimum Alternate Tax, Tax Deducted at Source, Advance Tax, Self-Assessment Tax, Fringe Benefit Tax, Sales Tax / Value Added Tax, Service Tax and GST to the Transferor Company or obligation for deduction/ collection of tax at source on any payment made by or to be made by the Transferor Company shall be transferred, made or deemed to have been made and duly complied with by the Transferee Company, as the case may be, and the relevant authorities shall be bound to transfer to the account of and give credit for the same to Transferee Company upon passing of the orders on this Scheme by the NCLT and upon relevant proof and documents being provided to the authorities.
- 9.2. All taxes including but not limited to income tax, wealth tax, GST, sales tax, excise duty, customs duty, service tax, luxury tax, VAT, etc. paid or payable by the Transferor Company in respect of its operations and/or the profits of the Undertaking on and from the Appointed Date, shall be on account of the Transferee Company and, insofar as it relates to the payment of such taxes whether by way of deduction/



collection at source, advance tax or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operation of the Undertaking on and from the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company, and shall, in all proceedings, be dealt with accordingly. The relevant authorities shall be bound to transfer to the account of and give credit for the same to Transferee Company upon the passing of the orders on this Scheme by the NCLT and upon relevant proof and documents being provided to the said authorities.

- 9.3. Upon this Scheme becoming effective, the Companies are expressly permitted to revise and file their respective tax returns including income tax, tax deducted at source, GST, service tax, sales tax, value added tax and other tax returns (including revised returns), certificates, returns to claim refunds, advance tax credits, Tax Deducted at Source, Minimum Alternate Tax credit, CENVAT, GST, excise and service tax credits or any other tax credit, carry forward and set off of accumulated losses and unabsorbed depreciation, set off, etc., on the basis of the accounts of the Transferor Company as vested with the Transferee Company upon coming into effect of this Scheme, as may be necessary and expressly reserves the right to claim refunds, adjustments, credits, set-offs, advance tax credits (including the liability in the indirect tax laws or GST law) notwithstanding that the statutory period for such revision and filing may have lapsed.
- 9.4. The Transferee Company shall be entitled to claim and be allowed credit or benefits of all tax deduction certificates, advance tax, self-assessment tax or other tax payments, credits or drawbacks or any other credit or benefit of any tax, duty, CENVAT, incentive, etc. relating to the Transferor Company, notwithstanding that such certificates or challans or any other documents for tax payments or credits/benefits, etc. may have been issued or made in the name of the Transferor Company. Such credit/ benefit shall be allowed without any further act or deed by the Transferee Company or the need for any endorsements on such certificates, challans, documents, etc. to be done by the issuers or any authority. Further any taxes paid and taxes deducted at source and deposited by the Transferee Company on inter se transactions during the period between the Appointed Date and the Effective Date shall be treated as tax paid by the Transferee Company and shall be available to the Transferee Company for set-off against its liability under the IT Act and excess tax so paid shall be eligible for refund together with interest. Subject to the provisions of the Income-tax Act, 1961 the Transferee Company shall be eligible to carry forward and set off the accumulated losses and unabsorbed depreciation of the Transferor Company.
- 9.5. Upon the Scheme coming into effect, the Transferee Company shall make and file all necessary applications, documents and adhere to all statutory compliances as may be applicable and necessary laid down under the relevant Central or State laws, regulations, rules in order to facilitate the implementation of the Scheme.
- 9.6. All expenses incurred by the Transferor Company under Section 43B of the IT Act, shall be claimed as a deduction by the Transferee Company and the transfer of the Undertaking shall be considered as succession of business by the Transferee Company.
- 9.7. Upon this Scheme becoming effective, any tax deposited, certificates issued or returns filed by the Transferor Company shall continue to hold good as if such amounts were deposited, certificates were issued and returns were filed by the Transferee Company.
- 9.8. All the expenses incurred by the Transferor Company and the Transferee Company in relation to the amalgamation of the Undertaking, including stamp duty expenses, if any, shall be allowed as deduction to the Transferee Company in accordance with Section 35DD of the IT Act over a period of 5 years beginning with the previous year in which this Scheme becomes effective. Further, the Transferee Company may adopt a position to amortise / depreciate intangible assets including goodwill generated pursuant to amalgamation for tax purposes.



- 9.9. All intangible assets including but not limited to goodwill belonging to but not recorded in the books of account of the Transferor Company and all intangible assets including but not limited to goodwill arising from or recorded in the process of amalgamation, if any, in the books of account of the Transferee Company, shall, for all purposes, be regarded as an intangible asset in terms of Explanation 3(b) below section 32(1) of the IT Act, and the Transferee Company shall be eligible to claim depreciation thereunder at the prescribed rates.
- 9.10. Any refund under the tax laws due to the Transferor Company consequent to the assessments made and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall belong to and be received by the Transferee Company. The relevant authorities shall be bound to transfer to the account of and give credit for the same to the Transferee Company upon the passing of the orders on this Scheme by the NCLT upon relevant proof and documents being provided to the said authorities.
- 9.11. The Transferor Company may be entitled to various incentive schemes and pursuant to this Scheme, it is declared that the benefits under all such schemes and policies shall stand transferred to and vested in the Transferee Company and all benefits, entitlements, exemptions, tax holidays and incentives of any nature whatsoever including benefits under the income tax, goods and services tax, exemptions, concessions, remissions, subsidies and other incentives in relation to the Transferor Company, to the extent statutorily available, shall be claimed by the Transferee Company.
- 9.12. In accordance with the relevant rules and regulations, the unutilized credits relating to excise duties / customs duties / GST / service tax / VAT or any other tax / duties (whether central or state) on goods and services, paid on inputs/capital goods/ input services lying in the accounts of Transferor Company, shall be permitted to be transferred to the credit of the Transferee Company, as if all such unutilized credits were lying to the account of the Transferee Company. The Transferee Company shall accordingly be entitled to set off all such unutilized credits against the applicable taxes / duties payable (including GST) by it.
- 9.13. Upon the Scheme coming into effect, any taxes paid under the indirect tax laws such as Service tax Law, Excise Law, Customs Law, Value Added Tax Act (prevalent in respective state), GST or any other tax duties (whether central or state) arising out of the transactions entered into between the Transferor Company and the Transferee Company post the Appointed date shall on and from the effective date be refunded to the Transferee Company, or in cases where in respect of the inter-company transactions, the Transferor Company / Transferee Company has availed credit of the taxes charged, the Transferee Company at its option may not seek for refund and can choose to retain the same as a CENVAT Credit or VAT credit or GST credit subject to the rules and regulations under the respective indirect tax law.

10. SAVING OF CONCLUDED TRANSACTIONS

The transfer of Undertaking, the continuance of the effectiveness of contracts and deeds and legal proceedings by or against the Transferee Company above shall not affect any transaction, or proceedings, or contracts, or deeds already concluded by the Transferor Company on or before the Appointed Date and after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto as done and executed on behalf of itself.

11. CONDUCT OF BUSINESS OF THE TRANSFEROR COMPANY TILL EFFECTIVE DATE

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

- 11.1. The Transferor Company shall carry on, and be deemed to have been carrying on, all business activities and shall be deemed to have been held for and stood possessed of all assets on account of, and in trust for, the Transferee Company.



- 11.2. All profits, or income, or losses, or expenses, or payments, or receipts, or taxes, including but not limited to income tax, minimum alternate tax (including unexpired credit for minimum alternate tax), fringe benefit tax, advance taxes, tax deducted at source by or on behalf of the Transferor Company, wealth tax, sales tax, value added tax, excise duty, GST, service tax, customs duty, refund, reliefs, etc., accruing or arising to the Transferor Company, or losses arising, or expenditure incurred by them, on and from Appointed Date upto the Effective Date, shall for all purposes be treated as, and be deemed to be treated as, the profits, or income, or losses, or expenses, or payments, or receipts, or the said taxes of the Transferee Company.
- 11.3. The Transferor Company shall carry on their business activities with proper prudence and diligence and in the same manner as it had been doing hitherto, and shall not, without prior written consent of the Transferee Company, alienate, charge, encumber, borrow, incur liabilities, or otherwise deal with or dispose off any of their business undertaking(s) or any part thereof; except in the ordinary course of business as carried on by it as on date of filing this Scheme with the NCLT, or pursuant to any pre-existing obligations undertaken by the Transferor Company prior to the Appointed Date.
- 11.4. The Transferee Company shall also be entitled, pending the sanction of the Scheme, to apply to the Central Government, State Government, and all other agencies, departments and statutory authorities concerned, wherever necessary, for such consents, approvals and sanctions which the Transferee Company may require including the registration, approvals, exemptions, reliefs, etc., as may be required / granted under any law for time being in force for carrying on business by the Transferee Company.
- 11.5. For the avoidance of doubt it is hereby clarified that nothing in this Scheme shall prevent the Transferee Company from declaring and paying dividends, whether interim or final, to its equity shareholders as on the record date for the purpose of any such dividend.
- 11.6. The Transferor Company shall not utilize the profits or income, if any, for the purpose of declaring or paying any dividend to its shareholders or for any other purpose in respect of the period falling on and after the Appointed Date, without the prior written consent of the Board of the Transferee Company.
- 11.7. The Transferor Company, after filing the Scheme with the NCLT shall not make any modification to their capital structure, either by an increase (by issue of rights shares, bonus shares, convertible debentures or otherwise), decrease, reclassification, subdivision or reorganisation or in any other manner, whatsoever, except by mutual consent of the Boards of Directors of the Transferor Company and of the Transferee Company.
- 11.8. The Transferor Company shall not vary, except in the ordinary course of business, or pursuant to any pre-existing obligations undertaken prior to the Appointed Date, the terms and conditions of the employment of their Employees without the consent of the Board of Directors of the Transferee Company.
- 11.9. Upon the Scheme coming into effect, any taxes paid under the indirect tax laws such as central excise, customs, service tax, GST, value added tax laws, arising out of the transactions entered into between the Transferor Company and / or with the Transferee Company post the Appointed date shall on and from the Effective Date be refunded to the Transferee Company, or in cases where in respect of the inter-company transactions, the Transferor Company or the Transferee Company has availed GST credit or CENVAT Credit or value added tax credit of the taxes charged, the Transferee Company at its option may not seek for refund and can choose to retain the same as a CENVAT Credit or GST credit or value added tax credit, subject to the rules and regulations under the respective indirect tax law.
- 11.10. The Transferor Company shall not amend its Charter Documents, except with the written consent of the Transferee Company.



- 11.11. Where any of the liabilities and obligations or assets attributed to the Transferor Company on the Appointed Date has been discharged or sold by the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge or sale shall be deemed to have been for and on behalf of the Transferee Company
- 11.12. With effect from the Appointed Date and upon this Scheme becoming effective, all Assets acquired by the Transferor Company after on or after the Appointed Date and prior to the Effective Date for operation shall be deemed to have been acquired for and on behalf of the Transferee Company and shall also stand transferred to and vested in the Transferee Company.
- 11.13. All loans raised and utilized, and all liabilities and obligations incurred by the Transferor Company after the Appointed Date and prior to the Effective Date, shall be deemed to have been raised, used or incurred for and on behalf of the Transferee Company, and to that extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to the Transferee Company and shall become the liabilities and obligations of the Transferee Company, which shall be liable to meet, discharge and satisfy the same.

12. CHANGES IN MEMORANDUM OF ASSOCIATION

12.1. CLUBBING OF AUTHORISED SHARE CAPITAL

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

"V. The Authorized Share Capital of the Company shall be Rs 20,15,00,000/- (Rupees Twenty Crores and Fifteen Lakhs only) divided into 2,01,50,000 (Two Crores and One Lakh and Fifty Thousand) equity shares of Rs.10/- (Rupees Ten) each, with the rights, privileges and conditions in attaching thereto as are provided by the regulations of the Company for the time being with powers to increase or reduce the Capital for the time being into several classes, and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the company to vary, modify or abrogate, any such rights, privileges or conditions in such manner as may for the time being be provided for by the regulations of the Company."

- (iii) The approval of the shareholders of Transferee Company to the Scheme shall be considered as the approval required under the provisions of the Act for the above change of authorized capital clause of Memorandum of Association. The alteration of the authorized capital clause as aforesaid, shall be effected as an integral part of the Scheme and approval/consent to the Scheme by shareholders of Transferee Company and NCLT shall be deemed to be due compliance of the relevant provisions of the Act for alteration of the share capital clause in the Memorandum of Association of the Transferee Company.

13. ISSUE OF CONSIDERATION BY THE TRANSFEREE COMPANY TO SHAREHOLDERS OF TRANSFEROR COMPANY

- 13.1. The equity shares to be issued by the Transferee Company to the shareholders of the Transferor Company shall be issued only in dematerialised form to such shareholders.



- 13.2. Upon this Scheme becoming effective and upon the entire business and the whole of the undertaking of the Transferor Company being transferred to and vested in the Transferee Company, the Transferee Company shall without any further application or deed, issue, allot and credit as fully paid up, to every shareholder of the Transferor Company whose names appear in the Register of Members of the Transferor Company (or his / her heirs, executors, administrators or successors - in title, as the case may be, and as may be recognized by the Board of the Transferee Company) as on the Record Date, Equity Shares in the following proportion:

102 equity shares of Rs.10/- (Rupees Ten Only) each of the Transferee Company, credited as fully paid up in respect of 100 equity shares of Rs.100/- each" fully paid-up held by them in the Transferor Company.

- 13.3. The Transferee Company may issue the equity shares as per Clause 13.2 in a manner determined by the Board of Directors of the Transferee Company. If necessary, the Transferee Company shall before allotment of the equity shares in terms of the Scheme, increase its authorised share capital by such amount as it stands to the credit of the Transferor Company by creation of such number of equity shares as may be necessary to satisfy its obligations under the provisions of the Scheme in compliance with the applicable provisions of the Act and the Rules thereunder.
- 13.4. The New Equity Shares shall be issued to the equity shareholders of the Transferor Company only after they provide details of their respective accounts with the depository participant and such other confirmations as may be required.
- 13.5. The New Equity Shares issued by the Transferee Company in terms of Clause 13.2 of this Scheme, will be listed on the Stock Exchange where the shares of the Transferee Company are currently traded, subject to necessary approvals from the regulatory authorities and all necessary applications and compliance being made in this respect by the Transferee Company.
- 13.6. The New Equity Shares allotted pursuant to this Scheme shall be listed on the Stock Exchange. However, they shall remain frozen in the Depositories System till listing / trading permission is given by the Stock Exchange.
- 13.7. No fractional certificate shall be issued by the Transferee Company to the Shareholders of the Transferor Company on Record Date in respect of the residual fractional entitlements (if any) to which the shareholders of the Transferor Company may be entitled to pursuant to Clause 13.2. Fractions, if any, arising out of such allotment shall be rounded off to the nearest whole number.
- 13.8. Upon the equity shares being issued and allotted, as aforesaid by the Transferee Company, the equity shares issued by the Transferor Company and held by its Shareholders, whether in dematerialized or physical form, shall be deemed to have been automatically cancelled.
- 13.9. The equity shares to be issued and allotted by the Transferee Company as aforesaid in terms of this Scheme shall be subject to Charter Documents of the Transferee Company and shall rank *pari passu* in all respects with the existing equity shares of the Transferee Company, but shall not rank for dividend for the period prior to the Appointed Date.
- 13.10. It is clarified that the Transferee Company and the Transferor Company shall not be required to pass separate resolutions under the Act for the purpose of issuing equity shares to the Shareholders of the Transferor Company under Clause 13.2, and it shall be deemed that the Shareholders of the Transferor Company and that of the Transferee Company while according their consent to the Scheme, have consented to the issuance and allotment of equity shares on Record Date.
- 13.11. The issue and allotment of the Shares by the Transferee Company to the shareholders of the Transferor Company as provided in this Scheme is an integral part thereof and shall be deemed to have been carried out as if the procedure laid



down under the applicable provisions of the Act were duly complied with except for making necessary filings under the Act to effectuate such issuance.

- 13.12. Upon the issue of shares pursuant to the Scheme, the promoter shareholder of the Transferor Company would be deemed to be the promoter shareholder of the Transferee Company and the non-promoter shareholder of the Transferor Company would be deemed to be the non-promoter shareholder of the Transferee Company for all regulatory, statutory and other legal purposes including for the purposes of the Act, or any other laws, rules, regulations, guidelines laid down by the Securities and Exchange Board of India ('SEBI').

14. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEEE COMPANY

Upon the Scheme becoming effective and with effect from the Appointed Date, the Transferee Company shall account for amalgamation of the Transferor Company into and with Transferee Company in its books of accounts in compliance with the Indian Accounting Standard 103 on Business Combinations and other Indian Accounting Standards, as applicable, and notified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and other generally accepted accounting principles, as may be amended from time to time, as under:

- 14.1. All the assets (including intangible assets, whether recorded in the books of accounts of the Transferor Company or not) and liabilities in the books of the Transferor Company shall be recorded by the Transferee Company in its books of accounts at fair values as determined by the independent valuer as on the Appointed Date.
- 14.2. The investments made by the Transferee Company in the Transferor Company, if any, will stand cancelled. Further, all inter-party transactions and balances including advances, amount receivable or payable inter-se between the Transferor Company and the Transferee Company as appearing in their books of accounts, if any shall stand cancelled without any further act, instrument or deed.
- 14.3. The Transferee Company shall credit to its share capital and securities premium account, respectively, in its books of account, the aggregate face value and securities premium, respectively, of the Shares issued by it to the shareholders of the Transferor Company pursuant to this Scheme.
- 14.4. Any excess of the amount of consideration as per Clause 13.2 over the value of net assets of the Transferor Company as per Clause 14.1 acquired by the Transferee Company after giving effect to Clause 14.2 shall be treated as goodwill as valued by the independent valuer and in accordance with applicable Indian Accounting Standards. If the amount of the consideration as per Clause 13.2 is lower than the value of net assets of the Transferor Company as per Clause 14.1 acquired by the Transferee Company after giving effect to Clause 14.2, the difference shall be treated as Capital Reserve.
- 14.5. If considered appropriate for the purpose of application of uniform accounting policies and method or for compliance with the applicable accounting standards, the Transferee Company may make suitable adjustments to the accounting treatment and adjust the effect thereof in the manner determined by the Board of the Transferee Company.



PART C – GENERAL TERMS AND CONDITIONS

15. APPLICATION TO NCLT

The Transferor Company and the Transferee Company shall, with all reasonable despatch, make and pursue applications to the Tribunal, under whose jurisdiction the registered office of the Transferor Company and the Transferee Company are situated, for sanctioning this Scheme of Amalgamation under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

16. Dissolution of Transferor Company

- 16.1. On and from the Effective Date, the Transferor Company shall stand dissolved without being wound up.
- 16.2. On and with effect from the Effective Date, the name of the Transferor Company shall be struck off from the records of the RoC, Chennai.

17. MODIFICATION OR AMENDMENTS TO THE SCHEME

- 17.1. The Transferor Company and the Transferee Company through their respective Boards of Directors including committees, or other persons, duly authorized by the respective Board of Directors in this regard, may make, or assent to, any alteration or modification to this Scheme, or to any conditions or limitations, which the NCLT or any other competent authority may deem fit to direct, approve or impose and may give such directions including an order of dissolution of the Transferor Company without process of winding-up as they may consider necessary, to settle any doubt, question or difficulty, arising under the Scheme, or in regard to its implementation or in any manner connected therewith and to do and to execute all such acts, deeds, matters and things necessary for putting this Scheme into effect, or to review the portion relating to the satisfaction of the conditions to this Scheme and if necessary, to waive any of those (to the extent permitted under law) for bringing this Scheme into effect.
- 17.2. If any part or provision of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Transferor Company and the Transferee Company, affect the validity of implementation of the other parts and/or provisions of the Scheme. If any part or provision of this Scheme hereof is invalid, ruled illegal by any Court of competent jurisdiction, or unenforceable under present or future laws, then it shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such part or provision, as the case may be, shall cause this Scheme to become materially adverse to the Transferor Company or the Transferee Company or their respective Shareholders, in which case the abovementioned parties shall attempt to bring about a modification in the Scheme, as will best preserve their benefits and obligations under the Scheme, including but not limited to such part or provision.



- 17.3. Transferor Company and the Transferee Company shall be at liberty to withdraw from this Scheme, in case any condition or alteration imposed by the Tribunal or any other authority or any bank or financial institution is unacceptable to them or otherwise if so mutually agreed.

18. CONDITIONALITY OF THE SCHEME

This Scheme is and shall be conditional upon and subject to:

- 18.1. The Scheme being approved by the requisite majority in number and value of such classes of persons including the respective shareholders and/or creditors of the Transferor Company and the Transferee Company as may be directed by the Tribunal.
- 18.2. The sanction of the Tribunal under Sections 230 to 232 and other applicable provisions of the Act in favour of the Transferor and the Transferee Company under the said provisions and necessary Order being obtained.
- 18.3. The Scheme being approved by the public shareholders through e-voting in terms of Para 9 (a) of Part I of Annexure I of SEBI circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and subsequent modifications thereof ('SEBI Circular') and the scheme shall be acted upon only if vote cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it.
- 18.4. Receipt of approval from the Stock Exchange and the Securities and Exchange Board of India.
- 18.5. Filing with the Registrar of Companies, Chennai, certified copies of all necessary orders, sanctions and approvals mentioned above by the Transferor and the Transferee Company.

19. EFFECT OF NON-RECEIPT OF APPROVALS/SANCTIONS

In the event of the Scheme not being sanctioned by the Tribunal and/or the order or orders not being passed as aforesaid before 30 April 2020 or within such further period or periods as may be agreed upon between the Transferor Company and the Transferee Company who are hereby empowered and authorized, to agree to and extend the aforesaid period from time to time without any limitations in exercise of their powers through, and by, their respective Board of Directors, the Scheme shall become null and void and in that event no rights and liabilities shall, inter se, accrue between the Parties in terms of the Scheme. Any act or deed done prior to such period as is contemplated hereunder or any right, liability or obligation which has arisen or accrued pursuant thereto shall not be subject to nullification and shall be governed and be preserved or worked out as may otherwise arise in law and in such event each party shall bear and pay its respective costs, charges and expenses in connection with the Scheme.

20. COSTS, CHARGES AND EXPENSES CONNECTED WITH THE SCHEME

All costs, charges and expenses of the Companies in relation to or in connection with negotiations leading up to the Scheme and of carrying out and completing the terms and provisions of this Scheme and in relation to or in connection with the Scheme and incidental to the completion of this scheme shall be borne and paid by the Transferee Company. In the event of the Scheme not being implemented, each party shall bear its respective costs, charges and expenses.



Schedule A

Details of the immovable property being transferred from the Transferor Company to Transferee Company:

District: Chittoor
Village: Gajulamandyam

Mandal: Renigunta
Panchayat: APIIC-IALA,
Gajulamandyam

Survey Nos. 1206 (Part)

Plot No. 78-C measuring Acs 5.14 (or) 20801.58 Sq. Mtrs., situated at Industrial Park, Gajulamandyam, Renigunta Mandal, Chittoor District. Andhra Pradesh, bounded by

North : Private Land
South : 18.28 M Wide Road
East : Buffer Zone
West : Plot No. 78-B

