

**SCHEME OF AMALGAMATION  
OF  
INDIGO TX SOFTWARE PRIVATE LIMITED  
(First Transferor Company)  
AND  
LASER SOFT INFOSYSTEMS LIMITED  
(Second Transferor Company)  
WITH  
INTELLECT DESIGN ARENA LIMITED  
(Transferee Company)  
AND  
THEIR RESPECTIVE SHAREHOLDERS**

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Under Sections 391 to 394 of the Companies Act, 1956 (or such applicable provisions of the Companies Act, 2013 as the case may be) in respect of the Amalgamation of Indigo Tx Software Private Limited And Laser Soft Infosystems Limited with Intellect Design Arena Limited

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**This Scheme is divided into following Parts**

- 1. Part A – Dealing with Definitions and Share Capital;**
- 2. Part B - Dealing with Amalgamation of Indigo Tx Software Private Limited (First Transferor Company) And Laser Soft Infosystems Limited (Second Transferor Company) With Intellect Design Arena Limited (Transferee Company)**
- 3. Part C – Dealing with General Terms and Conditions applicable to the entire Scheme.**

## **PART A**

### **1. DEFINITIONS**

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

- 1.1 **“Act”** means the Companies Act, 1956 and the Companies Act, 2013 and rules made thereunder (as modified from time to time) and shall include any statutory modifications, re-enactment or amendments thereof for the time being in force;
- 1.2 **“Appointed Date”** means the date from which this Scheme shall become operative viz. the commencement of business on 1<sup>st</sup> April, 2016 or if the Board of Directors of the Transferee Company require any other date prior or subsequent to 1st April, 2016 and/or the Court modifies the Appointed date to such other date, then the same shall be the Appointed date;
- 1.3 **“Board”** or **“Board of Directors”** means the Board of Directors of the Transferor Companies and the Transferee Company concerned and includes any Committee thereof, as the case may be;
- 1.4 **“Court”** or **“High Court”** means the High Court of Judicature at Madras, and shall include the National Company Law Tribunal, as and when applicable;
- 1.5 **“Effective Date”** means the last of the following dates, namely (a) date on which certified copies of the orders of the court under Section 391 and 394 of the Companies Act, 1956 are filed with the Registrar of Companies and (b) date on which the last of all such consents, approvals, permissions, resolutions, agreements, sanctions and orders necessary thereto have been obtained or passed;
- 1.6 **“First Transferor Company”** means “INDIGO TX SOFTWARE PRIVATE LIMITED”, (Corporate Identity Number U72200TN2004PTC054445) a company incorporated under the provisions of the Companies Act, 1956 having its registered office at No.244, Anna Salai, Chennai - 600 006;
- 1.7 **“Government”** or **“Semi Government”** or **“Local Authority”** means any applicable Central, State or Local Government, legislative body, regulatory or

administrative authority, agency or commission or any Court, Tribunal, Board, Bureau, Judicial or Arbitral body having jurisdiction over the Territory of India;

- 1.8 **“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) and amendment(s) as may be made from time to time, with appropriate approvals and sanctions of the Courts and other relevant regulatory/statutory/governmental authorities, as may be required under the Act, and/or under any other applicable laws.
- 1.9 **“Second Transferor Company”** means “LASER SOFT INFOSYSTEMS LIMITED”, (Corporate Identity Number U72200TN2000PLC044182) a company incorporated under the provisions of the Companies Act, 1956 having its registered office at No.244, Anna Salai, Chennai - 600 006;
- 1.10 **“Transferor Companies”** means collectively, the First Transferor Company and the Second Transferor Company, but individually they would be known as First Transferor Company, Second Transferor Company;
- 1.11 **“Transferee Company”** means “INTELLECT DESIGN ARENA LIMITED”,(Corporate Identity Number L72900TN2011PLC080183) a Company incorporated under the provisions of the Companies Act, 1956, whose Registered Office is situated at No.244, Anna Salai, Chennai - 600 006.
- 1.12 **"Undertaking"** means all respective businesses of the Transferor Companies as the case may be on a going concern basis and shall also include all the Assets, Liabilities and employees of the Transferor Companies.

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning as ascribed to them under the Act and other applicable laws, rules, regulations and byelaws as the case may be, including any statutory modification or re-enactment thereof from time to time.

## 2. DATE OF TAKING EFFECT AND OPERATIVE DATE

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

## 3. SHARE CAPITAL

- 3.1. The Authorised, issued, subscribed and paid-up share capital of the First Transferor Company as on 31st March, 2016 is as under:

Particulars	Amount in Rs.
Authorised Share Capital	
20,00,000 Equity Shares of Rs.2/- each	40,00,000/-
<b>Total</b>	<b>40,00,000/-</b>
<b>Issued, Subscribed and Paid up Share Capital</b>	
19,85,200 Equity Shares of Rs.2/- each	39,70,400/-
<b>Total</b>	<b>39,70,400/-</b>

There is no change in the capital structure of the First Transferor Company from March 31, 2016 till date. The Transferee Company and its nominees hold the entire share capital of the First Transferor Company.

- 3.2. The Authorised, issued, subscribed and paid-up share capital of the Second Transferor Company as on 31st March, 2016 is as under:

Particulars	Amount in Rs.
Authorised Share Capital	
1,20,00,000 Equity Shares of Rs.10/- each	12,00,00,000
<b>Total</b>	<b>12,00,00,000</b>
Issued, Subscribed and Paid up	
78,31,320 Equity Shares of Rs.10/- each	7,83,13,200
<b>Total</b>	<b>7,83,13,200</b>

There is no change in the capital structure of the Second Transferor Company from March 31, 2016 till date. The Transferee Company and its nominees hold around 99% of the shareholding of the Second Transferor Company.

- 3.3. The Authorised, issued, subscribed and paid-up share capital of the Transferee Company as on 31st March, 2016 is as under:

Particulars	Amount in Rs.
Authorised Share Capital	

11,00,00,000 Equity Shares of Rs.5/- each	55,00,00,000/-
<b>Total</b>	<b>55,00,00,000/-</b>
Issued, Subscribed and Paid up Share Capital	
10,07,78,624 Equity Shares of Rs.5/- each	50,38,93,120/-
<b>Total</b>	<b>50,38,93,120/-</b>

- 3.4. The Scheme has been drawn up to comply with the conditions relating to “Amalgamation” as specified under Section 2 (1B) of the Income Tax Act, 1961 or any statutory modification or re-enactment thereof. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section, at a later date, including resulting from an amendment of law or for any other reason whatsoever upto the Effective Date, the provisions of the said Section of the Income Tax Act, 1961 or re-enactment thereof shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2 (1B) of the Income Tax Act, 1961 or re-enactment thereof. Such modification will, however, not affect the other parts of the Scheme

## **PART B**

### **AMALGAMATION OF TRANSFEROR COMPANIES WITH THE TRANSFEREE COMPANY**

#### **4. TRANSFER OF ASSETS:**

- 4.1. With effect from the Appointed Date, the entire businesses and all the movable & immovable properties, Sundry Debtors, loans and advances, Cash and Bank Balances and deposits with Government, Semi-Government or Local Authorities, real or personal, corporeal or incorporeal, including fixed assets, capital assets, capital work-in-progress, current assets, investments of all kinds, lease and hire purchase contracts, lending contracts, benefits of any security arrangements, rights, title, interest, quotas, benefits and advantages of whatsoever nature and wheresoever situated, belonging to or in the ownership, power or possession and /or in the control of or vested in or granted in favour of or enjoyed by the Transferor Companies including all patents, trademarks, copyrights, trade names and other intellectual property rights of any nature whatsoever and licenses in respect thereof, privileges, liberties easements, advantages, exemptions, benefits, leases, leasehold rights, tenancy rights, ownership flats, quota rights, permits,

approvals, authorizations, right to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity, power lines, communication lines and other services, reserves, deposits, provisions, funds, benefit of all agreements, subsidies, grants, tax credits, sales-tax, turnover tax, excise and all other interests arising of the Transferor Companies and any accretions or additions thereto after the Appointed Date (hereinafter collectively referred to as “the said assets”) shall be transferred to and vested in and / or deemed to be transferred to and vested in the Transferee Company, without any further act or deed or instrument, pursuant to the provisions of Section 394 of the Companies Act, 1956 and other applicable provisions of the said Act, so as to become as and from the Appointed Date, the estate, assets, rights, title and interests of the Transferee Company.

4.2. Any floating charges created by the Transferor Companies in favour of their bankers for all the movable assets, documents of title to goods, receivables, claims and other current assets that are acquired by the Transferor Companies from the Appointed Date till the Effective Date, shall be deemed to be the security and shall be available as security for the loans, cash credit and other working capital facilities, both fund based and non-fund based, which were sanctioned by the bankers of the Transferor Companies either utilised fully or partly or unutilised by the Transferor Companies subject to the limits sanctioned by their respective bankers so transferred and vested in the Transferee company pursuant to the Scheme.

4.3. The Scheme, as aforesaid, shall be, subject to existing charges / hypothecation / mortgage (if any as may be subsisting) over or in respect of the said assets or any part thereof in favour of Banks and Financial Institutions. Provided, however, that any reference in any security documents or arrangements to which the Transferor Companies are a party, to such assets of the Transferor Companies offered or agreed to be offered as security for any financial assistance both availed and to be availed up to any limit for which sanctions have already been obtained by the Transferor Companies shall be construed as references only to the assets pertaining to the Transferor Companies as are vested in the Transferee Company by virtue of the sub-Clause 4.1 hereof, to the end and intent that such security, mortgage and or charge shall not extend or be deemed to extend, to any of the

assets or to any of the other units or divisions of the Transferee Company, unless specially agreed to by the Transferee Company with such secured creditors and subject to the consents and approvals of the existing secured creditors of the Transferee Company.

4.4. It is expressly provided that in respect of such of the said assets as are movable in nature or are otherwise capable of transfer by manual or constructive delivery and /or by endorsement and delivery, the same shall be so transferred by the respective Transferor Companies and shall become the property of the Transferee Company in pursuance of the provisions of Section 391 and 394 of the Companies Act, 1956, (or such applicable provisions of the Companies Act, 2013) as an integral part of the undertaking, such transfer being deemed to have taken place at the location of the Registered Office of the Transferee Company, i.e., in the State of Tamil Nadu.

4.5. In respect of the assets other than those referred to above shall without any further act, instrument, deed or matter or thing be transferred to and vested in and / or deemed to be transferred to and vested in the Transferee Company on the Appointed Date pursuant to the provisions of Section 391 – 394 of the Companies Act, 1956, (or such applicable provisions of the Companies Act, 2013). The vesting of all such assets shall be by virtue of the provisions of this Scheme and Section 391 and 394 of the Companies Act, 1956, (or such applicable provisions of the Companies Act, 2013) be deemed to have taken place at the location of the Registered Office of the Transferee Company i.e., in the State of Tamil Nadu.

4.6. All benefits including under Income Tax, Sales Tax, Service Tax, etc., to which the Transferor Companies are entitled to in terms of the various Statutes and / or Schemes of the Union and State Governments shall be available to and vest in the Transferee Company without any further act or deed.

4.7. The Transferee Company may, at any time, after the coming into the effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of the secured creditors of the respective Transferor Companies or in favour of any other party to any contract or arrangement to which the Transferor Companies are a party or any writings, as

may be necessary, to be executed in order to give formal effect to the above provisions. The Transferee Company shall under the provisions of the Scheme be deemed to be authorized to execute any such writings on behalf of the Transferor Companies to implement or carry out all such formalities or compliances referred to above on the part of the Transferor Companies to be carried out or performed.

4.8. Upon the coming into effect of the Scheme, the Transferee Company may, if it considers necessary or expedient, revise (with retroactive effect, if applicable), its Income-Tax returns, TDS returns, Service Tax returns, Sale-Tax returns and other tax returns and claim refunds and/or credits etc. pertaining to business activities of the Undertakings of the Transferor Companies, pursuant to the provisions of the Scheme.

5. **TRANSFER OF DEBTS AND LIABILITIES:**

5.1. With effect from the Appointed Date, all debts, liabilities, loans, borrowings, bills payable, deposits, security deposits, interest accrued, duties and obligations of the respective Transferor Companies including contingent liabilities not provided in their books and any accretions and additions or reductions thereto after the Appointed Date shall also stand transferred or be deemed to be transferred without any further act or instrument or deed to the Transferee Company so as to become as and from that date, the debts, liabilities, loans, borrowings, bills payable, deposits, security deposits, interest accrued, duties and obligations of the Transferee 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 any contract or arrangement by virtue of which such debts, liabilities, loans, borrowings, bills payable, deposits, security deposits, interest accrued, duties and obligations have arisen in order to give effect to the provisions of this Clause, PROVIDED ALWAYS that nothing in this Clause shall or is intended to enlarge the security for any loan, deposit or other indebtedness created by the Transferor Companies prior to the Appointed Date which shall be transferred to and vested in the Transferee Company by virtue of the amalgamation and the Transferee Company shall not be required or obliged in any manner to create any further or additional security therefore after the Appointed Date or otherwise.



- 5.2. All the loans, advances and other facilities sanctioned to the Transferor Companies by their bankers prior to the Appointed Date, which are partly drawn / utilised shall be deemed to be the loans and advances sanctioned to the Transferee Company and the said loans and advances shall be drawn / utilised either partly or fully by the respective Transferor Company from the Appointed Date till the Effective Date and all the advances / loans and or other facilities so drawn by the respective Transferor Company (within the over all limits sanctioned by their bankers) shall on the Effective Date be treated as advances and loans made available to the Transferee Company under any loan agreement and shall become the obligation of the Transferee Company without any further act, or deed on the part of the Transferee Company.
- 5.3. Upon the coming into effect of this Scheme, the borrowing limits of the Transferee Company shall without further act or deed stand enhanced by an amount equivalent to the combined authorised borrowing limits of the Transferor Companies, such limits being incremental to the existing limits of the Transferee Company.
- 5.4. The resolutions, if any, of the Board of Directors, or Committees thereof, Shareholders, Debenture Holders of the Transferor Companies which are valid and subsisting on the Effective Date shall be continued to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have upper monetary or other limits being imposed under the provisions of the Act, or any other applicable legislations then said limits shall be added and shall constitute the aggregate of the said limits of the Transferee Company.
- 5.5. Upon this Scheme coming into effect, any loan or other obligations due between or amongst the Transferor Companies and the Transferee Company shall stand discharged and there shall be no liability in that behalf.

## **6. LEGAL PROCEEDINGS**

6.1 All legal proceedings of whatsoever nature by or against the Transferor Companies pending and/or arising at the Appointed Date and relating to the Transferor Companies or its properties, assets, debts, liabilities, duties and obligations referred to above, shall be continued and/or enforced until the Effective Date as desired by the Transferee Company and as and from the Effective Date shall be continued and enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Companies. On and from the Effective Date, the Transferee Company shall and may, if required, initiate any legal proceedings in its name in relation to the Transferor Companies in the same manner and to the same extent as would, or might, have been initiated by the Transferor Companies.

## **7. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS**

7.1 Subject to the other provisions contained in the Scheme, all contracts, deeds, bonds, agreements, insurance policies and other instruments of whatsoever nature to which any of the Transferor Companies are a party, subsisting or having effect immediately before this arrangement under this Scheme, shall be, in full force and effect, against or in favour of the Transferee Company, and may be enforced as fully and as effectively as if instead of the Transferor Companies, the Transferee Company had been a party thereto. The Transferee Company shall enter into and / or issue and / or execute deeds, writings or confirmation or enter into any tripartite arrangement, confirmations or novations to which the respective Transferor Companies will, if necessary, also be party in order to give formal effect to the provisions of this clause, if so required or become necessary.

7.2 As a consequence of the amalgamation of the Transferor Companies with the Transferee Company in accordance with this Scheme, the recording of change in name from the respective Transferor Companies 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.

7.3 The Transferee Company may, at any time, after the coming into the effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of any party to any contract or arrangement to which any of the Transferor Companies is a party or any writings, as may be necessary, to be executed in order to give formal effect to the above provisions. The Transferee Company shall, under the provisions of the Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Companies, implement or carry out all such formalities or compliances referred to above on the part of the Transferor Companies, as the case may be, to be carried out or performed.

7.4 For the removal of doubts, it is expressly made clear that the dissolution of the Transferor Companies 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 Companies are a party thereto and shall not affect any right, privilege, obligations or liability, acquired, or deemed to be acquired prior to Appointed Date and all such references in such agreements, contracts and instruments to the Transferor Companies shall be construed as reference only to the Transferee Company with effect from the Appointed Date.

## 8. **EMPLOYEES**

8.1 Upon the Scheme becoming effective, all the staff, workmen and other employees in the service of the Transferor Companies immediately before the Effective Date shall become the staff, workmen and employees of the Transferee Company, on the basis that:

- a) Their services shall have been continuous and shall not have been interrupted by reason of such transfer as if such transfer is effected under Section 25FF of the Industrial Disputes Act, 1947;
- b) The terms and conditions of employment applicable to the said employees after such transfer shall not in any way be less favourable to them than those applicable to them immediately before the transfer;

- c) In the event of retrenchment of such employees, the Transferee Company shall be liable to pay compensation in accordance with law on the basis that the services of the staff, workmen, or other employees shall have been continuous and shall not have been interrupted by reason of such transfer; and
- d) In so far as the existing provident fund trusts, gratuity fund and pension and / or super-annuation fund trusts created by the Transferor Companies for its employees are concerned, the part of the funds referable to the employees who are being transferred shall be continued for the benefit of the employees who are being transferred to the Transferee Company pursuant to the Scheme in the manner provided hereinafter. In the event that the Transferee Company has its own funds in respect of any of the funds referred to above, the amounts in such funds in respect of contributions pertaining to the employees of the Transferor Companies shall, subject to approvals and permissions, if required, be transferred to the relevant funds of the Transferee Company. In the event that the Transferee Company does not have its own fund, in respect of any of the aforesaid matters, the Transferee Company may, subject to approvals and permissions, if required, continue to contribute to the relevant funds of the Transferor Companies until such time that the Transferee Company creates its own fund, at which time the contributions pertaining to the employees of the Transferor Companies shall be transferred to the funds created by the Transferee Company. Provided however that, the Transferee Company shall be at liberty to form or restructure its provident fund trusts, gratuity fund and pension and/or superannuation fund trusts in such manner as may be decided by its Board of Directors, subject to compliance of relevant labour laws and any other allied laws for the purpose.

## **9. SAVING OF CONCLUDED TRANSACTIONS**

- 9.1 The transfer of Assets and liabilities under Clause 4 and 5 above, the continuance of proceedings by or against the Transferee Company under Clause 6 above and the effectiveness of contracts and deeds under Clauses 7 above shall not affect any transaction or proceedings or contracts or deeds already concluded by the Transferor Companies 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 Companies in respect thereto as done and executed on behalf of itself.

**10. CONDUCT OF BUSINESS OF THE TRANSFEROR COMPANIES TILL EFFECTIVE DATE**

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

- a. The Transferor Companies shall carry on, and be deemed to have been carrying on, all business activities and shall be deemed to have been held for and on account of, and in trust for, the Transferee Company.
- b. All profits or income or taxes, including but not limited to income tax, fringe benefit tax, advance taxes, minimum alternate tax, tax deducted at source by or on behalf of the Transferor Companies, wealth tax, sales tax, value added tax, excise duty, service tax, customs duty, etc. accruing or arising to the Transferor Companies, 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 expenditure or the said taxes of the Transferee Company.
- c. The Transferor Companies shall carry on its business activities with proper prudence and diligence and shall not, without prior written consent of the Transferee Company, alienate, charge or otherwise deal with or dispose off any of the business undertaking or any part thereof (except in the ordinary course of business or pursuant to any pre-existing obligations undertaken by the Transferor Companies prior to the Appointed Date).
- d. The Transferee Company shall also be entitled, pending 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 in relation to the Undertaking of the Transferor Companies 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.

- e. The Transferor Companies shall not declare any dividend, between the Appointed Date and the Effective Date, without the prior written consent of the Transferee Company.
- f. The Transferor Companies shall not make any modification to its capital structure, either by an increase (by issue of rights shares, bonus shares, convertible debentures or otherwise), decrease, reclassification, sub-division or re-organisation or in any other manner, whatsoever, except by mutual consent of the Boards of Directors of the Transferor Companies and of the Transferee Company.
- g. The Transferor Companies shall not vary, except in the ordinary course of business, the terms and conditions of the employment of their employees without the consent of the Board of Directors of the Transferee Company.

## **11. COMBINATION OF AUTHORISED SHARE CAPITAL**

- 11.1 With effect from the Appointed Date and upon the Scheme becoming effective, subject to any corrections and adjustments as may in the opinion of the Board of Directors of the Transferee Company be required, the authorised share capital of the Transferor Companies as detailed in Clause 3.1 and 3.2 of this Scheme, shall stand combined with the authorised share capital of the Transferee Company as detailed in Clause 3.3 of this Scheme, in the same form as they appear in the financial statements of the Transferor Companies.
- 11.2 Clause V of the Memorandum of Association of the Transferee Company shall, with effect from the Appointed Date and upon the Scheme becoming effective and without any further act, deed, matter or thing be replaced by the following clause

*“V. The Authorised Share Capital of the Company is Rs. 67,40,00,000/- (Rupees Sixty Seven Crore Forty Lakhs Only) divided into 13,48,00,000 (Thirteen Crores Forty Eight Lakhs Only) Equity Shares of Rs.5/- (Rupees Five Only) each with power to increase, reduce and subdivide the Share Capital of the*

*Company and to divide the same into various classes of shares and attach thereto such preferential/deferred, special rights and privileges as may be determined by the Company in accordance with the provisions of the Companies Act, 1956 (or any statutory enactments thereof).”*

- 11.3 Article 2 aa) of the Articles of Association of the Transferee company (relating to the authorized share capital) shall, with effect from the Appointed Date and upon the Scheme becoming effective and without any further act, deed matter or thing be replaced by the following clause:

*“The authorized share capital of the Company is 67,40,00,000/- (Rupees Sixty Seven Crore Forty Lakhs Only) divided into 13,48,00,000 (Thirteen Crores Forty Eight Lakhs Only) Equity Shares of Rs.5/- (Rupees Five Only) each.”*

- 11.4 The Filing fees and stamp duty, if any, paid by the Transferor Companies on its 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.
- 11.5 The approval of this Scheme under Sections 391 and 394 of the Companies Act, 1956 (or such applicable provisions of the Companies Act, 2013) shall also be deemed to be approvals under sections 13, 14, 61, 64 of the Companies Act, 2013 (corresponding to Sections 16, 31, 94 and 97 of the Companies Act, 1956) and other applicable provisions of the Act and any other consents and approvals required in this regard to give effect to the increase in authorized share capital.

## **12. CONSIDERATION**

- 12.1 Since the First Transferor Company is the wholly owned subsidiary of the Transferee Company, upon the Scheme being sanctioned by the Hon’ble Court and the transfer having been effected as provided hereinabove, all the equity shares held by the Transferee Company and its Nominees in the First Transferor

Company shall be cancelled and extinguished as on the Appointed Date. Accordingly, there will be no issue and allotment of equity shares of the Transferee Company to the Shareholders of the First Transferor Company upon this Scheme becoming effective.

- 12.2 Upon the Scheme becoming fully effective and in consideration of the transfer and vesting of the Undertaking of the Second Transferor Company in the Transferee Company in terms of the Scheme, the Transferee Company shall without any further applications, act, instrument or deed, issue and allot to the equity shareholders of the Second Transferor Company whose names are recorded in the register of members of the Second Transferor Company, (the 'Members') on the Record Date, equity shares in the following manner:

1 (One) equity share of Rs. 5 each/- fully paid up in the Transferee Company for every 4.68 equity shares of Rs. 10/- each fully paid up held in the Second Transferor company;

(The above ratio as detailed in which the equity shares of the Transferee Company are to be allotted to the shareholders of the Second Transferor Company by the Transferee Company is hereinafter referred to as the "Share Exchange Ratio.")

- 12.3 No equity shares shall be issued in respect of fractional entitlements, if any, by the Transferee Company, to the members of the Second Transferor Company at the time of issue and allotment of the equity shares.
- 12.4 The Board of the Transferee Company shall consolidate all such fractional entitlements and allot shares in lieu thereof to a director or an authorized officer of the Transferee Company with express understanding that such director or authorized officer shall sell the same at the best available price in one or more lots and by private sale/placement or by auction as deem fit (the decision of the director or the authorized officer as the case may be as to the timing and method of the sale and the price at which such sale has been given effect to shall be final) and pay the sale proceeds to the Transferee Company. The net sale proceeds there upon, shall be distributed among members of the Second Transferor Company



entitled to their fractional entitlements, in the proportion of their fractional entitlements by the Transferee Company.

- 12.5 All equity shares held by the Transferee Company or its subsidiaries in the Second Transferor Company shall stand cancelled as an integral part of the scheme and no equity shares of the Transferee Company shall be allotted in respect of such equity shares.
- 12.6 Upon Equity Shares being issued and allotted by the Transferee Company to the shareholders of the Second Transferor Company, in accordance with Clause 12.2, the share certificates in relation to the shares held by the said shareholders in the Second Transferor Company shall be deemed to have been cancelled and extinguished and be of no effect on and from such issue and allotment.
- 12.7 The Equity Shares in accordance with Clause 12.2 shall be issued in dematerialized form to those shareholders who hold the shares of the Second Transferor Company in dematerialized form, provided all details relating to the account with the Depository Participant are available to the Transferee Company. All those shareholders who hold shares in physical form shall be issued Equity Shares in physical form unless otherwise communicated in writing by such shareholders on or before such date as may be determined by the Transferee Company or committee created thereof.
- 12.8 The Transferee Company shall, if and to the extent required, apply for and obtain any approvals from concerned regulatory authorities for the issue and allotment by the Transferee Company of Equity Shares to the members of the Second Transferor Company under the Scheme.
- 12.9 The Equity Shares of the Transferee Company being issued in accordance with Clause 12.2 shall be listed on all the stock exchanges on which the shares of the Transferee Company are listed as on the Effective Date.
- 12.10 The said equity shares to be issued and allotted by the Transferee Company shall be subject to Memorandum of Association & Articles of Association of the Transferee Company and shall rank pari passu in all respects from the date of

allotment in terms of this scheme, with the existing equity shares of the Transferee Company, with all rights thereto, and shall be entitled to full dividend, if any, which may be declared by the Transferee Company after the effective date of the scheme.

- 12.11 In the event of there being any pending share transfer, whether lodged or outstanding, of any shareholder of the Second Transferor Company, the Board of Directors or any Committee thereof of the Transferee Company at its sole discretion shall be empowered in appropriate circumstances, even subsequent to the Record Date or the Effective Date, as the case may be to effectuate such a transfer in the Transferee Company as if such changes in the registered holders were operative on the Record Date, in order to remove any difficulties arising to the transfer of the share in the Transferee Company and in relation to any new shares, after the Scheme becomes effective. The Board of Directors of the Transferee Company shall be empowered to remove such difficulties as may arise in the course of implementation of the Scheme and registration of new members in the Transferee Company on account of the difficulties if any in the transition period.
- 12.12 In the event of the Transferee Company issuing any shares or any bonds or any debentures (non-convertible or partly or fully convertible) or any shares by way of bonus or rights to its shareholders on or after the date of acceptance of the Scheme by the Board of Directors of the Second Transferor Company and the Transferee Company, and before issue of shares under Clause 12.2 hereof, the Transferee Company shall reserve for allotment to the members of the Second Transferor Company, the number of such shares, bonds or debentures to which the members of the Second Transferor Company would be entitled in terms of such issue, if this Scheme of Amalgamation had become effective prior to such issue. The shares, bonds or debentures so reserved as aforesaid shall be allotted (in the case of bonus shares) or offered (in case of rights issue) to the members of the Second Transferor Company only if this Scheme of Amalgamation becomes effective as specified herein and on the terms and conditions as those governing such allotment or issue to the members of the Transferee Company save and except that the dates of acceptance, splitting, renunciation, payment and allotment on the date from which such shares, bonds or debentures shall rank for dividend and interest shall be suitably fixed by the Board of Directors of the Transferee Company having due

regard to similar dates fixed in respect of the issue of offer thereof to the shareholders of the Transferee Company.

- 12.13 Approval of this Scheme by the Shareholders of the Transferee Company shall be deemed to be in due compliance of Section 62(1)(c) of the Companies Act, 2013 and any other relevant provisions of the Act and such other regulations as are relevant and applicable for the issue and allotment of new equity shares by the Transferee Company.

### **13. ACCOUNTING TREATMENT**

On the Scheme becoming effective, the Transferee Company shall account for the Amalgamation as under:

- 13.1 The Transferee Company shall account for the amalgamation of the Transferor Companies as per the Accounting Standard 14 – Accounting for Amalgamations (AS - 14) prescribed by the Central Government under Companies (Accounting Standards) Rules, 2006 and any amendments thereto and shall abide by the Pooling of Interest Method of accounting stipulated in AS -14.
- 13.2 Upon the Scheme becoming effective, the Transferee Company shall account for the amalgamation in its books as under:
- (a) All the assets and liabilities, including Reserves, of the Transferor Companies shall be recorded in the books of account of the Transferee Company at their existing carrying amounts and in the same form as at the Appointed Date.
  - (b) The investments in the share capital of Transferor Companies in the books of accounts of Transferee Company shall stand cancelled.
  - (c) Inter-company balances and dues, if any, between the Transferor Companies and the Transferee Company shall stand cancelled.
  - (d) The difference between the net assets (assets less liabilities) and reserves of the Transferor Companies transferred to the Transferee Company, after making the above adjustments shall be adjusted in the reserves of the Transferee Company.

- 13.3 In case of any differences in accounting policy between the Transferor Companies and the Transferee Company, the accounting policies followed by the Transferee Company shall prevail and the difference till the Appointed Date will be quantified and adjusted in the Profit and Loss account, to ensure that the financial statements of Transferee Company reflects the financial position on the basis of consistent accounting policy.

**14. DISSOLUTION OF TRANSFEROR COMPANIES**

- 14.1 Subject to an order being made by the Court under Section 394 of the Companies Act, 1956 (or such applicable provisions of the Companies Act, 2013, as the case may be) the Transferor Companies shall be dissolved without the process of winding up on the Scheme becoming effective in accordance with the provisions of the Act and the Rules made there under.

**PART C**

**GENERAL TERMS AND CONDITIONS APPLICABLE TO THE ENTIRE  
SCHEME**

**15. APPLICATION TO THE HIGH COURT OF JUDICATURE AT MADRAS**

- 15.1 The Transferor Companies and the Transferee Company shall, with reasonable dispatch, apply to the High Court for necessary orders or directions for holding or dispensing with the meetings of the members (and creditors, if necessary) of the Transferor Companies and the Transferee Company respectively and for sanctioning this Scheme under Sec.391 of the Companies Act, 1956 (or such applicable provisions of the Companies Act, 2013, as the case may be) and orders under Sec.394 of the Companies Act, 1956 (or such applicable provisions of the Companies Act, 2013, as the case may be) for carrying this Scheme into effect, for dissolution of the Transferor Companies without winding up, for the transfer of the Undertakings of the Transferor Companies to the Transferee Company.

**16. MODIFICATIONS/AMENDMENTS TO THE SCHEME**

16.1 The Transferor Companies and the Transferee Company through their respective Board of Directors or other persons, duly authorised by the respective boards in this regard, may make or assent to any alteration or modification to this Scheme or to any conditions or limitations, which the High Court of Judicature at Madras or any other Competent Authority may deem fit to direct, approve or impose and may give such directions, 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 all such acts, deeds, matters and things necessary for putting this Scheme into effect.

16.2 After dissolution of the Transferor Companies, the Transferee Company by its Board of Directors or other persons, duly authorised by its Board in this regard, shall be authorised, to take such steps, as may be necessary, desirable or proper to resolve any doubts, difficulties or questions, whether by reasons of any order of the High Court or of any directive or order of any other authorities or otherwise, however, arising out of, under by virtue of this Scheme in relation to the amalgamation and / or matters concerning or connected therewith.

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

**17. SCHEME CONDITIONAL ON APPROVALS / SANCTIONS**

17.1 This Scheme is conditional upon and subject to –

- a) The sanction or approval under any law of the Central Government, State Government, or any other agency, department or authorities concerned, including the Securities and Exchange Board of India, as may be applicable, being obtained and granted in respect of any of the matters in respect of which such sanction or approval is required.
- b) The Scheme being agreed to by the respective requisite majorities of the members of the Transferor Companies and the Transferee Company, if meetings

of Equity Shareholders of the said companies are convened by the Court, or if dispensation from conducting the meeting of the members of the Transferor company is obtained from the Court, and the sanction of the Court being accorded to the Scheme.

- c) The sanction by the Court under Sections 391 and 394 of the Companies Act, 1956 and other applicable provisions of the Act being obtained by the Transferor Companies and the Transferee Company.
- d) The filing with the Registrar of Companies, Tamil Nadu at Chennai, of certified copies of all necessary orders, sanctions and approvals mentioned above by the respective Companies.

#### **18. EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS**

In the event of the Scheme not being sanctioned by the Court and/or the order or orders not being passed as aforesaid, the Scheme shall become fully null and void and in that event no rights and liabilities shall accrue to or be inter-se by the parties in terms of the Scheme, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law. In such event, each party shall bear and pay its respective costs, charges and expenses for and / or in connection with the Scheme.

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

All costs, charges and expenses of the Transferor Companies and the Transferee Company respectively 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 the amalgamation of the Transferor Companies with the Transferee Company in pursuance of this scheme shall be borne and paid by the Transferee Company.