

**SCHEME OF ARRANGEMENT AND MERGER  
BETWEEN  
BOOKER SATNAM WHOLESALE LIMITED  
AND  
BOOKER INDIA LIMITED  
AND  
THEIR RESPECTIVE SHAREHOLDERS  
UNDER SECTION 230 TO 232 READ WITH SECTION 52, 66 AND OTHER APPLICABLE PROVISIONS  
OF THE COMPANIES ACT, 2013**

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**PREAMBLE**

This Scheme of Arrangement and Merger (“**Scheme**”) (more particularly described hereinafter) of Booker Satnam Wholesale Limited with Booker India Limited and their respective shareholders is presented under Section 230 to 232 read with Section 52, 66 and other relevant applicable provisions of the Companies Act, 2013.

This Scheme is divided into following parts, dealing with:

<b>Part</b>	<b>Particulars</b>
I	Rationale
II	Definitions and Share Capital of the Companies
III	Reduction of Equity Share Capital and Securities Premium of Booker India Limited.
IV	Merger of Booker Satnam Wholesale Limited with Booker India Limited and their respective shareholders
V	General Terms and Conditions

**PART- I**

**1. RATIONALE OF THE SCHEME**

Booker Satnam Wholesale Limited (hereinafter referred as “**Transferor Company**”) is a wholly-owned subsidiary of Booker India Limited (hereinafter referred as “**Transferee Company**”). It is proposed to reduce equity share capital and securities premium of Booker India Limited and subsequently merge Booker Satnam Wholesale Limited with Booker India Limited.

The scheme of arrangement and merger would inter alia have the following benefits:

1. To reduce the share capital of the Transferee Company which is already lost on account of accumulated losses and have a balance sheet which depicts real capital employed which is fully represented by the value of currently productive assets on the assets side of the balance sheet. Post arrangement, it will be possible to service capital and declare dividend.
2. Post reduction of capital, and in order to streamline the holding structure and to consolidate and effectively manage the Transferor Company and the Transferee Company in a single unified entity, which will provide several benefits including consolidation of resources, synergy, economies of scale, attaining efficiencies and cost reduction, it is intended that the Transferor

Company be merged with Transferee Company. The merger of Transferor Company with Transferee Company would inter alia have the following benefits:

- 2.1. The merger shall lead to greater efficiency in overall combined business including economies of scale, efficiency of operations, cash flow management, increased asset base for the purpose of development of businesses of the combined entity, enhancing their growth opportunities and maximize the shareholder's value.
- 2.2. The merger shall provide for more productive and optimum utilization of various resources by pooling of the managerial, technical and financial resources of the Transferor Company and the Transferee Company which shall minimize the administrative compliances and overheads.
- 2.3. The merger shall also result in simplification of the group structure.

In view of the aforesaid, the Board of Directors of the companies have considered and proposed the composite scheme of arrangement and merger between the Transferor Company and the Transferee Company in order to benefit the stakeholders of the said companies. Accordingly, the Board of Directors of the companies have formulated this Scheme

## PART- II

### 2. DEFINITIONS

In this Scheme, unless repugnant to or inconsistent with the subject or context thereof, the following expression shall have the following meaning: -

- 2.1. "**Act**" means the Companies Act, 2013 including any rules, regulations, orders and notifications made thereunder or any statutory modification, re-enactment or amendments thereof for the time being in force.
- 2.2. "**Appointed Date**" means April 1, 2021.
- 2.3. "**Appropriate Authority**" means any governmental, statutory, regulatory, departmental or public body, including, Registrar of Companies, National Company Law Tribunal.
- 2.4. "**Board of Director(s)**" or "**Board**" means the board of director(s) of the Company (ies), as the context may require and shall include a duly constituted committee thereof, if any.
- 2.5. "**Operative Date**" means the date on which certified copies of the National Company Law Tribunal's order sanctioning this Scheme are filed by the Companies with the Registrar of Companies, Mumbai. Any references in the Scheme to "upon this Scheme becoming effective" or "upon coming into effect of this Scheme" or "upon the Scheme coming into effect" or "upon this Scheme becoming operative" or "upon coming into operation of this Scheme" shall be construed to be a reference to the Operative Date.
- 2.6. "**the Transferor Company**" or "**BSWL**" means Booker Satnam Wholesale Limited, a limited company incorporated under the Companies Act, 1956 on February 21, 2011 and having its registered office at 2<sup>nd</sup> Floor, Taj Building, 210 Dr. D.N. Road, Fort, Mumbai – 400 001. BSWL is a wholly owned subsidiary of the Transferee Company.
- 2.7. "**the Transferee Company**" or "**BIL**" means Booker India Limited, a public limited company incorporated under the Companies Act, 1956 on February 8, 2008 and having its registered office at 2<sup>nd</sup> Floor, Taj Building, 210 Dr. D.N. Road, Fort, Mumbai – 400 001.
- 2.8. "**the Companies**" collectively means Transferor Company and the Transferee Company to this Scheme, as the context may require.
- 2.9. "**Tribunal**" or "**NCLT**" means the Hon'ble National Company Law Tribunal, Mumbai bench at Mumbai, constituted by the Central Government by a Notification in the Official Gazette.

- 2.10. **“Undertaking”** shall mean and include the entire business of the Transferor Company (including business, properties, assets, investments, goodwill, and rights of whatever kind and nature, real or personal, tangible or intangible, that are owned, leased or licensed, liabilities, obligations and commitments) as a going concern together with all its debts, outstanding liabilities, duties and obligations as on the Appointed Date and therefrom and without prejudice to its generality of the foregoing clause the said entire Undertaking includes:
- 2.10.1. All assets, properties, quoted or unquoted investments in securities, moveable or immovable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible of whatsoever nature, wheresoever situated including, building, offices, furniture, fixtures, quoted and unquoted investments in securities, sundry debtors, inventories, cash and bank balances, bills of exchange, deposits, loans and advances, current assets and all other assets of the Transferor Company;
  - 2.10.2. Trademarks, brands, goodwill, and all other intellectual rights and properties of the Transferor Company;
  - 2.10.3. All permits, quotas, rights, licenses, approvals, privileges, benefits and entitlements, licenses whether recorded in books or not, lease rights powers and facilities of every kind, nature and description whatsoever, right to use and avail of telephones, telexes, facsimile connection, e-mail connections, communication facilities and installations, utilities, electricity and other services, provisions, funds, benefits of all agreements, contracts and arrangements and all other interests in connection with the Transferor Company;
  - 2.10.4. All agreements, rights, contracts, entitlements, licenses, permits, permissions, incentives, approvals, registrations, tax deferrals and benefits, subsidies, connections, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges and claims to any patents, trademarks, design, quota rights, engagements, arrangements, authorities, allotments, security arrangements, benefits of any guarantees, reversions, powers and all other approvals of every kind, nature and description whatsoever relating to the business activities and operations of the Transferor Company;
  - 2.10.5. All records, files, papers, designs and process information, computer programmes, manuals, data, catalogues, quotations, sales and advertising materials, list of present and former customers and suppliers, customer credit information, customer pricing information, and other records, whether in physical form or electronic form of the Transferor Company;
  - 2.10.6. Amounts claimed by the Transferor Company whether or not so recorded in the books of account of the Transferor Company from any Government Authority under any law, act or rule in force, as refund of any tax, duty, cess or of any excess payment;
  - 2.10.7. All debts (secured and unsecured), present and future liabilities including contingent liabilities, obligations and duties of the Transferor Companies of whatsoever kind, nature and description whatsoever and howsoever arising, raised or incurred or utilized;
  - 2.10.8. All employees (if any) of the Transferor Company and all other obligations of whatsoever kind, including liabilities in respect of employees of the Transferor Company with regard to payment of gratuity, provident fund or compensation, if any, etc.
  - 2.10.9. Without prejudice to the generality of Sub-clause 2.10.1 to 2.10.8 above, the Undertaking of the Transferor Company shall include all Transferor Company’s reserves, provisions, funds, assets including quoted and unquoted investments,

claims, powers, authorities, allotments, approvals, consents, registrations, contracts, enactments, arrangements, rights, titles, interest, benefits, advantages, leasehold rights and, systems of any kind whatsoever, trademarks, patents and other industrial and intellectual properties whether in India or abroad, rights and benefits of all agreements and other interests including rights and benefits under various schemes of different taxation laws as may belong to or be available to the Transferor Company, rights and powers of every kind, nature and description of whatsoever probabilities, liberties, easements, advantages, and approval of, whatsoever nature and wheresoever situated, belonging to or in ownership, power or possession or control or entitlement of the Transferor Company.

- 2.11. **“Scheme” or “this Scheme” or “the Scheme”** means this Scheme of Arrangement and Merger by absorption of the Transferor Company with the Transferee Company and their respective shareholders, in its present form with any amendment/modifications approved or imposed or directed by the shareholders and / or creditors and / or by the Tribunal and accepted by the Board of Directors of the Companies respectively under section 230 – 232 of the Act.
- 2.12. All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Income Tax Act, 1961 and / or other applicable laws, rules, regulations, bye-laws, as the case may be, including any statutory amendment(s) or re-enactment thereof, for the time being in force.

### 3. SHARE CAPITAL

- 3.1. The authorised, issued, subscribed and paid-up share capital of the Transferor Company as per latest audited balance sheet as on March 31, 2021 is as under:

Particulars	Amount in Rs.
<b>Authorised Share Capital</b>	
5,00,00,000 equity shares of Rs.10/- each	50,00,00,000
<b>TOTAL</b>	<b>50,00,00,000</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
4,29,53,498 Equity Shares of Rs.10/- each fully paid up	42,95,34,980
<b>TOTAL</b>	<b>42,95,34,980</b>

There is no change in share capital of Transferor Company till date. As on date, the Transferee Company and its nominees hold the entire equity shares of the Transferor Company. Therefore the Transferor Company is a wholly owned subsidiary of the Transferee Company.

- 3.2. The authorised, issued, subscribed and paid-up share capital of the Transferee Company as per latest audited balance sheet as on March 31, 2021 is as under:

Particulars	Amount in Rs.
<b>Authorised Share Capital</b>	
39,00,00,000 equity shares of Rs.10/- each.	390,00,00,000
<b>TOTAL</b>	<b>390,00,00,000</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
35,20,97,717 equity shares of Rs.10/- each fully paid up.	352,09,77,170
<b>TOTAL</b>	<b>352,09,77,170</b>

On 28<sup>th</sup> April, 2021, the Transferee Company has increased its authorized share capital to facilitate issue of equity shares on rights basis to its existing equity shareholders. The Transferee Company allotted shares on rights basis on 12<sup>th</sup> May 2021. The authorised, issued, subscribed and paid-up share capital of the Transferee Company as on date is as follows:

Particulars	Amount in Rs.
<b>Authorised Share Capital</b>	
44,20,00,000 equity shares of Rs.10/- each.	442,00,00,000
<b>TOTAL</b>	<b>442,00,00,000</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
44,01,22,145 equity shares of Rs.10/- each fully paid up.	440,12,21,450
<b>TOTAL</b>	<b>440,12,21,450</b>

### PART-III

#### 4. REDUCTION OF THE ISSUED, SUBSCRIBED AND PAID UP EQUITY SHARE CAPITAL AND SECURITIES PREMIUM ACCOUNT OF BOOKER INDIA LIMITED.

- 4.1. Upon the Scheme coming into effect and as an integral part of the Scheme, the issued, subscribed and paid up equity share capital of the Transferee Company be reduced on a proportionate basis of the existing shareholder from Rs. 440,12,21,450 divided into 44,01,22,145 equity shares of Rs. 10/- each fully paid up to Rs. 220,06,10,725 divided into 44,01,22,145 equity shares of Rs. 5/- each fully paid up by reducing face value of equity shares from Rs.10 (Rupees Ten) each fully paid up to Rs. 5 (Rupees Five) each fully paid up. Further, the balance in securities premium account be reduced from the present sum of Rs. 118,18,34,346 to Rs. 29,18,71,451 .
- 4.2. The debit balance in the Retained Earnings Account of the Transferee Company of Rs. 3,09,05,73,619 as on 31<sup>st</sup> March, 2021 shall be first adjusted against the reduction of equity

share capital of Rs. 220,06,10,725 and thereon adjusted against the reduction of securities premium account of Rs. 88,99,62,894.

- 4.3. The reduction of equity share capital and securities premium account as hereinabove, shall be effected as an integral part of the scheme as the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid up share capital and it shall also be deemed to be in compliance with the provisions of Sections 66, 52 and other applicable provisions of the Act and rules and regulations made there under upon the Scheme becoming effective and the order of the NCLT sanctioning the Scheme shall be deemed to be an order under Section 66 of the Act confirming the reduction.
- 4.4. Notwithstanding the reduction of the equity share capital account and the securities premium account of the Transferee Company, it shall not be required to add the words “And Reduced” as suffix to its name.
- 4.5. The pre and post reduction issued, subscribed and paid-up capital of the Transferee Company will be as follows:

Particulars	Pre-Reduction	Post-Reduction
Issued, Subscribed and Paid-Up Share Capital	44,01,22,145 equity shares of FV = Rs. 10 amounting to Rs. 440,12,21,450	44,01,22,145 equity shares of FV = Rs. 5 amounting to Rs. 220,06,10,725

#### PART-IV

### 5. MERGER AND VESTING OF ENTIRE UNDERTAKING OF THE TRANSFEROR COMPANY WITH THE TRANSFEE COMPANY

With effect from Appointed Date and upon the Scheme becoming effective, pursuant to the provisions of Section 230 to 232 of the Act and other applicable provisions of the Act, the entire Undertaking of the Transferor Company shall stand merged with and be vested in the Transferee Company as a going concern in accordance with Section 2(1B) of the Income Tax Act, 1961, without any further act, deed, instrument, matter in the following manner:

- 5.1. The whole of the Undertaking of the Transferor Company comprising of movable and immovable properties, quoted and unquoted investment in securities, cash and bank balances and all other assets and liabilities of whatsoever nature and wheresoever situated, shall, without any further act or deed (save as provided in Clauses 5.2 and 5.3 below) be transferred to and vested in and/or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become as from the Appointed Date the assets and liabilities of the Transferee Company and to vest in the Transferee Company all the rights, title, interest or obligations of the Transferor Company therein by virtue of this Scheme.
- 5.2. All the movable assets including cash in hand, if any, of the Transferor Company, capable of passing by manual delivery or by endorsement and delivery, shall be so delivered or endorsed and delivered, as the case may be, to the Transferee Company, without requiring any deed or instrument of conveyance for the same and shall become the property of the Transferee Company to the end and intent that the ownership and property therein passes to the

Transferee Company on such handing over. Such delivery shall be made on a date mutually agreed upon between the board of directors of the Transferor Company and the board of directors of the Transferee Company with effect from Appointed Date.

- 5.3. In respect of movables other than those specified in sub-clause 5.2 above, including 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, and other persons, the following modus operandi or otherwise agreed by the Board of Directors of the Transferee Company for intimating to third parties shall to the extent possible be followed:
  - 5.3.1. The Transferee Company shall, if so required, under any law or otherwise, give notice in such form as it may deem fit and proper, to each person, debtor or depositor as the case may be, that pursuant to the NCLT having sanctioned the Scheme between the Transferor Company and the Transferee Company, the said debt, loan advance or deposit be paid or made good or held on account of the Transferee Company as the person entitled thereto and that appropriate entry should be passed in its books to record the aforesaid change;
  - 5.3.2. The Transferor Company shall, if so required, under any law or otherwise, also give notice in such form as they may deem fit and proper to each person, debt or depositor that pursuant to the NCLT having sanctioned the Scheme between the Transferor Company and the Transferee Company, the said debt, loan, advance or deposit be paid or made good or held on account of the Transferee Company and that the right of the Transferor Company to recover or realise the same stands extinguished.
- 5.4. Without prejudice to the generality of the above, in respect of such of the assets and properties of the Transferor Company as are immovable in nature, if any, the same shall be so transferred as part of the Undertaking and shall, upon such transfer, become as and from the Appointed Date, the immovable assets of the Transferee Company, without any further act, instrument or deed, and it shall not be necessary to obtain the consent of any third party or other person in order to give effect to the provisions of this clause. From Operative Date, the Transferee Company shall be entitled to exercise and enjoy all rights and privileges attached to such immoveable properties and shall be liable to pay the ground rent and taxes and fulfill all obligations going forward. The mutation or substitution of the title to the immovable properties shall upon this Scheme becoming effective, be made and duly recorded in the name of the Transferee Company by Appropriate Authorities pursuant to the sanction of this Scheme.
- 5.5. With effect from the Appointed Date, all debts, liabilities, duties and obligations of every kind, nature and description of the Transferor Company shall also under the provisions of Section 230 read with Section 232 of the Act, without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company so as to become as from the Appointed Date the debts, Liabilities, duties and obligations of the Transferee Company, on the same terms and conditions as was applicable to the Transferor Company and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, Liabilities, duties and obligations have arisen, in order to give effect to the provisions of this clause.
- 5.6. All the registrations in the name of the Transferor Company shall be deemed to be transferred in the name of the Transferee Company from the Operative Date and the Transferee Company shall give requisite intimations for this purpose to all concerned.

- 5.7. In a case of registrations in the name of the Transferor Company, other than the registrations mentioned above, the Transferee Company may make a fresh application to the Appropriate Authorities to procure the same, by complying with the requisite laws or regulations.
- 5.8. It is clarified that the Scheme shall not in any manner affect the rights and interest of the creditors of the Transferor Company or be deemed to be prejudicial to their interests.
- 5.9. For avoidance of doubt and without prejudice to the generality of any applicable provisions of this Scheme, it is clarified that with effect from the Operative Date until such times the name of the bank accounts of the Transferor Company would be replaced with that of the Transferee Company, the Transferee Company shall be entitled to operate the bank accounts of the Transferor Company in the name of the Transferor Company in so far as may be necessary. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company after the Operative 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. The Transferee Company shall be allowed to maintain banks accounts in the name of Transferor Company for such time as may be determined to be necessary by the Transferee Company for presentation and deposition of cheques and pay orders that have been issued in the name of the Transferor 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.
- 5.10. The Transferee Company shall under the provisions of the Scheme be deemed, upon this Scheme coming into effect, to be authorized to execute any such writings on behalf of the Transferor Company, to implement and carry out all formalities and compliances, if required, referred to above.
- 5.11. Upon the Scheme coming into effect, the borrowing limits of the Transferee Company in terms of Section 180(1)(c) of the Companies Act, 2013, shall without any further act or deed, stand enhanced by an amount equivalent to the authorised borrowing limits of the Transferor Company where applicable, such limits being incremental to the existing limits of the Transferee Company. The Transferee Company may thereafter increase these limits as enhanced from time to time by obtaining sanction from its shareholders in accordance with the provisions of the Act.
- 5.12. The securities, charges and mortgages (if any subsisting) over and in respect of the Assets, immovable property or any part thereof of the Transferee Company shall continue with respect to such Assets or part thereof and this Scheme shall not operate to enlarge such securities, charges, hypothecations or mortgages to the end and intent that such securities, charges, hypothecations and mortgages shall not extend or be deemed to extend, to any of the Assets of the Transferor Company vested in the Transferee Company. Provided always that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by the Transferor Company which shall vest in the Transferee Company by virtue of the merger of the Transferor Company with the Transferee Company and the Transferee Company shall not be obliged to create any further or additional security there for after the merger has become operative or otherwise unless specifically provided hereinafter in this Scheme.
- 5.13. On and from the Appointed Date, all loans, investments, advances, deposits, inter-company balances or other obligations, if any, due between or amongst the Transferor Company and the Transferee Company shall come to an end and suitable effect shall be given in the books of the Transferee Company. For removal of doubts, it is hereby clarified that from the



Appointed Date, there would be no accrual of interest or other charges in respect of any such loans, advances, deposits, inter-company balances or other obligations (if any) inter-se between the Transferor Company and the Transferee Company.

- 5.14. All resolutions, if any, of the Transferor Company, which are valid and subsisting, shall under the provisions of the Sections 230 to Sections 232 of the Act, without any further act or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be stand and continue to be valid subsisting and be considered as resolutions of the Transferee Company.
- 5.15. The provisions of this clause 5 shall operate notwithstanding anything to the contrary contained in any instrument, deed, document or writing or terms of sanction or issue of any security document, all of which instrument, deeds, documents or writings shall stand modified and/or superseded by the foregoing provisions.
- 5.16. The merger of the Transferor Company with the Transferee Company, pursuant to and in accordance with this Scheme, shall take place with effect from the Appointed Date and shall be in accordance with Section 2(1B) of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said section of the Income Tax Act, 1961, at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said section of the Income Tax Act, 1961, shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the Income Tax Act, 1961. Such modification will however not affect the other parts of the Scheme.

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

Subject to all the provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments of whatsoever nature to which the Transferor Company are a party or to the benefit of which the Transferor Company may be eligible and which are subsisting or having effect immediately before the Operative Date, shall be in full force and effect against or in favor of, as the case may be, the Transferee Company under the same terms and conditions, and maybe enforced as fully and effectively as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary thereto. The Transferee Company shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into a tripartite arrangement, confirmation or novation to which the Transferor Company will, if necessary, also be a party in order to give formal effect to this clause if so required or become necessary.

## **7. LEGAL PROCEEDINGS**

- 7.1. If any suit, writ petition, appeal, revision or other proceedings of whatever nature (hereinafter called "**Proceedings**") by or against the Transferor Company be pending, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer of the Undertakings of the Transferor Company or of anything contained in the Scheme, but the Proceedings may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company as if the Scheme had not been made.
- 7.2. On and from the Operative Date, the Transferee Company shall be entitled to initiate any legal Proceedings for and on behalf of the Transferor Company for any actions taken by or against the Transferor Company or any other person, as the case may be, notwithstanding the fact the Transferor Company stand dissolved without winding up from the Operative Date.

7.3. It is clarified that there is no pendency of any investigation and Proceedings against the Transferor Company under any laws for the time being in force and if any, then same may be continued and enforced against the Transferee Company on and from the Operative Date.

## **8. OPERATIVE DATE OF THE SCHEME**

The Scheme set out herein in its present form or with any modification(s) as approved or imposed or directed by the Hon'ble NCLT shall be effective from the Appointed Date but shall become operative on the Operative Date.

## **9. CONDUCT OF BUSINESS BY TRANSFEROR COMPANY TILL OPERATIVE DATE**

With effect from the Appointed Date, and up to the Operative Date:

- 9.1. The Transferor Company shall carry on or deemed to have carried on all their respective business and activities and shall be deemed to have held or stood possessed of and shall hold and stand possessed of all the said Assets for and on account of and in trust for the Transferee Company.
- 9.2. All the profits or income, taxes (including advance tax, tax deducted at source and MAT credit) accruing or arising to the Transferor Company or expenditure or losses arising or incurred by the Transferor Company shall for all purposes be treated and be deemed to be and accrued as the profits and income or expenditure or losses or taxes or MAT credit of the Transferee Company, as the case may be.
- 9.3. The Transferor Company shall carry on their business activities with reasonable diligence, business prudence and shall not alienate, charge, mortgage, encumber or otherwise deal with the said Assets or any part thereof except in the ordinary course of business or pursuant to any pre-existing obligation undertaken by the Transferor Company prior to the Appointed Date except with prior written consent of the Transferee Company.
- 9.4. The Transferor Company shall not, without prior written consent of the Transferee Company, undertake any new business.
- 9.5. The Transferor Company shall not, without prior written consent of the Transferee Company, take any major policy decisions in respect of the management and for the business and shall not change its present capital structure.

## **10. EMPLOYEES**

- 10.1. All employees of the Transferor Company in service as on the Operative Date, if any, shall become employees of the Transferee Company on such date without any break or interruption in service and on terms and conditions as to remuneration not less favourable than those subsisting with reference to the Transferor Companies as on the said date.
- 10.2. As far as the Provident Fund, Gratuity Fund, Superannuation Fund or any other special fund ("**Fund**") created or existing for the benefit of such permanent employees of the Transferor Company are concerned, on and from the Operative Date, the Transferee Company shall stand substituted for the Transferor Company and for such employees of the Transferee Company for all the purposes whatsoever related to administration or operation of such Funds in accordance with provisions of such Funds according to the terms provided in the respective trust deeds or other documents. It is clarified that the services of such permanent employees of the Transferor Company will be treated as having been continuous and not interrupted for the purposes of such Funds.

## **11. NO ISSUE OF SHARES BY TRANSFEREE COMPANY**

- 11.1. For the purposes of this Scheme, it is hereby clarified that all the paid up shares of the Transferor Company are wholly owned by the Transferee Company and its nominees and therefore there would be no issue of shares by the Transferee Company in this regard.
- 11.2. Upon the Scheme becoming effective and with effect from the Appointed Date, in consideration of the transfer and vesting of the Undertakings including all assets and liabilities of the Transferor Company in the Transferee Company in terms of this Scheme, the entire paid up share capital in the Transferor Company held by the Transferee Company (either held directly or through and/or its /nominee(s)) on the Operative Date shall be extinguished or shall be deemed to be extinguished and all such equity shares of the Transferor Company held by the Transferee Company (either in its own name or held in the name of its nominee(s)) shall be cancelled and shall be deemed to be cancelled without any further application, act or deed.

## **12. ACCOUNTING TREATMENT**

Upon the Scheme coming into effect from the Appointed Date, the Transferee Company shall account for the merger of the Transferor Company with the Transferee Company in accordance with “the Pooling of Interest method” as per Appendix C of Indian Accounting Standard (Ind AS) 103 “Business Combinations” prescribed under Section 133 of the Act, relevant clarifications issued by the Ind AS Transition Facilitation Group (ITFG) of the Institute of Chartered Accountants of India and other generally accepted accounting principles in India as follows:

- 12.1. The Assets and Liabilities of the Transferor Company shall be reflected at their respective carrying value as appearing in the consolidated financial statements of the Transferee Company.
- 12.2. As stated in Clause 11 above, no new shares shall be issued or allotted by the Transferee Company pursuant to this Scheme and the investments in the shares of the Transferor Company appearing *inter-alia*, in the books of account of the Transferee Company shall stand cancelled. The difference between the amount of investment in the equity shares of the Transferor Company appearing in the books of account of the Transferee Company and the amount of issued, subscribed and paid-up share capital standing credited in the books of account of the Transferor Company, if any, shall be adjusted in the Capital Reserve in the books of account of the Transferee Company.
- 12.3. The identity of the reserves shall be preserved and shall appear in the financial statements of the Transferee Company in the same form and at the carrying amount as appearing in the consolidated financial statements of the Transferee Company
- 12.4. Any inter-company balance(s) if any between the Transferor Company and the Transferee Company shall stand cancelled and corresponding effect shall be given in the books of account and the records of the Transferee Company for the reduction of any assets or liabilities, as the case may be. There would be no accrual of interest or other charges and there shall be no obligation/outstanding in that behalf in respect of any such intercompany loans, debt, securities or balances with effect from the Appointed Date.
- 12.5. In case of any difference in any of the accounting policies between the Transferor Company and the Transferee Company, the accounting policies followed by the Transferee Company shall prevail to ensure that the financial statement of the Transferee Company reflects the financial position on the basis of consistent accounting policies-

12.6. The financial information in the financial statements in respect of prior periods should be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, if business combination had occurred after that date, the prior period information shall be restated only from that date.

### **13. TREATMENT OF TAXES**

13.1. Any tax liabilities / refunds / credits / claims relating thereto under the Income-tax Act, 1961 or other applicable laws / regulations dealing with taxes / duties / levies/ indirect taxes (hereinafter in this clause referred to as “**Tax Laws**”) allocable or related to the business of the Transferor Company to the extent not provided for or covered by tax provision in the financial statements made as on the date immediately preceding the Appointed Date shall be treated as liabilities / refunds / credits / claims of the Transferee Company and shall be transferred to the Transferee Company. Any surplus in the provision for taxation/ duties/ levies account including advance tax and TDS, credit for minimum alternate tax, credit for goods and services tax as on the date immediately preceding the Appointed Date will also be transferred to the account of the Transferee Company.

13.2. Any refund under the Tax Laws due to the Transferor Company consequent to the assessments made on the Transferor Company and for which no credit is taken in the financial statements as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company.

13.3. Without prejudice to the generality of the above, all benefits, credits, refunds, exemptions, incentives or concessions under Tax Laws as may be applicable to which the Transferor Company are entitled to in terms of the applicable Tax Laws of the Union and State Governments in India, shall be available to and vest in the Transferee Company.

13.4. The Transferee Company shall be entitled to file / revise its income tax returns, tax deducted at source certificates, tax deducted at source returns and other statutory returns and filings, if required under the Tax Laws, and shall have the right to claim or adjust refunds, advance tax credits, credit for minimum alternate tax / tax deducted at source / foreign taxes with held/ paid, goods and services tax, input tax credits etc. if any, as may be required consequent to implementation of this Scheme.

### **14. SAVING OF CONCLUDED TRANSACTIONS**

The transfer and vesting of the Undertaking under clause 5 above, and the continuation of proceedings by or against the Transferee Company under clause 7 above shall not affect any transaction or proceedings already concluded by the Transferor Company on or after the Appointed Date till the Operative 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 regard thereto, as if done and executed by the Transferee Company on its behalf.

### **15. DIVIDEND, PROFIT AND BONUS/RIGHTS SHARES**

15.1. The Transferor Company shall not without the prior written consent of the Transferee Company, declare any dividends, whether interim or final, for the financial year ending on or after the Appointed Date and subsequent financial years.

15.2. The Transferor Company shall not issue or allot any bonus shares or rights shares out of their authorised or unissued share capital for the time being.

- 15.3. Subject to the provisions of this Scheme, the profits of the Transferor Company for the period beginning from the Appointed Date shall belong to and be the profits of the Transferee Company and will be available to the Transferee Company for being disposed of in any manner as it thinks fit.
- 15.4. The Transferor Company shall not, except with the consent of the board of directors of the Transferee Companies, alter its paid up capital structure by making preferential allotment of shares or otherwise, after the approval of the Scheme by the board of directors of the Transferee Company.

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

Upon coming into effect of this Scheme, the Transferor Company shall be dissolved without winding up on an order made by the Tribunal under Section 232 of the Companies Act, 2013.

## **PART – V**

### **GENERAL TERMS AND CONDITIONS**

## **17. RECLASSIFICATION AND COMBINATION OF AUTHORISED SHARE CAPITAL OF THE TRANSFEE COMPANY**

- 17.1. Upon the Scheme coming into effect, the authorised share capital of the Transferee Company, shall be reclassified from 44,20,00,000 equity shares of Rs.10/- each to 88,40,00,000 equity shares of Rs. 5/- (Rupees Five) each amounting to Rs. 442,00,00,000 (Rupees Four Hundred and Forty Two Crore only) .
- 17.2. Also, the authorised share capital of the Transferee Company, shall automatically stand increased and reclassified without any further act on the part of the Transferee Company including payment of stamp duty and registration fees payable to Registrar of Companies, by clubbing and re-classifying the authorised share capital of the Transferor Company which is 50,00,00,000/- (Rupees Fifty crores only) divided into 5,00,00,000 equity shares of Rs. 10/- each which shall be re-classified into 10,00,00,000 equity shares of Rs. 5/- each.
- 17.3. Consequent to the re-classification and combination of the authorised share capital of the Transferor Company with the Transferee Company, the authorised share capital of the Transferee Company shall be Rs.492,00,00,000 (Rupees Four Hundred Ninety Two Crores only) divided into 98,40,00,000 equity share of Rs 5/- each.
- 17.4. The consent / resolution approving the Scheme shall be deemed to be the approval of clubbing in the authorised share capital of the Transferee Company under Section 13, 14 and 61 and other applicable provisions of the Act. The words and figures in clause V(a) of the Memorandum of Association of the Transferee Company relating to the authorised share capital, shall without any further act, instrument be and stand clubbed and/or reclassified pursuant to Section 13, 14 and 61 of the Act, and the Companies (Share Capital and Debenture) Rules, 2014 and any other applicable provisions of the Act.
- 17.5. The Clause V(a) in the memorandum of association of the Transferee Company shall stand amended to read as under:

“The Authorised Share Capital of the Company is Rs.492,00,00,000 (Rupees Four Hundred Ninety Two Crores only) divided into 98,40,00,000 equity share of Rs. 5/- each”

## **18. APPLICATION TO THE NATIONAL COMPANY LAW TRIBUNAL**

The Transferor Company and the Transferee Company with all reasonable dispatch, shall make applications/petitions to the Hon'ble NCLT for sanctioning of the Scheme of merger by absorption under Section 230 to 232 and other applicable provisions of the Act to the NCLT, Mumbai Bench at Mumbai for sanctioning of this Scheme and for dissolution of the Transferor Company without winding up under the provisions of the Act.

## **19. MODIFICATIONS, AMENDMENTS TO THE SCHEME**

19.1. The Transferor Company (by its board of directors) and the Transferee Company (by its board of directors) may, in their full and absolute discretion, assent to any alteration or modification or amendment of this Scheme which the NCLT, and/or any other competent authority may deem fit to direct or impose and may give such directions as they may consider necessary to settle any question or difficulty arising under the Scheme or in regard to its implementation or in any matter connected therewith.

19.2. The board of directors of the Transferor Company hereby authorise the board of directors of the Transferee Company to give assent to any modifications or amendment(s) in the Scheme which may be considered necessary or desirable for any reason whatsoever and without prejudice to the generality of the foregoing and for any reason whatsoever, the implementation of the Scheme shall not get adversely affected as a result of acceptance of any such modification by the board of the Transferee Company and the board of the Transferee Company be and is hereby authorised by the board of directors of the Transferor Company to take such steps and to do all acts, deeds and things as may be necessary, desirable or proper to give effect to this Scheme and to resolve any doubt, difficulties or questions otherwise howsoever arising out of, under or by virtue of this Scheme and/or any matters concerning or connected therewith. All amendment / modification pursuant to this clause shall be subject to the approval of the NCLT.

## **20. SCHEME CONDITIONAL UPON APPROVALS/ SANCTIONS**

This Scheme is specifically conditional upon and subject to:

20.1. Approval of an agreement to the Scheme by the requisite majorities in number and value of such classes of persons of the Transferor Company and the Transferee Company as may be directed by the NCLT or any other Appropriate Authority as may be applicable.

20.2. Approval in terms with the applicable provisions of the Act and updated from time to time, as may be considered necessary to give effect to this Scheme, and/or as may be directed by the NCLT

20.3. The sanctions of the NCLT being obtained for the Scheme under Sections 230 to 232 read with Section 66, 52 and other relevant provisions of the Act and the certified copies or authenticated copies of such orders sanctioning the Scheme being filed with the Registrar of Companies, Mumbai.

20.4. All other sanctions and approvals as may be required under applicable law with regard to this Scheme are obtained.

**21. EFFECT OF NON-RECEIPT OF APPROVAL / SANCTION**

In the event of any of the approvals or conditions enumerated in clause 20 above not being obtained or complied or for any reasons this Scheme cannot be implemented, then the board of directors of the Transferor Company and the Transferee Company shall waive such conditions as they may consider appropriate to give effect appropriately and, as far as possible, to this Scheme and failing such agreement or in case this Scheme is not sanctioned by the Mumbai Bench of NCLT at Mumbai, then the Scheme shall become null and void and in that event no rights and liabilities whatsoever shall accrue to or be incurred between the Transferor Company and the Transferee Company or their shareholders or any other person. In such case, each Company shall bear its own costs or as may be mutually agreed.

**22. EXPENSES CONNECTED WITH THE SCHEME**

All cost, charges and expenses in relation to or in connection with this Scheme and of carrying out and completing the terms and provisions of this Scheme and/or incidental to the completion of merger of the said Undertakings of the Transferor Company in pursuance of the Scheme shall be borne and paid by the Transferee Company only. Similarly, the Transferee Company shall alone bear any duties or taxes leviable including stamp duty in pursuance to or as a consequence of this Scheme of merger by absorption.