

**ANNEXURE 1****Salient features of the Composite Scheme of Amalgamation of Torrent Energy Limited and Torrent Cables Limited with Torrent Power Limited:**

The material provisions of the proposed Scheme of Amalgamation are as under (Sr. Nos. in this section refers to the Sr. Nos. of the Scheme of Amalgamation):

**1. DEFINITIONS**

**“Appointed Date”** means the opening hours of the business on 1 April 2014.

**“Effective Date”** means the date on which all the conditions and matters referred to in the Scheme including Clause 17.1 have been fulfilled.

**“Record Date”** means the date to be fixed by the Board of the Transferee Company in consultation with the Board of the Transferor Company 2 for the purpose of reckoning names of the equity shareholders of Transferor Company 2 who shall be entitled to shares of the Transferee Company in accordance with Clause 7.1 of this Scheme.

**“Scheme”, “the Scheme”, “this Scheme”** means this composite scheme of amalgamation in its present form submitted to the High Court or any other Appropriate Authority in the relevant jurisdictions with any modification thereof as the High Court or any other Appropriate Authority may direct.

**“the Undertaking”** shall mean and include all the business, undertakings, properties, investments and liabilities of whatsoever nature and kind and wheresoever situated, of each of Transferor Companies, on a going concern basis, together with all their assets and liabilities and employees and shall mean and include (without limitation):

- (a) all assets and properties, whether movable and immovable (whether freehold, leasehold or otherwise), tangible or intangible, including all rights, title and interest in connection with the land and buildings thereon whether corporeal or incorporeal, leasehold or otherwise, plant and machinery, fixed or movable, and whether leased or otherwise, capital work in progress including expenses incurred to be capitalized and advances for assets, equipment, furniture, fixtures, vehicles, stocks and inventory, any other leasehold assets and other





properties, real, corporeal and incorporeal, in possession or reversion, present and contingent assets (whether tangible or intangible) of whatsoever nature, other fixed assets, current assets including loans, advances, inventory and work in progress cash in hand, amounts lying in the banks to the credit of each of the Transferor Companies, investments, claims, powers, authorities, allotments, approvals, consents, letters of intent, registrations, contracts, engagements, arrangements, rights, credits, titles, interests, benefits, club memberships, advantages, leasehold rights, Development Rights including advances paid to any parties for acquisition of development rights, brands, sub-letting tenancy rights, with or without the consent of the landlord as may be required by law, goodwill, other intangibles, industrial and other Integration of business thereby providing significant impetus to the growth; licenses including licenses for electricity transmission and distribution, sales tax and excise duty licenses, and also with exportimport authority including advance licenses and all other licenses, duty entitlement pass books, duty refund against export obligations, permits, authorisations, trademarks, trade names, patents, patent rights, copyrights, and other industrial and intellectual properties and rights of any nature whatsoever including know-how, domain names, or any applications for the above, assignments and grants in respect thereof, import quotas and other quota rights, right to use and avail of telephones, telex, facsimile and other communication facilities, connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds, and benefits of all agreements, arrangements, deposits, advances, recoverable and receivables, whether from government, semi-government, local authorities or any other person including customers, contractors or other counter parties, etc., all earnest monies and/or deposits, privileges, liberties, easements, advantages, benefits, exemptions, licenses, privileges concerning the business of the Transferor Companies and approvals of whatsoever nature (including but not limited to benefits of all tax holiday, tax relief / benefit available/to be available to the eligible units including under the Income Tax Act, 1961 such as credit for advance tax, taxes deducted/ collected at source, brought forward accumulated tax losses, unabsorbed depreciation, Minimum Alternate Tax Credit ("MAT"), deduction under Chapter VI-A for the eligible period) and wheresoever situated, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the Transferor Companies as on the Appointed Date or any other benefits and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power, use or possession and in the control of or vested in or granted in favour of or enjoyed by the Transferor Companies;





- (b) All the debts, liabilities, duties and obligations including contingent liabilities, present or future, whether secured or unsecured, of the Transferor Companies as on the Appointed Date; and
- (c) All books, records, files, papers, engineering and process information, records of standard operating procedures, computer programmes along with their licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information and other records whether in physical or electronic form, in connection with or relating to the Transferor Companies.
- (d) Without limitation to the generality of the foregoing, all the properties of the Transferor Company 1 related to the power transmission business, including without limitation, power transmission equipment, sub stations, terminal stations, foundations for tower structures/switch yards/substations, insulators, towers, transmissions accessories, appliances, tools and plants.
- (e) all permanent employees, staff and workmen of Transferor Companies.

### **3. TRANSFER AND VESTING OF THE UNDERTAKINGS**

- 3.1 Upon the Scheme being effective and subject to the provisions of this Scheme in relation to the mode of transfer and vesting, the Undertakings of the Transferor Companies shall, without any further act, instrument or deed, be and stand transferred to and vested in, and/or be deemed to have been and stand transferred to and vested in Transferee Company, so as to become on and from the Appointed Date, the estate, assets, rights, title, interest and authorities of Transferee Company, pursuant to Section 394(2) of the Act, subject however, to all charges, liens, mortgages, then affecting any of the Transferor Companies or any part thereof, and which shall be deemed to have been vested in Transferee Company by virtue of the amalgamation. After coming into effect of this Scheme in cases where the required security has not been created and in such case if the terms thereof require, Transferee Company will create the security in terms of the issue or arrangement in relation thereto.
- 3.2 (a) Upon the Scheme being effective, with respect to the assets forming part of the Undertakings of the Transferor Companies that are movable in nature or are otherwise capable of being transferred by manual delivery or



by paying over or endorsement and/or delivery, the same shall stand transferred and vest in, without any further act or execution of an instrument with the intent of vesting such assets in Transferee Company as on the Appointed Date. The vesting pursuant to this sub-clause shall be deemed to have occurred by manual delivery or endorsement and delivery, as appropriate to the property being vested, and the title to such property shall be deemed to have transferred and vested accordingly. No stamp duty shall be payable on the transfer of such movable properties (including shares and other investments, which are in dematerialised form) upon its transfer and vesting in Transferee Company.

- (b) Subject to the provisions of Clause 3.2(c) below, with respect to the assets of the Undertakings of the Transferor Companies other than those referred to in Clause 3.2(a) above, including sundry debtors, receivables, bills, credits, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances, development rights, advances paid to any parties for acquisition of development rights, earnest money and deposits, if any, with government, semi-government, local and other authorities and bodies or with any company or other person, the same shall, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred to and vested in Transferee Company on the Effective Date pursuant to the provisions of Section 394 of the Act, with effect from the Appointed Date. It is hereby clarified that all the investments made by Transferor Companies and all the rights, title and interests of Transferor Companies in any leasehold properties in relation to the Undertakings of the Transferor Companies shall, pursuant to Section 394(2) of the Act and the provisions of this Scheme, without any further act or deed, be transferred to and vested in or be deemed to have been transferred to and vested in Transferee Company.
- (c) Upon the Scheme being effective, with respect to the immovable properties (including land, buildings and any other immovable property) comprised in the Undertakings of the Transferor Companies and situated within the States of Gujarat and Maharashtra whether owned or leased, and any documents of title, rights and easements in relation thereto, and forming part of the Undertakings of the Transferor Companies, shall stand transferred and vest in the Transferee Company, without any act or deed done by the Transferor Companies or the Transferee Company, and without any approval or acknowledgement of any third party. With effect





from the Appointed Date, the Transferee Company shall be entitled to exercise all rights and privileges and be liable to pay all taxes and charges, and fulfil all obligations, in relation to or applicable to such immovable properties. The mutation/ substitution of the title to such immovable properties shall be made and duly recorded in the name of the Transferee Company by the appropriate authorities pursuant to the sanction of the Scheme by the Court and the Scheme becoming effective in accordance with the terms hereof. The Transferor Companies shall take all steps as may be necessary to ensure that lawful, peaceful and unencumbered possession, right, title, interest of their immovable property is given to the Transferee Company.

- (d) For the avoidance of doubt, it is clarified that upon the coming into effect of this Scheme, in accordance with the provisions of relevant laws, consents, permissions, licences, certificates, authorities (including for the operation of bank accounts), powers of attorney given by, issued to or executed in favour of Transferor Companies, and the rights and benefits under the same shall, and all quality certifications and approvals, trademarks, brands, patents and domain names, copyrights, industrial designs, trade secrets and other intellectual property and all other interests relating to the goods or services being dealt with by Transferor Companies, be transferred to and vested in Transferee Company.
- (e) Upon the Scheme being effective and subject to the other provisions of the Scheme, all contracts, deeds, bonds, agreements and other instruments of whatsoever nature to which Transferor Companies is a party subsisting or having effect on or immediately before the Effective Date shall remain in full force and effect against or in favour of Transferee Company and shall be binding on and be enforceable by and against Transferee Company as fully and effectually as if Transferee Company had at all times been a party thereto. Any inter-se contracts between any of the Transferor Companies on one hand and Transferee Company on the other hand shall stand cancelled and cease to operate in Transferee Company upon the coming into effect of this Scheme. It is clarified that upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements (including the power purchase agreements), arrangements and other instruments of whatsoever nature entered into between the Transferor Companies be treated as cancelled and shall cease to operate.



(f) In so far as the various incentives, tax exemption and benefits, subsidies, grants, special status and other benefits or privileges enjoyed including in respect of income tax (including Minimum Alternative Tax), excise (including Modvat / Cenvat), customs, VAT, sales tax, service tax etc., granted by any Appropriate Authority, or availed of by Transferor Companies are concerned, the same shall, without any further act or deed, vest with and be available to Transferee Company on the same terms and conditions with effect from Appointed Date upon the Scheme being effective.

3.3 (a) Upon the Scheme being effective, all debts, liabilities, duties and obligations of Transferor Companies as on the close of business on the day immediately preceding the Appointed Date and all other debts, liabilities, duties and obligations of Transferor Companies which may accrue or arise from the Appointed Date but which relate to the period up to the day immediately preceding the Appointed Date, shall become the debts, liabilities, duties and obligations of Transferee Company.

(b) Upon the Scheme being effective, where any of the liabilities and obligations attributed to any of the Transferor Companies on the Appointed Date has been discharged by it after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on behalf of Transferee Company. Where after the Appointed Date, Transferor Companies has taken any further loans, liabilities or obligations, such further loan shall also be deemed to have been for and on behalf of Transferee Company and Transferee Company will assume liability for the same.

(c) Without prejudice to the provisions of the foregoing Clauses, and upon the Scheme becoming effective, Transferor Companies and Transferee Company shall execute any instruments or documents or do all the acts and deeds as may be required, including filing of necessary particulars and/or modification(s) of charge, with the Registrar of Companies, Gujarat and other relevant Appropriate Authorities to give formal effect to the above provisions.

(d) If and to the extent there are loans, deposits or balances inter-se between Transferor Companies and Transferee Company, the obligations in respect thereof shall, on and from the Appointed Date, come to an end and suitable effect shall be given in the books of Transferee Company





upon the Scheme being effective. For removal of doubts, it is hereby clarified that with effect from the Effective Date, there would be no accrual of interest or other charges in respect of any such loans, deposits or balances inter-se between any of the Transferor Companies and Transferee Company from the Appointed Date.

- (e) With effect from the Effective Date, there would be no accrual of income or expense on account of any transactions, including inter alia any transactions in the nature of sale or transfer of any goods, materials or services between any of the Transferor Companies and Transferee Company from the Appointed Date.
- (f) Upon the Scheme being effective, any tax liabilities under the Income Tax Act, 1961, fringe benefit tax laws, Customs Act, 1962, Central Excise Act, 1944, value added tax laws, entertainment tax as applicable in any State in which Transferor Companies operates, Central Sales Tax Act, 1956, any other State Sales Tax / Value Added Tax laws, or Service Tax, or Corporation Tax, or other applicable laws/ regulations dealing with taxes/ duties/ levies/cess (hereinafter in this Clause referred to as "Tax Laws") to the extent not provided for or covered by tax provision in the Transferor Companies' accounts made as on the date immediately preceding the Appointed Date shall be transferred to Transferee Company. Any surplus in the provision for taxation/ duties/ levies account including advance tax and tax deducted/collected at source as on the date immediately preceding the Appointed Date will also be transferred to the account of and belong to Transferee Company.
- (g) Any amount including refund under the Tax Laws due to Transferor Companies consequent to the assessment proceedings or otherwise and which have not been received by the Transferor Companies as on the date immediately preceding the Appointed Date shall also belong to and be receivable by Transferee Company upon the Scheme being effective.
- (h) Without prejudice to the generality of the above, all benefits including under Tax Laws, to which Transferor Companies is entitled to in terms of the applicable Tax Laws of the Union and State Governments, shall be available to and vest in Transferee Company upon the Scheme being effective.



- 3.4 Upon the coming into effect of this Scheme, all debts, liabilities, duties and obligations of the Transferor Companies shall, pursuant to the provisions of Section 394(2) and other applicable provisions of the Act, without any further act, instrument or deed be and stand transferred to and vested in and/or deemed to have been transferred to and vested in Transferee Company, so as to become on and from the Appointed Date, the debts, liabilities, duties and obligations of Transferee Company on the same terms and conditions as were applicable to the Transferor Companies and further that it shall not be necessary to obtain the consent of any person who is a party to contract or arrangement by virtue of which such liabilities have arisen in order to give effect to the provisions of this Clause.
- 3.5 Pursuant to this Scheme becoming effective, the Transferee Company shall be entitled to secure the record of the change in the legal ownership upon the vesting of the Undertaking of the Transferor Companies in accordance with the provisions of Sections 391 to 394 of the Act. The Transferor Companies and the Transferee Company shall be jointly and severally authorised to execute any writings and / or carry out any formalities or compliance or do any act, thing or deed in this regard.
- 3.6 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Undertakings of the Transferor Companies occurs by virtue of this Scheme, Transferee Company may, at any time after the coming into effect of this Scheme, in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which any of the Transferor Companies are a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. Transferee Company shall under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of Transferor Companies to carry out or perform all such formalities or compliances referred to above on the part of any of the Transferor Companies, as the case may be, to be carried out or performed.

## **6. LEGAL PROCEEDINGS**

- 6.1 Upon the Scheme being effective, if any suit, cause of actions, appeal or other legal, quasi-judicial, arbitral or other administrative proceedings of whatever nature (hereinafter called "the Proceedings") by or against Transferor





Companies be pending before the Effective Date, 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 Companies pursuant to this scheme or by anything contained in the Scheme, but the Proceedings may be continued, prosecuted and enforced by or against 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 Transferor Companies as if the Scheme had not been made. On and from the Effective Date, Transferee Company shall and may initiate any legal proceedings which were earlier in the names of the Transferor Companies.

- 6.2 The transfer and vesting of the Undertakings of the Transferor Companies under the Scheme and the continuance of the proceedings by or against Transferee Company under Clause 6.1 shall not affect any transaction or proceeding already completed by Transferee Company on and after the Appointed Date and prior to this Scheme becoming effective to the end and intent that Transferee Company accepts all acts, deeds and things done and executed by and/or on behalf of Transferor Companies as acts, deeds and things done and executed by and on behalf of Transferee Company.

## **7. CONSIDERATION**

- 7.1 Upon the Scheme being effective and in consideration of the transfer of and vesting of the Undertakings of the Transferor Companies in Transferee Company pursuant to this Scheme, the Transferee Company shall without any further application, act, instrument or deed, issue and allot to each equity shareholder of Transferor Company 2 whose name is recorded in the register of members of the Transferor Company 2 on the Record Date in the following ratio ("Share Exchange Ratio"): 19 (Nineteen) equity shares of face value of Rs.10/- at par each fully paid-up of Transferee Company for every 20 (Twenty) equity shares of face value of Rs.10/- each fully paid-up held in Transferor Company 2.

For avoidance of doubt, it is clarified that in respect of equity shareholders of the Transferor Company 2 who, on the Record date do not hold equity shares in the Transferor Company 2 in multiple of 20 (Twenty) shall be allotted number of fully paid-up equity shares of Rs. 10/- each at par of the Transferee Company in the same ratio as the actual number of equity shares held by the member in the Transferor Company 2 on the Record Date, bear to the Share



Exchange Ratio. It is further clarified that any fraction arising thereon shall be dealt with as per clause 7.5 of the Scheme.

- 7.2 Since the entire share capital of the Transferor Company 1 is held by the Transferee Company, it is the wholly owned subsidiary of the Transferee Company. Upon the Scheme becoming effective, the entire share capital of the Transferor Company 1 shall get automatically cancelled/ extinguished. The Transferee Company shall not be required to issue and allot any shares against these shares as the Transferee Company is the only shareholder of the said Transferor Company.
- 7.3 The Share Exchange Ratio has been arrived at on basis of the valuation report prepared by M/s. Price Waterhouse & Co. LLP, Independent Chartered Accountants. Further, M/s. IDFC Securities Limited, Merchant Bankers, has provided a fairness opinion on the fairness and reasonableness of the Share Exchange Ratio determined for the vesting of the Undertakings of the Transferor Companies into Transferee Company. The valuation report and fairness report as aforesaid have been duly approved by the Board of Directors of each of the Transferor Companies and Transferee Company.
- 7.4 The equity shares to be issued and allotted by Transferee Company as above shall be subject to the provisions of the memorandum and articles of association of Transferee Company and shall rank paripassu in all respects with the existing equity shares of Transferee Company. It is hereby clarified that the new equity shares allotted by Transferee Company to the shareholders of the Transferor Company 2 pursuant to this Scheme shall not be entitled to any dividend declared, distributed by Transferee Company before the Effective Date.
- 7.5 No fractional shares shall be issued by Transferee Company in respect of the fractional entitlements, if any, to which the equity shareholders of Transferor Company 2 may be entitled to under the Scheme and all such fractional entitlements shall be consolidated into whole shares and be allotted to such person, persons or entities (including one or more of the directors and/or officers of Transferee Company) as may be nominated by the Board of Directors of Transferee Company as trustee(s) for sale thereof, in open market through SEBI registered share broker at such price as may be approved by such trustee(s) in this regard and the net proceeds of such sale shall be distributed to the persons entitled thereto in proportion to their respective fractional entitlements.





- 7.6 Equity shares of Transferee Company issued in terms of Clause 7.1 above shall be listed on the relevant stock exchange/s, where the existing equity shares of Transferor Company 2 are listed (besides where the shares of Transferee Company are listed) and Transferee Company shall pay the appropriate fee and incur all costs for the same. Transferee Company shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the Applicable Law for complying with the formalities of the relevant stock exchanges;
- 7.7 The new equity shares issued pursuant to Clause 7.1 above shall be issued in the dematerialized form by Transferee Company unless otherwise notified in writing by the shareholders of Transferor Company 2 to Transferee Company on or before such date as may be determined by the Board of Directors of Transferee Company. In the event, such notice has not been received by Transferee Company in respect of any of the members of Transferor Company 2, the new equity shares shall be issued to such shareholders in dematerialized form provided that the members of Transferor Company 2 shall be required to have an account with a depository participant and shall provide details thereof and such other confirmations as may be required. It is only thereupon that Transferee Company shall issue and directly credit the dematerialized securities account of such members of Transferor Company 2.

In the event that Transferee Company has received the notice from any of the shareholders of Transferor Company 2 that the new equity shares are to be issued in certificate form or if any shareholder has not provided the requisite details regarding the account with a depository participant or other confirmations as may be required, then Transferee Company shall issue the new equity shares in certificate form in such number.

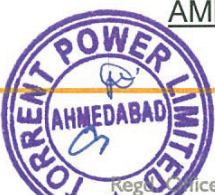
Such physical share certificates (if any) shall be sent by Transferee Company to such equity shareholders of Transferor Company 2 at their respective registered addresses, as appearing in the register of members maintained by Transferor Company 2 as of Record Date with respect to their respective shareholders (or in the case of joint shareholders - to the address of that one of the joint shareholders whose name stands first in such register of members in respect of such joint shareholding) and Transferee Company shall not be responsible for any loss in transit.



- 7.8 Where equity shares of the Transferee Company are to be allotted to heirs, executors or administrators or, as the case may be, to successors of deceased equity shareholders of the Transferor Company 2, the concerned heirs, executors, administrators or successors shall be obliged to produce evidence of title, satisfactory to the Board of Directors of the Transferee Company.
- 7.9 Unless otherwise determined by the Board of Directors of Transferor Companies and the Board of Directors of Transferee Company, allotment of shares in terms of Clause 7.1 above shall be done within the prescribed statutory period from the Effective Date.
- 7.10 The equity shares to be issued pursuant to this Scheme by Transferee Company in respect of the equity shares of Transferor Company 2 which are held in abeyance under the provisions of Section 206A of the Act or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, be held in abeyance by Transferee Company.
- 7.11 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of Transferor Company 2, the Board of Directors of Transferee Company at the sole discretion shall be empowered in appropriate cases, even subsequent to the Record Date as the case may be to effectuate such a transfer in Transferor Company 2 as if such changes in registered holder were operative as on the Record Date in order to remove any difficulties in relation to the new shares after the Scheme becomes effective and the Board of Directors of 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 Transferee Company on account of difficulties faced in the transition period.
- 7.12 The issue and allotment of equity shares by Transferee Company to the equity shareholders of Transferor Company 2 as provided in this Scheme as an integral part thereof, shall be deemed to have been carried out without any further act or deed by Transferee Company as if the procedure laid down under Section 81(1A) of the Act and any other applicable provisions of the Act were duly complied with.

**9. AMENDMENT TO THE MEMORANDUM OF ASSOCIATION AND ARTICLES OF ASSOCIATION OF THE TRANSFEEE COMPANY**

**AMENDMENT TO THE MEMORANDUM OF ASSOCIATION**





## A. CAPITAL CLAUSE

9.1 Upon the Scheme being effective, the authorised share capital of each of the Transferor Companies will get consolidated with that of Transferee Company without any further act or deed and without payment of any additional fees and duties. For this purpose the stamp duty and fees already paid on the authorised capital of the Transferor Companies shall be utilised and applied to the increased authorised share capital of Transferee Company and there would be no requirement for any other further payment of stamp duty and / or fee by Transferee Company for increase in the authorised share capital to that extent. The authorised share capital of Transferee Company will thus be increased to that effect by virtue of the scheme becoming effective and no separate procedure shall be required to be followed under the Act. Thus, the authorised share capital of Transferee Company will amount in aggregate to Rs. 4370,00,00,000 (Rupee Four thousand three hundred and seventy crore only) divided into 437,00,00,000 (Four hundred thirty seven crore only) equity shares of Rs. 10/- each.

9.2 Consequently, the Clause V of Memorandum of Association of Transferee Company shall without any act, instrument or deed be and stand altered, modified and amended pursuant to applicable provisions of the Act as set out below:

“The Authorised Share Capital of the Company is Rs. 4370,00,00,000 (Rupees Four thousand three hundred and seventy crore only) divided into 437,00,00,000 (Four hundred thirty seven crore only) equity shares of Rs. 10/- each with power to increase and reduce the capital of the Company or to divide the shares in the capital for the time being into several classes and to attach thereto respectively any preferential, deferred, qualified or special rights, privileges or condition as may be determined by or in accordance with the Articles of the Company and to affect, vary, extended, modify, surrender or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Articles of the Company and the legislative provisions for the time being in force.”

## B. OBJECTS CLAUSE

9.3 With effect from the Appointed Date and upon the Scheme becoming effective, the Object Clause of the Memorandum of Association of the Transferee



Company shall stand amended without any act, instrument or deed be and stand altered, modified and amended pursuant to applicable provisions the Act as set out below:

- (a) The current Clause III.(A).1. of the Memorandum of Association of the Transferee Company shall stand deleted in entirety and be substituted with the following paragraph:
- i) "To generate, transmit, distribute, purchase, procure, sell, import, export or accumulate or otherwise deal in all forms of electrical power in all aspects, to own, promote, set up, establish, develop, maintain, run, operate, manage and acquire generating company, generating station or stations of every kind and description, and to own, promote, set up, establish, develop, maintain, run, operate and manage transmission and distribution networks or systems and to acquire, in any manner, these networks or systems and to act as agent or representative of any person engaged in the planning, development, generation, transmission, distribution, supply or financing of power and to investigate, research, design and prepare feasibility, appraisal or project reports and to build and execute projects for generation, transmission, distribution, supply, purchase, sale, import, export, storage and accumulation of all forms of electrical power and to engage in all activities incidental thereto.
  - ii) To carry on the business of establishment and management of fuel systems and to search for, obtain, acquire, mine, explore, buy, sell, import, export or otherwise deal in oils, gases, coals, naphtha, liquefied natural gas, raw petroleum stock or any other fuel in solid, liquid or gas form, whether found in natural state or obtained by processing from other substances and to carry on the production, storage, processing and manufacturing of these products and any related materials.
  - iii) To carry on the business of manufacturers, sellers and distributors of electrical apparatuses and appliances, electric, magnetic, galvanic and other articles and things of all kinds including electric wires and cables of all descriptions, insulators, conductors, tapes, ropes, poles, galvanisers, switch gears, distribution accessories and all other kinds of electrical goods and materials and the business of electrical, mechanical, civil, sanitary, railway, nautical, aero-nautical and general engineers in all their respective branches.





- iv) To carry on business as manufacturers, importers, exporters, whole-sellers, retailers, repairers, buyers and sellers of and dealers in all kinds of goods, substances, preparations, materials, articles, things, apparatuses, fittings, appliances, accessories and component parts for or in connection with the civil, electrical, mechanical and textile engineering, electrical and cable industries, made wholly or in part out of rubber, synthetic rubber, cork, plastics, asphalt, glass and any other natural and synthetic materials of all descriptions and to compound, fabricate, mould, extrude or otherwise process goods made wholly or partially from thermoplastic and thermosetting substances or other materials of any nature.
- (b) The current Clause III.(B).2. of the Memorandum of Association of the Transferee Company shall stand deleted in entirety.
- (c) The current Clause III.(B).3. of the Memorandum of Association of the Transferee Company shall stand deleted in entirety and be substituted with the following paragraph:

“To plan, promote and take up necessary developmental work, selection of prospective/ established Independent Power Producers/ generating/ transmission/ distribution companies/ utilities and enter into contracts/ Power Purchase Agreements/ Other Agreements with them; to act as catalyst and also to provide connected services to them so as to augment power generation, transmission, distribution and optimum utilisation of electrical power.”

It is clarified that the approval of the members of Transferee Company to the Scheme shall be deemed to be their consent/ approval also to the alteration of the Memorandum of Association of Transferee Company as required under applicable provisions of the Act.

#### AMENDMENT TO THE ARTICLES OF ASSOCIATION

- 9.4 With effect from the Appointed Date and upon the Scheme becoming effective, the Articles of Association of the Transferee Company shall stand amended without any act, instrument or deed be and stand altered, modified and amended pursuant to applicable provisions of the Act as set out below:

The following article shall be inserted after Article 199 of the Articles of Association of the Transferee Company as Article 199A:



“199A. Chairperson may be Managing Director or Chief Executive Officer

An individual may be appointed or reappointed to, or hold, the position of Chairperson of the Company and also its Managing Director or Chief Executive Officer (as the case may be) at the same time.”

It is clarified that the approval of the members of Transferee Company to the Scheme shall be deemed to be their consent/ approval also to the alteration of the Articles of Association of Transferee Company as required under applicable provisions of the Act.

#### **11. ACCOUNTING TREATMENT IN THE BOOKS AND FINANCIAL STATEMENTS OF TRANSFEEE COMPANY**

On the Scheme becoming effective, Transferee Company shall account for the amalgamation in its books at the close of business on the day immediately preceding the Appointed Date as under:

- (a) Amalgamation of Transferor Companies shall be accounted for in accordance with Pooling of Interest Method of accounting as per the Accounting Standard 14 as notified under Section 211(3C) of the Act.
- (b) All assets and liabilities, including reserves, of Transferor Companies transferred to Transferee Company under the Scheme shall be recorded in the books of account of Transferee Company at the book value as recorded in books of account of Transferor Companies, at the close of business on the day immediately preceding the Appointed Date, except to ensure uniformity of accounting policies.
- (c) The difference between Share Capital of Transferor Company 2 and face value of new equity shares issued in terms of Clause 7.1 above to the shareholders of Transferor Company 2 (other than Transferee Company) shall be adjusted in reserves of Transferee Company. If such difference is a surplus, then the same shall be credited to the General reserve of Transferee Company and if such difference is a deficit, then the same shall be first adjusted against the General reserve of Transferee Company and balance, if any, shall be debited to the Goodwill account of Transferee Company.
- (d) Upon coming into effect of this Scheme, to the extent that there are inter-company loans, advances, deposits balances or other obligations amongst the Transferor Companies and the Transferee Company, the obligations in respect





thereof shall come to an end and corresponding effect shall be given in the books of accounts and records of the Transferee Company for the reduction of any assets or liabilities as the case may be. For the removal of doubt, it is clarified that in view of the above there would be no accrual of interest or other charges in respect of any such inter-company loans, advances, deposits, balances or other obligations.

**14. BORROWINGS OF THE TRANSFEROR COMPANIES AND TRANSFEREE COMPANY**

14.1 It is clarified that upon the Scheme coming into effect and without any further act of the parties, all loan agreements, rupee facility agreements, working capital facility agreements, mortgage deeds, hypothecation deeds, pledge agreements, security trustee agreements, demand promissory notes, letters of comfort and any other such borrowing or security instruments of whatsoever nature to which the Transferor Companies are a party and which are subsisting or having effect immediately before the Effective Date, shall continue in full force and effect against or in favour of the Transferee Company, under the same terms and conditions, and may be enforced as fully and effectually as if, instead of the Transferor Companies, the Transferee Company had been a party or beneficiary or obligee or obligor thereto.

14.2 With effect from the date of the Board meeting of Transferee Company approving the Scheme and upto and including the Effective Date, the Transferor Companies and Transferee Company shall be entitled to undertake such financial commitments, borrow monies, create any charge, mortgage, encumber or deal with its movable and immovable assets, issue any guarantees, indemnities, undertakings, letters of comfort or commitments or such other instruments, as may be necessary or required by the lenders / security trustees, pursuant to the new loan facilities proposed to be availed from the existing or new lenders subject to Clause 12.2.

14.3 Notwithstanding anything to the contrary contained in this Scheme, pending the sanction of the Scheme by High Court, the Transferor Companies and the Transferee Company shall be entitled jointly, to avail one or more loan facilities from the existing as well as new Lenders, from time to time, and offer their assets as security, on such terms as may be mutually agreed, in order to reorganise their consolidated long term financing arrangements including under an obligor co-obligor structure. Such reorganisation of consolidated financial arrangements is expected to have an appropriate moratorium and longer



repayment tenure (of around 15 years). The Board of Directors of respective Transferor Companies and Transferee Company shall finalize and approve the terms and conditions for availing such proposed loan facility.

The indicative key terms of the proposed obligor co-obligor structure, inter alia, are as under:

- a. The Transferor Companies and Transferee Company will jointly become the obligors to such re-organised loan facility.
- b. The obligors shall make a joint and several promise to repay such re-organised loan facility.
- c. Each of the obligors shall create security for the total value of the re-organised loan facility on their entire respective assets.
- d. The Lenders will have recourse to the assets of all or any of the obligors to recover the entire amount of such re-organised loan facility from all or any of the obligors in case of any event of default including payment default.

For the avoidance of doubt, it is clarified that upon the Scheme being effective, such re-organised loan facility shall continue to be in full force and effect in relation to the Transferee Company, under the same terms and conditions, and may be enforced as fully and effectually as if, instead of the Transferor Companies, the Transferee Company had been a party or beneficiary or obligee or obligor.

## 16. DISSOLUTION OF THE TRANSFEROR COMPANIES

On the Scheme becoming operative or effective, each of the Transferor Companies shall be dissolved without winding up pursuant to the provisions of Section 394 of the Act and no further procedure shall be required to be followed under the Act.

