

**SCHEME OF ARRANGEMENT
BETWEEN
SHRI SHAKTI RESORTS & HOTELS LIMITED
(TRANSFEROR COMPANY)
AND
SRI HAVISHA HOSPITALITY AND INFRASTRUCTURE LIMITED
(FORMERLY KNOWN AS SHRI SHAKTI LPG LIMITED AND SHRI MATRE
POWER & INFRASTRUCTURE LIMITED)
(TRANSFeree COMPANY)
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS
(UNDER SECTION 230 READ WITH SECTION 232 OF THE COMPANIES
ACT, 2013)**

I) PREAMBLE

This Scheme of Arrangement is presented under Sections 230 read with Section 232 and other applicable provisions of the Companies Act, 2013 and it provides for the Amalgamation of **SHRI SHAKTI RESORTS & HOTELS LIMITED** (Transferor Company) with **SRI HAVISHA HOSPITALITY AND INFRASTRUCTURE LIMITED** (Transferee Company).

The Scheme of Arrangement also provides for various other matters consequential, supplemental and / or otherwise integrally connected therewith.

II) RATIONALE

Amalgamation of **SHRI SHAKTI RESORTS & HOTELS LIMITED** (hereinafter referred to as "SSRHL" or "Transferor Company") with **SRI HAVISHA HOSPITALITY AND INFRASTRUCTURE LIMITED** (FORMERLY KNOWN



AS SHRI SHAKTI LPG LIMITED AND SHRI MATRE POWER & INFRASTRUCTURE LIMITED) and their shareholders and creditors.

The rationale for the amalgamation of SSRHL with SHHIL is as under:

- a) The Transferee Company, a public company limited by shares and its shares are listed on National Stock Exchange Limited and BSE Limited is engaged into the hospitality and infrastructure businesses and is interested in setting up and operating FOOD COURTS at various locations. The Transferor Company is engaged in hospitality services and owns a luxury hotel on a lease-hold land operating with a Cycling Theme in Hyderabad that consists of 128 rooms, suites, two swimming pools etc. The consolidation and amalgamation of the Transferor Company with the Transferee Company shall result into synergies of the Transferee Company.
- b) The Transferor Company's capabilities, product portfolio and pipeline complement the Transferee Company's platform. The amalgamation will strengthen the foothold of the Transferee Company in the hospitality segment.
- c) Greater integration, proven experience and flexibility of the Transferor Company, will improve the overall position of the Transferee Company.
- d) Greater efficiency in cash management and unfettered access to cash flow generated by the combined business which can be deployed more efficiently to fund growth opportunities and also to further improve shareholders value.
- e) Benefit of operational synergies to the combined entity in areas such as raw material sourcing, product placement, marketing and business promotions initiatives, freight optimization and logistics.
- f) Greater leverage in operations, planning and process optimization and enhanced flexibility in offering better hospitality services.
- g) Cost savings are expected to flow from more focused operational efforts, rationalization, standardization and simplification of business processes, productivity improvements, improved procurement, usage of common resource pool like human resource, administration, finance, accounts, legal, technology and other related functions, leading to elimination of duplication and rationalization of administrative expenses.



III) PARTS OF THE SCHEME

The Scheme is divided into following parts:

- i. **Part A:** dealing with definitions of the terms used in this Scheme of Arrangement and setting out the share capital of the Transferor Company and the Transferee Company;
- ii. **Part B:** dealing with the amalgamation of the Transferor Company with the Transferee company;
- iii. **Part C:** dealing with the general terms and conditions applicable to this Scheme of Arrangement and other matters consequential and integrally connected thereto.

PART A

DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

In the Scheme, unless repugnant to the context, the following expressions shall have the following meanings:

- 1.1 "ACT" means Companies Act, 2013, to the extent its provisions relevant for the Scheme are notified and ordinances, rules and regulations made thereunder and shall include any statutory modifications, re-enactment or amendment thereof for the time being in force; reference to Sections 230 to 234 of the Companies Act, 2013 and as amended from time to time.
- 1.2 "SSRHL" or "Transferor Company" means **SHRI SHAKTI RESORTS & HOTELS LIMITED**, a public company limited by shares incorporated under the Companies Act, 1956, and having its registered office at Airport Road, Begumpet, Hyderabad, Telangana 500016, India.
- 1.3 "Appointed Date" means April 1, 2018 or such other date as the Hon'ble National Company Law Tribunal or such other authorities may direct/ fix.
- 1.4 "Board of Directors" or "Board" means the board of directors of the Transferor Company or the Transferee Company, as the case may be, and shall include a duly constituted committee thereof.



- 1.5 "Business Claims" means the benefit of all rights and claims of the Transferor Company arising out of or in connection with the Transferor Company's business carried under any lease agreements, Memoranda of Understandings, other agreements, licenses, warranties, conditions, guarantees, indemnities or other rights subsisting at the Appointed Date (whether express or implied) in favour of the Transferor Company.
- 1.6 "Business Information" means all information embodying know-how and other information relating to the business (whether or not confidential and no matter in what form held) including, without limitation, all designs, specifications, data, manuals and instructions and all lists of customers, suppliers, agents and distributors, business plans and forecasts and all notices, correspondence, orders and enquiries and other documents, in connection with the Undertaking of the Transferor Company.
- 1.7 "Business Records" means all records of Business Information and other data (wherever situated) and all books, files, registers, documents, literature, correspondence and other records of the Transferor Company owned or used or intended for use, in each case whether in writing or in electronic or any other form.
- 1.8 "**EFFECTIVE DATE**" means the last of the dates on which the certified copy of the order passed by the Tribunal sanctioning the Scheme is filed with the Registrar of Companies, for the State of Telangana and the state of Andhra Pradesh by the Transferor Company and the Transferee Company.
- 1.9 "Financial Statements" means the annual accounts (including balance sheet, statement of profit and loss and cash flow statement) of the Transferor Company and the Transferee Company.
- 1.10 "Goodwill" means and includes the goodwill in connection with the business of the Transferor Company, together with the exclusive right for the Transferee Company and its assignees to represent themselves as carrying on the business in succession to the Transferor Company and includes Business Claims, Business Information, Business Records, product registrations/ approvals, Skilled employees, technical know-how and other Intangible Assets as defined in clause 1.12.
- 1.11 "Government Authority" means Central Government, and applicable State or Local Government, legislative body, statutory or regulatory or administrative body or authority, public sector enterprise or undertaking (including Airports Authority of India), autonomous body or agency or corporation or commission (including New



Delhi Municipal Council and Greater Chennai Corporation) established under the act of parliament or any state legislature or any court, tribunal, board, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction.

1.12 "Intangible Assets" means and includes all intellectual property and industrial property rights and rights in confidential information of every kind and description throughout the world, in each case whether registered or unregistered, and including any applications for registration of any of the following, including without limitation (i) inventions (whether patentable or not), patents, invention disclosures, and all related continuations, continuations-in-part, divisions, reissues, re-examinations, substitutions and extensions thereof; (ii) rights in computer programs (whether in source code, object code or other form), algorithms, databases, compilations and data, technology supporting the foregoing, and all documentation, including user manuals and training materials, related to any of the foregoing; (iii) copyrights and copyrightable subject matter; (iv) trademarks, service marks, names, corporate names, trade names, domain names, logos, slogans, trade dress, registered designs, design rights and other similar designations of source or origin; (v) all know-how, confidential information, trade secrets, ideas, proprietary processes, formulae, models and methodologies; (vi) rights of publicity, privacy, and rights to personal information; (vii) moral rights and rights of attribution and integrity; (viii) any rights or forms of protection of a similar nature or having equivalent or similar effect to any of foregoing which subsist anywhere in the world.

1.13 "Record Date" means the date fixed by the Board of Directors of the Transferee Company or a committee thereof after the Effective Date, for the purposes of determining the members of the Transferor Company to whom New Equity Shares in Transferee Company shall be allotted pursuant to the Scheme.

1.14 "Scheme" or "the Scheme" or "Scheme of Arrangement" means the Scheme of Arrangement in its present form or with any modification(s) made under clause 20 of the Scheme, as approved or directed by the NCLT or any other appropriate authority.

1.15 "SHIL" or "Transferee Company" means **SRI HAVISHA HOSPITALITY AND INFRASTRUCTURE LIMITED ((FORMERLY KNOWN AS 'SHRI MATRE POWER & INFRASTRUCTURE LIMITED'/ 'SHRI SHAKTI LPG LIMITED')**, a listed company incorporated under the Companies Act, 1956, and



having its registered office at Venus Plaza, 4th Floor, Begumpet, Hyderabad-500016, Telangana, India.

1.16 "Tribunal" or "National Company Law Tribunal" or "NCLT" means the Hon'ble National Company Law Tribunal, having bench at Hyderabad for the State of Telangana and State of Andhra Pradesh, having jurisdiction in relation to the Transferor Company and the Transferee Company.

1.17 "Undertaking" shall mean the entire business and includes the whole of the undertaking of the Transferor company, as a going concern, including but not limited to all secured and unsecured debts, liabilities, losses, duties and obligations and all the assets, properties, rights, titles, lease agreements, Memoranda of understandings, contracts/work orders in possession and benefits, whether movable or immovable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or Intangible Assets, present or contingent and including but without being limited to land and building (whether owned, leased, licensed), all fixed and movable plant and machinery, manufacturing facilities, laboratories, vehicles, fixed assets, work in progress, current assets, investment, reserves, provisions, funds, licenses including research and development, registrations, intellectual property rights, copyrights, patents, trade names, trademarks and other rights and licenses in respect thereof, applications ownership flats, hire purchase and lease arrangements, lending arrangements, benefits of security arrangements, computers, office equipment, telephones, telexes, facsimile connections, internet connections, communication facilities, equipment and installations and utilities, electricity, water and other service connection, benefits of arrangements, contracts and arrangements, power, authorities, permits, allotments, approvals, consents, privileges, deposits, reserves, provisions, advances, receivables, deposits, funds, cash and bank balances, accounts and all other rights, benefits of all agreements, subsidies, grants, tax credits (including but not limited to credits in respect of income tax, sales tax, goods and services tax, value added tax, turnover tax, service tax, etc.), software license, domain/websites etc., all employees (permanent and temporary), in connection/ relating to the Transferor Company to or in the possession of or granted in favour of or enjoyed by the Transferor Company, as on the Appointed Date.



Any references in the Scheme to "UPON THE SCHEME BECOMING EFFECTIVE" or "EFFECTIVENESS OF THE SCHEME" or "SCHEME COMING INTO EFFECT" shall mean the "EFFECTIVE DATE".

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

2. SHARE CAPITAL

1.1 SSRHL /Transferor Company

The authorised, issued, subscribed and paid up share capital of Transferor Company as per its latest audited balance sheet as on March 31, 2018 was as follows:

Authorised Capital	Amount (Rs.)
2,30,00,000 Equity Shares of Rs.10 each	23,00,00,000
Issued, Subscribed and Paid-up Capital	Amount (Rs.)
2,03,59,839 Equity Shares of Rs.10 each fully paid-up (of the above 38,49,031 equity shares of Rs.10/- each were allotted as fully paid-up as bonus shares by capitalization of general reserve during the years 2005-06, 2006-07 & 2007-08)	20,35,98,390

Subsequent to March 31, 2018, there has been no change in the share capital of Transferor Company.



2.2 SHHIL / Transferee Company

The authorised, issued, subscribed and paid up share capital of Transferee Company as per its Latest audited Balance Sheet as on March 31, 2018 was as follows:

Authorised Capital	Amount (Rs.)
30,00,00,000 Equity Shares of Rs.2 each	60,00,00,000
Issued, Subscribed and Paid-up Capital	Amount (Rs.)
15,35,35,800 Equity Shares of Rs.2 each fully paid-up	30,70,71,600

3. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme setout herein in its present form or with any modification(s) approved or imposed or directed by the Hon'ble NCLT or any other appropriate authority shall take effect from the Effective Date and shall be operative from the Appointed Date.



PART B

AMALGAMATION OF THE TRANSFEROR COMPANY WITH THE TRANSFeree COMPANY

4. TRANSFER AND VESTING OF UNDERTAKING

4.1 Subject to the provisions of the Scheme as specified hereinafter and with effect from the Appointed Date, the entire Undertaking of the Transferor Company, including all the debts, liabilities, losses, duties and obligations, including those arising on account of taxation laws and other allied laws of the Transferor company of every description and also including, without limitation, all the movable and immovable properties and assets, tangible and Intangible Assets (whether or not recorded in the books of account of Transferor Company) of the Transferor Company comprising, amongst others, all freehold land, leasehold land, lease hold/agreement rights with any Government Authority, building, plants, motor vehicles, manufacturing facilities, laboratories, receivables, actionable claims, furniture and fixtures, computers, office equipment, electrical installations, generators, containers, telephones, telex, facsimile and other communication facilities and business licenses, Factories Act licenses, manufacturing licenses, permits, deposits, authorisations, approvals, insurance cover of every description, lease, tenancy rights, permissions, incentives, if any, and all other rights, patents, know-how, trademark, service mark, trade secret, brands, registrations, licenses including marketing authorisations and other intellectual property rights, property rights, title, interest, contracts, deeds, bonds, consents, approvals and rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages and benefits, approvals, employees (temporary and permanent) shall, under the provisions of sections 230 to 234 of the Act, and pursuant to the order of the Hon'ble NCLT sanctioning the Scheme and without further act, instrument or deed, but subject to the charges affecting the same as on the Effective Date, be transferred and/or deemed to be the transferred to and vested in the Transferee Company, so as to become the properties, assets, rights, business and undertaking of the Transferee Company. 4.2 Without prejudice to the generality of clause 4.1 above, with respect to the assets of the



Transferor Company, including cash and bank balances, as are movable in nature or are otherwise capable of transfer by manual delivery, by paying over or by endorsement and delivery or otherwise, the same shall be so transferred by the Transferor Company to the Transferee Company, without requiring any deed or instrument of conveyance for the same and shall become the property of the Transferee Company as an integral part of the assets of the Transferee Company, with effect from the Appointed Date.

- 4.3 Without prejudice to the generality of clause 4.1 above, with effect from the Appointed Date, all debts, liabilities, duties and obligations of the Transferor Company as on the Appointed Date whether provided for or not in the books of account of the Transferor Company and all other liabilities which may accrue or arise after the Appointed Date, shall be the debts, liabilities, duties and obligations of the Transferee Company including any encumbrance on the assets of the Transferor Company or on any income earned from those assets.
- 4.4 With effect from the Appointed Date, all inter-party transactions between the Transferor Company and the Transferee Company shall be considered as intra-party transactions for all purposes.
- 4.5 Loans, advances and other obligations (including any guarantee, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future become due between the Transferor Company and the Transferee Company shall, ipso facto, stand discharged and come to an end and there shall be no liability on any party and appropriate effect shall be given in the books of accounts and records of the Transferee Company. It is hereby clarified that there will be no accrual of interest or other charges in respect of any inter-company loans, advances and other obligations between the Transferor company and the Transferee Company, with effect from the Appointed Date.



- 4.6 All existing securities, mortgages, charges, liens or other encumbrances, if any, as on the Appointed Date and created by the Transferor Company after the Appointed Date, over the properties and other assets comprised in the undertaking or any part thereof transferred to the Transferee Company by virtue of the Scheme and in so far as such securities, mortgages, charges, liens or other encumbrances secure or relate to liabilities of the Transferor Company, the same shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to the Transferee Company, and such securities, mortgages, charges, liens or encumbrances shall not relate or attach to any of the other assets of the Transferee company, provided however that no encumbrances shall have been created by the Transferor Company over its assets after the date of filing of the Scheme without the prior written consent of the Board of Directors of the Transferee Company, except for those done in the ordinary course of business consistent with past practice.
- 4.7 The existing encumbrances over the properties and other assets of the Transferee Company or any part thereof which relate to the liabilities and obligations of the Transferee Company prior to the Effective Date shall continue to relate only to such assets and properties and shall not extend or attach to any of the assets and properties of the Transferor Company transferred to and vested in the Transferee Company by virtue of the Scheme.
- 4.8 It is expressly provided that, save as herein provided, no other term or condition of the liabilities transferred to the Transferee Company is modified by virtue of the Scheme except to the extent that such amendment is required statutorily or by necessary implication.
- 4.9 With effect from the Appointed Date, all contracts, statutory licenses, registrations, incentives, tax deferrals and benefits, carry-forward tax losses, tax credits, tax refunds, subsidies, agreements, concessions, grants, rights, claims, leases, tenancy rights, liberties, permissions, approvals or consents to carry on the operations of the Transferor Company, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Transferor company and all rights and benefits that have accrued or which may accrue to the Transferor Company from



Government Authority, whether before or after the Appointed Date shall stand vested in or transferred to the Transferee Company, pursuant to the Scheme, without any further act or deed and shall remain valid, effective and enforceable on the same terms and conditions and shall be appropriately mutated by the Government Authorities concerned in favour of the Transferee Company upon the vesting and transfer of the Undertaking of the transferor Company pursuant to the Scheme.

4.10 Subject to the other provisions of the Scheme, all contracts, including contracts for tenancies, licenses and capacity allotment obtained from Government Authority, MOUs with Government Authority, land lease deeds, other deeds, bonds, agreements, any agreement with Government Authority, licenses, permits, registrations, approvals and other documents, if any, of whatsoever nature to which the Transferor Company are a party and subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of the Transferee Company, as the case may be enforced by or against the Transferee Company had been a party thereto, notwithstanding the terms contained in such contracts, deeds, agreements, licenses, permits, registrations, approvals and other instruments.

4.11 The amalgamation of the Transferor Company with Transferee Company, pursuant to and in accordance with the 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 provision of the Scheme is/ are inconsistent with the provisions of section 2 (1B) of the Income Tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent necessary to comply with such provisions. Such modifications will however not affect the other parts of the Scheme.



5. CONSIDERATION

5.1 Upon the Scheme being effective and in consideration of the transfer and vesting of the Undertaking of the Transferor Company with the Transferee Company in terms of the Scheme, the Transferee Company shall, subject to the provisions of Act, without any further application, act, instrument or deed, issue and allot to the equity shareholders of the Transferor Company, whose names are registered in the register of members and / or on records of the Depositories as the case may be, of the Transferor Company or his/her/its legal heirs, executors or administrators or, as the case may be, successors-in-title, as the case may be, fully paid up equity shares of Transferee Company in the following proportion viz.:

"7.52 fully paid up equity shares of Rs 2/- each of the Transferee Company shall be issued and allotted for every one (01) fully paid up equity share of Rs 10/- each held in Transferor Company (hereinafter referred to as "New Equity Shares")

5.2 The New Equity Shares would be with rights attached hereto as under:

- a) The New Equity Shares to be issued and allotted by the Transferee Company in terms hereof will be subject to memorandum of association and articles of association of the Transferee Company and shall rank pari-passu with the existing equity shares of the Transferee company in all respect including dividend.
- b) The Transferee Company shall, if and to the extent required, apply for and obtain any approval from concerned regulatory authorities for the issue and allotment of New Equity Shares to the members of the Transferor Company, as the case may be, under the Scheme.
- c) The Transferee Company shall, to the extent required, have its Authorised Share Capital increased in order to issue New Equity Shares under the Scheme.

5.3 The New Equity Shares to be issued to the members of the Transferor Company under clause 5.1 shall be in multiples of 1. Any issue of fractional shares as per clause 5.1, shall be rounded-off to the next whole number.



5.5 The issue and allotment of New Equity Shares by the Transferee Company to the members of the Transferor Company as the case may be, as provided in the Scheme is an integral part thereof and shall be deemed to have been carried out as if the procedure laid down under Section 62 of the Companies Act, 2013 and other applicable provisions of the Act were duly complied with.

5.6 For the purpose of issue of New Equity Shares to the members of the Transferor Company, the Transferee Company shall, if and to the extent required, apply for and obtain the required statutory approvals and approvals of other concerned regulatory authorities/Central Government Departments/any other connected approvals, if any for the issue and allotment by the Transferee Company of such equity shares.

6. INCREASE IN AUTHORISED CAPITAL OF TRANSFEE COMPANY

6.1 Upon the Scheme coming into effect the Authorised Share Capital of the Transferee Company in terms of its Memorandum of Association and Articles of Association shall automatically stand enhanced without any further act, instrument or deed on the part of the Transferee Company, including without payment of stamp duty and fees payable to the Registrar of Companies, for an amount of Rs. 3,00,00,000 (Rupees three Crores Only), and the provisions in the Memorandum of Association and Articles of Association of the Transferee Company (relating to the Authorised Share Capital) shall, without any further act, instrument or deed, stand altered, modified and amended, and the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purpose of effecting this amendment, and no further resolution(s) under Section 13, Section 14, Section 61 or any other applicable provisions of the Act, would be required to be separately passed. For this purpose, the filing fees and stamp duty already paid by the Transferor Company on their Authorised Share Capital shall be utilized and applied to the increased Authorised Share Capital of the Transferee Company, and shall be deemed to have been so paid by Transferee Company on such combined Authorised Share Capital and



accordingly, the Transferee Company shall not be required to pay any fees/stamp duty on the Authorised Share Capital so increased.

- 6.2 Accordingly in terms of the Scheme, the Authorised Share Capital of the Transferee company shall stand enhanced to an amount of Rs.63,00,00,000/- (Rupees sixty three Crores Only) and the face value of equity shares will be classified into and be divided into 31,50,00,000 (thirty one crores and fifty lakhs) equity shares of Rs. 2/- each and the Capital Clause being Clause V(a) of the Memorandum of Association of the Transferee Company shall stand substituted to read as follows:

"V(a). The Authorised Share Capital of the Company is Rs.63,00,00,000/- (Rupees sixty three Crores Only) divided into 31,50,00,000 (thirty one crores fifty lakhs) Equity Shares of Rs. 2/- (Rupees Two) each."

- 6.4 Article 4 of the Articles of Association of the Transferee Company shall, on the Effective Date, also stand substituted to read as follows:

"4. The Authorised Share Capital of the Company is as set forth in Clause V of the Memorandum of Association."

7. STAFF, WORKMEN AND EMPLOYEES

- 7.1 Upon the Scheme becoming effective, all staff, workmen and employees of the Transferor Company in service on the Effective Date shall be deemed to have become staff, workmen and employees of the Transferee Company with effect from the Appointed Date or the date of joining whichever is later, without any break or interruption in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Transferee Company (i.e. cost-to-company basis, in monetary terms) shall not be less favourable than those applicable to them with reference to their employment with the Transferor Company on the Effective Date.



7.2 It is expressly provided that, upon the Scheme becoming effective, the provident fund, gratuity fund, superannuation fund or any other special fund or trusts, if any, created or existing for the benefit of the staff, workmen and employees of the Transferor Company shall become trusts or funds of the Transferee Company for all purposes whatsoever in relation to the administration or operation of such fund or funds or in relation to the obligation to make contributions to the said fund or funds in accordance with the provisions thereof as per the terms provided in the respective trust deeds, if any, to the end and intent that all rights, duties, powers and obligations of Transferor Company. It is clarified that, for the purpose of the said trusts or funds, the services of the staff, workmen and employees of the Transferor Company will be treated as having been continuous with the Transferee Company from the date of employment as reflected in the records of the Transferor Company.

8. LEGAL PROCEEDINGS

8.1 If any suit, appeal or other proceeding of whatever nature by or against the Transferor Company are pending, including those arising on account of taxation laws and other allied laws, the same shall not abate or in any way be prejudicially affected by reason of the arrangement by anything contained in the Scheme, but the said suit, appeal or other legal 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.

8.2 On and from the Effective Date, Transferee Company, if required, initiate or defend any legal proceedings in relation to the rights, title, interest, obligations or liabilities of any nature whatsoever, whether under contract or law or otherwise, of Transferor Company and to the same extent as would or might have been initiated by or defended by Transferor Company.



9. POWER TO GIVE EFFECT TO THIS PART

The Transferee Company shall be deemed to be authorised to execute any deeds, writings or confirmations on behalf of the Transferor Company to implement or carry out all formalities required on the part of the Transferor Company to give effect to the provisions of the Scheme.

10. TAXATION MATTERS

10.1 Upon the Scheme becoming effective, all taxes/ duties payable by Transferor Company under the Income-tax Act, 1961, Customs Act, 1962, Central Excise Act, 1944, Goods and Services Tax Act, State Sales Tax laws, Central Sales Tax Act, 1956 or other applicable laws/ regulations dealing with taxes/ duties/ levies (hereinafter referred to as "Tax Laws") shall be to the account of the Transferee Company; similarly all credits for tax deduction at source on income of the Transferor Company, or obligation for deduction of tax at source on any payment made by or to be made by the Transferor Company shall be made or deemed to have been made and duly complied with by the Transferee Company if so made by the Transferor Company. Similarly any advance tax payment required to be made for by the specified due dates in the Tax Laws shall also be deemed to have been made by the Transferee Company if so made by the Transferor Company. Further, the Minimum Alternate Tax paid by the Transferor Company under Section 115JB and/ or other provision (as applicable) of the Income-tax Act, 1961, shall be deemed to have been paid on behalf of the Transferee Company, and the Minimum Alternate Tax credit (if any) of the Transferor Company as on the Appointed Date or accruing after the Appointed Date shall stand transferred to the Transferee Company and such credit would be available for set-off against the tax liabilities of the Transferee Company. All carry forward losses of Transferor Company, to the extent permissible under Income Tax laws, shall be carried to the Transferee Company. Any refunds 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 accounts as on the date



immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company.

10.2 All taxes of any nature, duties, cess or any other like payments or deductions made by the Transferor Company or any of its agents to any statutory authorities such as income tax, sales tax, and service tax, or any tax deduction/ collection at source, tax credits under Tax laws, relating to the period after the Appointed Date shall be deemed to have been on account of or paid by the Transferee Company, and the relevant authorities shall be bound to transfer to the account of and give credit for the same to the Transferee Company upon the Effective Date and upon relevant proof and documents being provided to the said authorities.

11. ACCOUNTING TREATMENT IN THE BOOKS OF TRANSFEEE COMPANY FOR AMALGAMATION

Upon the Scheme becoming effective the accounting for the amalgamation would be done in accordance with the "Purchase Method" referred in Accounting Standard 14 - Accounting for Amalgamation (AS 14) issued by the Institute of Chartered Accountants of India and notified by the National Advisory Committee on Accounting Standard, Ministry of Corporate Affairs, as amended from time to time, which inter alia provides for the following:

11.1 With effect from the Appointed Date, all the assets and liabilities appearing in the books of accounts of Transferor Company shall stand transferred to and vested in Transferee Company, as the case may be pursuant to the Scheme and shall be recorded by Transferee Company at their respective fair values.

11.2 The carrying amount of investment in the shares of the Transferor Company to the extent held by the Transferee Company shall stand cancelled in the books of the Transferee Company, without any further act or deed.

11.3 The reserves (whether capital or revenue or on revaluation) of the Transferor Company, other than the statutory reserves should not be recorded in the Financial



Statements of the Transferee Company. Where the statutory reserve is transferred and recorded, corresponding debit should be given to a suitable account head (e.g. Amalgamation Adjustment Account) which should be disclosed as a part of 'miscellaneous expenditure' or other similar category in the balance sheet. When the identity of the statutory reserves is no longer required to be maintained, both the reserves and the aforesaid account should be reversed.

11.4 In case of any differences in 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 Statements reflect the financial position on the basis of consistent accounting policies.

11.5 The amount of any inter-company balances, amounts between the Transferor Company and The Transferee Company, appearing in the Financial Statements of the respective companies, shall stand cancelled without any further act or deed, upon the Scheme coming into effect, and the amounts so cancelled shall not be recorded in the Financial Statements of the Transferee Company.

11.6 The surplus arising between (A) the aggregate values of assets of the Transferor Company acquired and recorded by the Transferee Company in terms of clause 11.1 or cancelled in terms of clause 11.2 and 11.5 after making necessary adjustments as per clause 11.4, and (B) the aggregate of (a) the liabilities of the Transferor Company acquired and recorded by the Transferee Company in terms of clause 11.1 or cancelled in terms of clause 11.5 after making necessary adjustment as per clause 11.4, and (b) reserves of the Transferor Company recorded by the Transferee Company as per clause 11.3, shall be credited to the Capital Reserve Account of the Transferee Company. In case of a deficit, as computed above, such deficit shall be debited to Goodwill.



12. TRANSACTIONS BETWEEN THE APPOINTED DATE AND THE EFFECTIVE DATE

During the period from the Appointed Date to the Effective Date:

12.1 The Transferor Company shall carry on and be deemed to have carried on its business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of its business and Undertaking for and on account of and in trust for the Transferee Company;

12.2 The Transferor Company shall carry on its business and activities in the ordinary course of business with reasonable diligence and business prudence;

12.3 With effect from the Appointed Date and up to and including the Effective Date, Transferor Company shall not, without the written consent of Transferee Company, undertake any new business;

12.4 With effect from Appointed Date/ date of approval of Scheme and up to and including the Effective Date, Transferor Company shall not sell, transfer or alienate, charge, mortgage or encumber or otherwise deal with or dispose of any of its undertaking or any part thereof save and except in each case:

- (a) if the same is in the ordinary course of business of Transferor Company as carried on by it as on the date of filing the Scheme with the NCLT; or
- (b) if the same is expressly permitted by the Scheme; or
- (c) if the prior written consent of the Board of Directors of Transferee Company has been obtained.

12.5 All the profits or income accruing or arising to the Transferor Company or expenditure or losses incurred or arising to the Transferor Company, shall for all purposes be treated and deemed to be and accrue as the profits or income or expenditure or losses (as the case may be) of the Transferee Company; and



12.6 The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to the Central Government Authorities/ agencies concerned, as are necessary under any law for such consents, approvals and sanctions which the Transferee Company may require to carry on the business of the Transferor Company.

13. SAVING OF CONCLUDED TRANSACTIONS

Subject to the terms of the Scheme, the transfer and vesting of the Undertaking of the Transferor Company under Clause 4 of the Scheme shall not affect any transactions or proceedings already concluded by the Transferor Company on or before the Appointed Date or concluded after the Appointed Date and till the Effective Date (both days inclusive), to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things made, done and executed by the Transferor Company as acts, deeds and things made, done and executed by or on behalf of the Transferee Company.

14. CHEQUES, ETC.

All cheques and other negotiable instruments and payment orders received in the name of the Transferor Company after the Effective Date shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company. Similarly, the banker of the Transferee Company shall honour cheques issued by the Transferor Company for payment on or after the Appointed Date and presented after the Effective Date:

15. WINDING UP

Upon the Scheme becoming effective, the Transferor Company shall stand dissolved, without going through the process of winding up and without further acts and deeds by parties on such terms and conditions as the Hon'ble NCLT may direct or determine.



PART C

GENERAL TERMS AND CONDITIONS APPLICABLE TO THIS SCHEME OF ARRANGEMENT AND OTHER MATTERS CONSEQUENTIAL AND INTERGRALLY CONNECTED THERETO

18. CONDITIONALITY OF THE SCHEME

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

- (i) The requisite consent, approval or permission of the Central Government or any Government Authorities, which by law may be necessary for the implementation of the Scheme;
- (ii) SHHIL (Transferee company) obtaining the requisite regulatory approvals, if any;
- (iii) The requisite approval of stock exchanges where the shares of the SHHIL (Transferee company) are listed;
- (iv) Approval of the Scheme by the NCLT;
- (v) The certified copy of the order of the NCLT sanctioning the Scheme being filed with the Registrar of Companies by the Transferor Company and the Transferee Company; and
- (vi) Compliance with such other conditions as may be imposed by the NCLT.

19. APPLICATION TO THE NCLT

The Transferor Company and the Transferee Company shall, with all reasonable dispatch, make and file application either jointly or severally to the NCLT, within whose jurisdiction the registered offices of the Transferor Company and the Transferee Company are situated, for sanctioning the Scheme, and for dissolution of the Transferor Company without being wound-up.



20. MODIFICATION OR AMENDMENTS TO THE SCHEME

The Transferor Company and Transferee Company by their respective Board of Directors, or any person(s) or committee authorised/ appointed by them, may carry out or assent to any modifications/ amendments to the Scheme or to any conditions or limitations that the NCLT and/ or any other Government Authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them (i.e. the Board of Directors or the person(s)/ committee). The Transferor Company and/ or the Transferee Company by their respective Board of Directors, or any person(s) or committee authorised/ appointed by them, shall be authorised to take all such steps as may be necessary, desirable or proper to any Government/ regulatory Authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/ or any matter concerned or connected therewith.

21. EFFECT OF NON-RECEIPT OF APPROVALS

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

The approval for the arrangement detailed in any Part(s) of the Scheme would be treated as independent and non-sanction of any of the part(s) of the Scheme/ modified Scheme would not impact or impair the sanction/ approval of the other Part(s) of the Scheme/ modified Scheme.



22. POWER TO WITHDRAW THE SCHEME AT ANYTIME

In the event of any of the conditions that may be imposed by the NCLT(s) or other authorities which the Transferor Company and/ or the Transferee Company may find unacceptable for any reason, in whole or in part of the Scheme, then Transferor Company and/ or the Transferee Company are at liberty to withdraw the Scheme in whole or such part thereof and such withdrawal of a part of the Scheme will however not affect the other parts of the Scheme.

23. COSTS, CHARGES AND EXPENSES

In the event of the Scheme being sanctioned by the NCLT, the Transferee Company shall bear and pay all costs, charges, expenses and taxes, including duties and levies in connection with the Scheme.

24. MISCELLANEOUS

In case any doubt or difference or issue shall arise among the Transferor Company and the Transferee Company or any of their shareholders, creditors, employees and/ or persons entitled to or claiming any right to any shares in the Transferor Company or the Transferee Company, as to the construction of the Scheme or as to any account, valuation or apportionment to be taken or made in connection herewith or as to any other aspects contained in or relating to or arising out of the Scheme, the same shall be amicably settled by and between the Board of Directors of the Transferor Company and the Transferee Company, and the decision arrived at therein shall be final and binding on all concerned.

