COMPOSITE SCHEME OF ARRANGEMENT

AMONGST

SURYODAY ONE ENERGY PRIVATE LIMITED

("Transferor Company" for Part D of the Scheme)

AND

GOKAK TEXTILES LIMITED

("Transferee Company" for Part D of the Scheme)

AND

THEIR RESPECTIVE SHAREHOLDERS

UNDER SECTIONS 230 TO 232 READ WITH SECTIONS 66 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND RULES FRAMED THEREUNDER

(A) PREAMBLE

This Composite Scheme of Arrangement and Merger by Absorption ("**Scheme**") is presented under Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 and the rules and regulations made thereunder for

a. Reduction of Share Capital and Re-organisation of reserves of Gokak Textiles Limited **("Gokak")** or **"Transferee Company"** for Part D of the Scheme) in a manner as set out in the Scheme;

b. Amalgamation of by way of absorption of Suryoday One Energy Private Limited (**"Suryoday"** or **"Transferor Company"** for Part D of the Scheme) with and into Gokak Textiles Limited

(B) Parts of the Scheme

This Scheme Is divided into the following parts: -

Part A deals with the description of the companies and the rationale for the Scheme;

Part B deals with the definitions and the share capital of the Transferor Company and Transferee Company;

Part C deals with the Reduction of Share Capital and Re-organisation of reserves of Gokak Textiles Limited;

Part D deals with the Amalgamation by absorption of Transferor Company with and into Transferee Company; and

Part E deals with the general terms and conditions applicable to this Scheme.

The Scheme also provides for various other matters consequential, incidental or otherwise integrally connected herewith.

PART A – GENERAL

1. **DESCRIPTION OF THE COMPANIES**

1.1. Suryoday One Energy Private Limited (**"Suryoday"** or **"Transferor Company"** for Part D of the Scheme) was incorporated as a private limited company in the State of Maharashtra under the provisions of the Companies Act, 2013 on 14 February, 2017 vide Corporate Identity Number U40101MH2017PTC291189, having registered office at #1, 2nd Floor, 12th Cross, Ideal Homes, Near Jayanna Circle, Rajarajeshwari Nagar, Bengaluru – 560098 and having PAN AAYCS1295A and email ID of its authorised representative is secretarial.infra@shapoorji.com . The Transferor Company was incorporated to develop, execute, manage and run solar power generation plant (project) at Gokak Falls, Belagavi District, in the State of Karnataka in accordance with the policy of the Government of Karnataka relating to production, supply and distribution of solar energy.

1.2. Gokak Textiles Limited ("Gokak" or the Transferee Company" for Part D of the Scheme) was incorporated as a public limited company in the State of Karnataka under the provisions of the Companies Act, 1956, in the name and style of ANS Textiles (Bangalore) Limited on 27th March, 2006 and received its certificate for commencement of business on 15th December, 2006. Subsequently, on 23rd January 2007, its name was changed to its current name i.e., Gokak Textiles Limited. It has its registered office at #1, 2nd Floor, 12th Cross, Ideal Homes, Near Jayanna Circle, Rajarajeshwari Nagar, Bangalore - 560098 and having PAN AACCG8244P and email ID of its authorised

representative is administrator@gokaktextiles.com . It has its Corporate Identity Number as L17116KA2006PLC038839. The Transferee Company was incorporated to carry on, in any part of India and abroad, the business of spinners, weavers, manufacturers, ginners, pressers, packers, processors, importers, exporters, distributors, sellers, dealers, agents, factors, merchants, traders, stockists or to barter, exchange, pledge, make advances upon, speculate, convert, alter, enter into forward transactions or otherwise deal in ramie, raw jute, cotton, kapash, cotton seeds, flex, hemp, silk or any other natural fibrous material, Polyamide, Polyester, rayon or any other types of man-made fibrous materials; or, in general, of any fibres, filaments, yarns and fabrics (whether textile, felted, looped or otherwise) manufactured and/or processed from any base whether organic or inorganic or compounds or mixtures thereof, by physical, chemical or any other process.

2. OBJECT AND RATIONALE OF THIS SCHEME

2.1 Rationale for Part C of the Scheme which deals with the reduction of capital and re-organisation of reserves of the Transferee Company in the manner set out in this Scheme can provide benefits to the shareholders / stakeholders as under:

a. Under this Scheme, if approved, will enable the Transferee Company, i.e. Gokak Textiles Limited to consolidate the ownership of the power business and also provide reliable source of power for its textile division;
b. The Scheme does not involve any financial outlay I outgo and therefore, would not affect the ability or liquidity of Gokak Textiles Limited to meet its obligations I commitments in the normal course of business. Further, this Scheme would also not in any way adversely affect the ordinary operations of the Company.

2.2 Rationale for Part D of the Scheme which deals with the amalgamation by absorption of Transferor Company with and into Transferee Company. Integration of the business of the Transferee Company and the Transferor Company can provide benefits to the shareholders / stakeholders as under:

a. Enabling the Transferee Company, i.e. Gokak Textiles Limited to further consolidate its renewable energy business by adding Solar Power business to existing Hydro Power business of its Subsidiary Company;
b. Provide reliable source of power to its textile business; and
c. The Transferee Company can explore better avenues for energy business for further expansion in future.

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Accordingly, the Board of Directors of the Transferor Company and the Transferee Company have formulated this Scheme to undertake various steps as envisaged under Part C, and Part D of this Scheme pursuant to the provisions of Sections 230-232 read with Section 66 and other relevant provisions of the Companies Act, 2013 (including any statutory modification or re-enactment or amendment thereof).

There is no likelihood that interests of any shareholder or creditor of any of the Transferor Company, or the Transferee Company would be prejudiced as a result of the Scheme. The Scheme does not affect the rights of the creditors of the Transferor Company or the Transferee Company. There will not be any reduction in amounts payable to the creditors of the Transferor Company or the Transferee Company, nor there shall be any change in terms with creditors which is adverse to their interest, pursuant to the sanctioning of this Scheme.

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PART B – DEFINITIONS AND SHARE CAPITAL

3. **DEFINITIONS**

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

3.1 **"Act"** means the Companies Act, 1956 and/or Companies Act, 2013, to the extent its provisions relevant for this 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;

3.2 "**Appointed Date**" means the 1st day of April, 2021 or such other date as may be approved by the Honorable National Company Law Tribunal(s) , for the purposes of this Scheme;

3.3 **"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(s) thereof;

3.4 **"BSE"** shall mean BSE Limited;

3.5 **"Effective Date"** means the date on which last of the conditionalities specified in Clause 22 of the Scheme is fulfilled. Any reference in this Scheme to the date "upon the Scheme becoming effective" or "effectiveness of the Scheme" or "upon coming into effect of this Scheme" or "upon the Scheme coming into effect" shall mean the Effective Date, as defined in this Clause;

3.6 **"Encumbrance"** means any options, pledge, mortgage, lien, security, interest, claim, charge, pre-emptive right, easement, limitation, attachment, restraint or any other encumbrance of any kind or nature whatsoever, and the term "Encumbered" shall be construed accordingly;

3.7 "**Governmental Authority**" means any applicable Central, State or local government, legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction and shall include any other authority which supersedes the existing authority;

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3.8 **"Merger"** or **"Merger by absorption"** or **"Amalgamation"** or "Amalgamation by Absorption" means the merger or amalgamation in accordance with the provisions of Section 2(1B) of the Income Tax Act, 1961 of the Transferor Company with and into the Transferee Company;

3.9 **"NCLT"** means Honorable National Company Law Tribunal(s), having jurisdiction in relation to the Transferor Company and Transferee Company;

3.10 **"Record Date"** means the date to be fixed by the Board of Directors of the Transferee Company or a committee thereof, in consultation with the Board of Directors of the Transferor Company, for the purpose of determining the members of the Transferor Company to whom new shares in the Transferee Company will be allotted under Part C of the Scheme;

3.11 **"Scheme"** or **"the Scheme"** or **"this Scheme"** or **"Composite Scheme of Arrangement and Amalgamation"** means this Composite Scheme of Arrangement, as amended or modified, in its present form submitted to the NCLT for approval, with or without any modifications, as may be approved or imposed or directed by the NCLT or any other appropriate authority.

3.12 **"SEBI"** means Securities and Exchange Board of India;

3.13 **"Stock Exchanges"** means BSE Limited and National Stock Exchange of India Limited;

3.14 **"Taxation" or "Tax" or "Taxes"** means all forms of taxes and statutory, governmental, state, provincial, local government or municipal impositions, duties, contribution and levies and whether levied by reference to income, profit, book profits, gains, net wealth, asset values, turnover, added value or otherwise and shall further include payments in respect of or on account of Tax, whether by way of deduction at source, advance tax, minimum alternate tax, minimum alternate tax credit or otherwise or attributable directly or primarily to Transferor Company and Transferee Company, as the case may be or any other person and all penalties, charges, costs and interest relating thereto;

3.15 **"Tax Laws"** means all the applicable laws, acts, rules and regulations dealing with Taxes including but not limited to the any tax liability under the Income-tax Act, 1961, Customs Act 1962, Central Excise Act, 1944, Goods and Services Tax Act, 2017, State Value Added Tax laws, Central Sales Tax Act, 1956 or other applicable laws/ regulations dealing with taxes/ duties/ levies of similar nature;

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3.16 "**Transferee Company**" or "**Gokak**" means Gokak Textiles Limited, a company incorporated under the Act and having CIN L17116KA2006PLC038839 and having its registered office at #1, 2nd Floor, 12th Cross, Ideal Homes, Near Jayanna Circle, Rajarajeshwari Nagar, Bangalore – 560098 and listed its equity shares / securities on BSE Limited;

3.17 "**Transferor Company**" or "**Suryoday**" means Suryoday One Energy Private Limited, a company incorporated under the Act and having CIN U40101MH2017PTC291189 and having its registered office at #1, 2nd Floor, 12th Cross, Ideal Homes, Near Jayanna Circle, Rajarajeshwari Nagar, Bengaluru – 560098;

3.18 **"Transition period"** means period starting from the Appointed Date till the Effective Date

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 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.

4 DATE OF TAKING EFFECT AND OPERATIVE DATE

4.1 The Scheme shall be effective in its present form or with any modification(s) approved or imposed or directed by the NCLT or any other appropriate authority and shall become effective from the Appointed Date, as defined under this Scheme in accordance with Section 232(6) of the Act.

4.2 The merger of the Transferor Company with and into the Transferee Company shall be in accordance with Section 2(1B) of the Income Tax Act, 1961. If any terms or provisions of the Scheme are found to be or interpreted to be inconsistent with Section 2(1B) of the Income Tax Act, 1961 at a later date, whether as a result of any amendment of law or any judicial or executive interpretation or for any other reason whatsoever, the aforesaid provision of the Income Tax Act, 1961 shall prevail. The Scheme shall then stand modified to the extent deemed necessary to comply with the said provisions. Such modification will, however, not affect other parts of the Scheme.

5 SHARE CAPITAL

5.1 The share capital structure of Gokak or the Transferee Company as on 31 March, 2021 is as under:

Particulars	Amount (INR)
Authorised Capital	
7,000,000 Equity shares of Rs. 10 each	7,00,00,000
22,00,00,000 Preference Shares of Rs. 10 each	2,20,00,00,000
Total Authorised Capital	**2,27,00,00,000**
Issued, subscribed and, paid-up Share Capital	
64,99,308 Equity shares of Rs. 10 each fully paid up	6,49,93,080
175,000,000 Preference shares of Rs. 10 each fully paid up	1,75,00,00,000
Total	**1,81,49,93,080**

As on the date of approval of the Scheme by the Board of Directors of the Transferor Company, there is no change in the authorised, issued, subscribed and paid-up share capital of the Transferor Company.

5.2 The share capital structure of Suryoday or the Transferor Company as on 31 March, 2021 is as under:

Particulars	Amount (INR)
Authorised Capital	
4,00,00,000 Equity shares of Rs. 10 /- each	40,00,00,000
Total	**40,00,00,000**
Issued, subscribed and, paid-up Share Capital	
3,50,00,000 Equity shares of Rs. 10 /- each fully paid up	35,00,00,000
Total	**35,00,00,000**

As on the date of approval of the Scheme by the Board of Directors of the Transferor Company, there is no change in the authorised, issued, subscribed and paid-up share capital of the Transferor Company.

PART C – REDUCTION OF CAPITAL AND REORGANISATION OF RESERVES OF GOKAK TEXTILES LIMITED

6. **CAPITAL REORGANIZATION OF TRANSFEREE COMPANY**

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6.1 Upon the Scheme becoming effective, 17,50,00,000 preference shares of face value INR 10 each issued by Transferee Company to Shapoorji Pallonji and Company Private Limited shall be extinguished and cancelled through capital reduction. The consideration for such capital reduction shall be discharged as per Clause 6.2. Further, the borrowings of the Transferee Company, including outstanding interest, received from Shapoorji Pallonji and Company Private Limited shall be written-back by the Transferee Company except to the extent of Rs 50 Crs (Rupees Fifty Crores) , and the obligation of the Transferee Company to discharge any dues representing the outstanding amounts in relation to the said borrowings shall stand discharged and extinguished except to the extent of Rs 50 Crs (Rupees Fifty Crores).

6.2 The Transferee Company shall, in lieu of cancellation of preference shares and write-back of borrowings (pursuant to Clause 6.1 above), issue 23,58,10,000 (Twenty Three Crores Fifty Eight Lakhs and Ten Thousand Only) 7% Cumulative Debentures of face value of INR 10 each to Shapoorji Pallonji and Company Private Limited, as provided in Clause 6.1 above. The Cumulative Debentures shall be issued as per terms and conditions as set out in **Annexure I**.

6.3 The cancellation of preference shares and write-back of borrowings of the Transferee company as aforesaid shall be effected as an integral part of the Scheme and the order of the NCLT sanctioning this Scheme shall be deemed to be an order under Section 66 and other applicable provisions of the Act and no separate sanction under Section 66 and other applicable provisions of the Act will be necessary.

7. **ACCOUNTING TREATMENT FOR REDUCTION OF SHARE CAPITAL AND REORGANISATION OF RESERVES OF GOKAK TEXTILES LIMITED AS PER CLAUSE 6 ABOVE:**

Upon Scheme becoming effective, Transferee Company shall pass following accounting entries pursuant to Clause 6.1 and Clause 6.2 above:

7.1 Accounting treatment for giving effect to Clause 6.1 and Clause 6.2 shall be as per Appendix D of Ind AS 109. Accordingly, issue of Non-Convertible Debentures as per Clause 6.2 above shall be considered as consideration for extinguishment of preference shares and borrowings (including outstanding interest) of the Transferee company

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7.2 Accordingly, the said Non-Convertible Debentures so issued shall be measured at fair value, and the difference between the carrying amount of preference shares and borrowings (including outstanding interest) so extinguished in terms of Clause 6.1 above, and the fair value of Non-convertible Debentures so issued in terms of Clause 6.2 above, shall recognized as profit or loss of the Transferee Company.

PART D – MERGER BY ABSORPTION OF TRANSFEROR COMPANY WITH AND INTO THE TRANSFEREE COMPANY

8. **AMALGAMATION AND VESTING OF ASSETS AND LIABILITIES AND THE BUSINESS OF THE TRANSFEROR COMPANY WITH THE TRANSFEREE COMPANY**

8.1 With effect from the Appointed Date and upon the Scheme becoming effective, the Transferor Company, along with all the assets, liabilities, contracts, power purchase agreements, employees, licences, records, approvals, etc. being integral parts of the Transferor Company shall, without any further act, instrument or deed, stand amalgamated with and be vested in or be deemed to have been vested in the Transferee Company on a going concern basis so as to become as and from the Appointed Date, the undertaking of the Transferee Company by virtue of and in the manner provided in this Scheme.

8.2 Without prejudice to the generality of the above clauses and to the extent applicable, unless otherwise stated herein, upon the coming into effect of this Scheme and with effect from the Appointed Date:

a. All the properties and assets of the Transferor Company, tangible or intangible, balance in bank, cash or investments (including but not limited to investment in subsidiaries, if any) and other assets of whatsoever nature and tax credits including under GST law, quotas, rights, consents, entitlements, licenses, certificates, permits, tenancy rights, and facilities of every kind and description whatsoever for all intents and purposes, permissions under any Tax Laws, incentives, if any, without any further act or deed so as to become the business, properties and assets of the Transferee Company.

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b. All the movable assets of the Transferor Company or assets otherwise capable of transfer by manual delivery or by endorsement and delivery, including cash in hand, shall be physically handed over by manual delivery or by endorsement and delivery, to the Transferee Company to the end and intent that the property therein passes to the Transferee Company on such manual delivery or endorsement and delivery, without requiring any deed or instrument of conveyance for the same and shall become the property of the Transferee Company accordingly.

c. All other movable properties of the Transferor Companies, including investments in shares of the subsidiaries of the Transferor Companies, whether in India or outside India, mutual funds, bonds and any other securities, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, shall without any further act, instrument or deed, pursuant to the orders of this Scheme becoming effective and by operation of law become the properties of the Transferee Company, and the title thereof together with all rights, interests or obligations therein shall be deemed to have been mutated and recorded as that of the Transferee company. All investments of the Transferor Company shall be recorded in the name of the Transferee Company by operation of law as transmission in favour of the Transferee Company as a successor in interest and any documents of title in the name of the Transferor Company shall also be deemed to have been mutated and recorded in the name of the Transferee Company to the same extent and manner as originally held by the Transferor Company and enabling the ownership, right, title and interest therein as if the Transferee Company was originally the Transferor Company. The Transferee Company shall subsequent to this Scheme becoming effective be entitled to the delivery and possession of all documents of title of such movable property in this regard;

d. All the consents, permissions, licenses, certificates, insurance covers, clearances, authorities, power of attorneys given by, issued to or executed in favour of the Transferor Companies, shall stand vested in or transferred automatically to the Transferee Company without any further act or deed and shall be appropriately mutated by the authorities concerned therewith in favour of the Transferee Company as if the same were originally given by, issued to or executed in favour of the Transferee Company and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to the Transferee Company. The benefit of all statutory and regulatory permissions including the statutory or other licenses, Tax registrations, permits, permissions or approvals or consents required to carry on the operations of the Transferor Company shall automatically and

without any other order to this effect, vest into and become available to the Transferee Company pursuant to this Scheme becoming effective in accordance with the terms thereof. Without prejudice to the provisions of the above clauses, in respect of such of the assets and properties of the Transferor Company, as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and/or delivery, the same shall be so transferred by the Transferor Company and shall upon such transfer become the assets and properties of the Transferee Company without requiring any deed or instrument or conveyance for the same.

e. All debts, liabilities, contingent liabilities, duties, Taxes (including any advance taxes paid, MAT credit, TDS deducted on behalf of the Transferor Company, etc.), GST liabilities, and obligations of the Transferor Company, as on the Appointed Date, whether provided for or not, in the books of accounts of the Transferor Company, and all other liabilities which may accrue or arise after the Appointed Date but which relates to the Transition Period, shall, pursuant to this Scheme becoming effective as per the order of the NCLT or such other competent authority, as may be applicable under Section 232 and other applicable provisions of the Act, and without any further act or deed, be vested or deemed to be vested in and be assumed by the Transferee Company, so as to become as from the Appointed Date the debts, liabilities, contingent liabilities, Taxes, duties and obligations of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company.

f. All intangible assets including various business or commercial rights, pre-qualification for past projects / sales, customer base, etc. belonging to but not recorded in books of the Transferor Company shall be transferred to and vested with the Transferee Company and shall include all letters of intent, request for proposal, prequalification, permits, registrations, bid acceptances, tenders, technical experience (including experience in executing projects), goodwill earned in execution of the projects, technical know-how, contracts, deeds, memorandum of understanding, bonds, agreements, track record and all other rights claims, powers in relation to or enjoyed by or granted in favour of the Transferor Company, and the historical financial strength including turnover, profitability, performance, market share, net-worth, liquid/ current assets and reserves of the previous years and all empanelments, accreditations, recognitions as approved vendors for undertaking any jobs;

g. In so far as the various incentives, indirect tax benefits, subsidies, grants, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by the Transferor Company are concerned, the same shall, without

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any further act or deed, vest with and be available to the Transferee Company on the same terms and conditions on and from the Appointed Date.

h. The Transferee Company, may, at any time after this Scheme coming into effect, if required under law or otherwise, execute deeds of confirmation in favour of any other party with which the Transferor Company has a contract or arrangement, or give any such writing or do any such things, as may be necessary, to give effect to the above.

i. In so far as loans and borrowings of the Transferor Company pertaining to the loans and liabilities, which are to be vested to the Transferee Company shall, without any further act or deed, become loans and borrowings of the Transferee Company, and all rights, powers, duties and obligations in relation thereto shall be and stand vested in and shall be exercised by or against the Transferee Company as if it had entered into such loans and incurred such borrowings. Thus, the primary obligation to redeem or repay such liabilities upon the Scheme becoming effective shall be that of the Transferee Company. However, without prejudice to such vesting of liability amount, where considered necessary for the sake of convenience and towards facilitating single point creditor discharge, the Transferee Company may discharge such liability (including accretions thereto) by making payments on the respective due dates to the Transferor Company, which in turn shall make payments to the respective creditors.

j. The vesting of the assets comprised in the Transferor Company to the Transferee Company under this Scheme shall be subject to the mortgages and charges, if any, affecting the same as hereinafter provided.

(i) The existing securities, mortgages, charges, encumbrances or liens , if any, created by the Transferor Company after the Appointed Date and during the Transition Period, in terms of this Scheme, over the assets comprised in the Transferor Company, or any part thereof, shall be vested in the Transferee Company by virtue of this Scheme, and the same shall, after the Transition Period, continue to relate and attach to such assets or any part thereof to which they relate or attached prior to the Transition Period and are vested with the Transferee Company, and such Encumbrances shall not relate or attach to any of the other assets, of the Transferor Company.

(ii) In so far as the existing Encumbrances, if any, in respect of the loans, borrowings, debts, liabilities, is concerned, such Encumbrance shall, without any further act, instrument or deed be modified and shall be extended to and shall operate only over the assets comprised in the Transferor Company which have been Encumbered in respect of the

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transferred liabilities as transferred to the Transferee Company pursuant to this Scheme. Provided that if any of the assets comprised in the Transferor Company which are being transferred to the Transferee Company pursuant to this Scheme have not been Encumbered in respect of the transferred liabilities, such assets shall remain unencumbered and the existing Encumbrance referred to above shall not be extended to and shall not operate over such assets. The absence of any formal amendment which may be required by a lender or third party shall not affect the operation of the above.

(iii) In so far as the existing security in respect of the loans or borrowings of the Transferor Company and other liabilities relating to the Transferor Company are concerned, such security shall, without any further act, instrument or deed be continued with the Transferor Company. The Transferor Company and the Transferee Company shall file necessary particulars and/or modification(s) of charge, with the Registrar of Companies to give formal effect to the above provisions, if required.

(iv) The foregoing provisions insofar as they relate to the vesting of liabilities with the Transferee Company shall operate, notwithstanding anything to the contrary contained in any deed or writing or the terms of sanction or issue or any security documents, all of which instruments shall stand modified and/or superseded by the foregoing provisions.

k. With effect from the Appointed Date and during the Transition Period, subject to the other provisions of the Scheme, all approvals, quotas, rights, consents, entitlements, licenses, certificates, permits, and facilities of every kind and description whatsoever, privileges, deeds, bonds, quality certifications and approvals, powers of attorneys, agreements and other instruments of whatsoever nature in relation to the Transferor Company, as the case may be, is a party, or the benefit to which the Transferor Company may be eligible, subsisting or operative immediately on or before the Effective Date, shall be in full force and effect against or in favour of the Transferee Company and may be enforced fully and effectively as if instead of the Transferor Company, the Transferee Company had been a party or beneficiary thereto for continuation of operations of the Transferor Company by the Transferee Company without any hindrance or disruption after the Transition Period. The Transferee Company shall enter into and/or issue and/or execute deeds, writings, endorsements or confirmation or enter into any tripartite agreement, confirmations or novation's to which the Transferor Company will, if necessary, also be a party, in order to give formal effect to the provisions of this Scheme, if so required or if it becomes necessary. Further, the Transferee Company shall be deemed to be authorized to execute any such deeds, writings, endorsements or confirmations on behalf of the

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Transferor Company and to implement or carry out all formalities required on the part of the Transferor Company to give effect to the provisions of this Scheme.

l. With effect from the Appointed Date and upon the Scheme becoming effective, the entitlement to various benefits under incentive schemes and policies, if any, in relation to the Transferor Company shall stand vested in and/or be deemed to have been vested in the Transferee Company together with all benefits and entitlements of any nature whatsoever. Such entitlements shall include Taxes benefits under the Tax Laws in the nature of exemption, deferment, refunds and incentives in relation to the Transferor Company to be claimed by the Transferee Company with effect from the Appointed Date as if the Transferee Company was originally entitled to all such benefits under such scheme and/or policies, subject to continued compliance by the Transferee Company of all the terms and conditions subject to which the benefits and entitlements under such incentive schemes were made available to the Transferor Company. The Transferee Company shall be entitled to such benefits in its name, without any additional liabilities or expenses whatsoever.

m. Taxes as per the Tax Laws of the Transferor Company to the extent not provided for or covered by the Tax provision in the accounts made as on the date immediately preceding the Appointed Date related to the Transferor Company shall be vested with the Transferee Company.

n. All Taxes paid or payable by the Transferor Company in respect of the operations and/ or the profits of Transferor Company before the Appointed Date shall be on account of the Transferor Company and in so far as it relates to the Tax payment whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operations of the Transferor Company after the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company and shall in all proceedings be dealt with accordingly.

o. On and from the Appointed Date, if any Certificate for Tax Deducted at Source or any other tax credit certificate relating to the Transferor Company is received in the name of the Transferor Company, it shall be deemed to have been received by the Transferee Company, which alone shall be entitled to claim credit for such tax deducted or paid.

p. Upon the Scheme becoming effective, the Transferor Company shall have right to revise their respective returns filed under Tax Laws, along with prescribed forms, filings and annexures under the Tax Laws and claim refunds and / or credit for Taxes paid and for matters incidental thereto, if required, to give effect to the provisions of the Scheme;

q. On and from the Appointed Date, the benefit of all balances relating to Taxes under the Tax Laws being balances pertaining to the Transferor Company, if any, shall stand vested in the Transferee Company as if the transaction giving rise to the said balance or credit was a transaction carried out by the Transferee Company. The liabilities of the Transferor Company as on the Appointed Date shall stand vested in the Transferee Company, save as otherwise in respect of the liabilities, which were met by the Transferor Company during the Transition Period, which shall be construed to have been met by the Transferee Company as if the transaction giving rise to the said liability was a transaction carried out by the Transferee Company.

r. Upon the coming into effect of this Scheme and notwithstanding the other provisions of this Scheme, all contracts, deeds, agreements, licenses, engagements, certificates, permissions, consents, approvals, concessions and incentives (including but not limited to benefits and waivers under the Solar Policy 2014-2021 for the State of Karnataka and under the Orders of the Karnataka Electricity Regulatory Commission), remissions, remedies, subsidies, guarantees, etcetera of whatsoever nature to which the Transferor Company is a party or to the benefit of which the Transferor Company or any Project owned or promoted by the Transferor Company may be eligible and which have not lapsed and are vested, subsisting or having effect on the Effective Date shall be in full force and effect in favour of the Transferee Company, as the case may be, and may be enforced by the Transferee Company as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party thereto or beneficiary thereof. The Transferee Company may enter into and/or issue and/or execute deeds, writings or confirmations, or enter into any bipartite or multipartite arrangements, confirmations or novations, in order to give formal effect to the provisions of this Scheme, if so required or if so considered necessary. The Transferee Company shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of the Transferor Company and to implement or carry out all formalities required on the part of the Transferor Company to give effect to the provisions of this clause. The Transferor Company shall perform the Transferee Company's obligations under all existing contracts, deeds, agreements, licenses, and other such instruments, as the new obligor replacing the original obligor, i.e., the Transferor Company.

s. On and from the Effective Date, and till such time that the name of the bank accounts of the Transferor Company has been replaced with that of the Transferee Company, the Transferee Company shall be entitled to maintain and operate the bank accounts of the Transferor Company in the name of the Transferor Company and for such time as may be determined to be necessary by the Transferee Company. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company after the Effective Date shall be accepted by the bankers of the Transferee Company and credited to the account of Transferee Company, is presented by the Transferee Company;

t. It is hereby clarified that the vesting of the Transferor Company in the Transferee Company shall be on a going concern basis.

9. **STAFF & EMPLOYEES**

9.1 The Transferee Company will take over all the staff in the service of the Transferor Company immediately preceding Effective Date, and that they shall become the staff and employees, of the Transferee Company on the basis that their services shall be deemed to have been continuous and not have been interrupted by reasons of the said transfer. The terms and conditions of service applicable to such staff or employees after such transfer shall not in any way be less favourable to them than those applicable to them immediately preceding the transfer.

9.2 The equitable interest in accounts/funds of the employees and staff, if any, whose services are vested with the Transferee Company, relating to superannuation, provident fund and gratuity fund, if any, shall be identified, determined and vested with the respective trusts/funds of the Transferee Company and such employees shall be deemed to have become members of such trusts/funds of Transferee Company. Until such time, the Transferor Company may, subject to necessary approvals and permissions, if any, continue to make contributions pertaining to the employees of the Transferor Company to the relevant funds of the Transferor Company.

9.3 The Transferee Company, at any time after the Scheme becoming effective in accordance with the provisions hereof, if so required under any law or otherwise, will execute deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to the Transferor Company to which any of the Transferor Company is a party in

order to give formal effect to the provisions of the Scheme. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances, referred to above, on behalf of the Transferor Companies.

10. **LEGAL PROCEEDINGS**

10.1 If any suit, appeal or proceedings of whatsoever nature (hereinafter referred to as "the said proceedings") by or against the Transferor Company be pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of the transfer of the Transferor Company or by anything in this Scheme, but the said proceedings may be continued, prosecuted and enforced, as the case may be, by or against the Transferee Company in the same manner and to the same extent as it would be or might have been continued and enforced, as the case may be, by or against the Transferor Company if this Scheme had not been made. On and from the Effective Date, the Transferee Company may initiate any legal proceeding for and on behalf of the Transferor Company.

10.2 The Transferee Company undertakes to have all legal or other proceedings initiated by or against the Transferor Company referred to above transferred into its name and to have the same continued, prosecuted and enforced by or against the Transferee Company to the exclusion of Transferor Company.

10.3 After the Effective Date, the Transferee Company shall and may, if required, initiate any legal proceedings in relation to the Transferor Company.

11. **AMALGAMATION NOT TO AFFECT TRANSACTIONS / CONTRACTS OF TRANSFEROR COMPANY:**

11.1 The transfer and vesting of the business of the Transferor Company and the continuance of the said proceedings by or against the Transferee Company shall not affect any transaction or proceedings already concluded by or against the Transferor Company after the Appointed Date to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done or executed by the Transferor Company after the Appointed Date as done and executed on its behalf. The said transfer and vesting pursuant to Sections 230 to 232 of the Act, shall take effect from the Appointed Date unless the NCLT otherwise directs.

12. **CONSIDERATION / ISSUE OF SHARES**

12.1 Upon coming into effect of Part D of the Scheme and in consideration for amalgamation of the Transferor Company with and into the Transferee Company, the Transferee Company shall, without any further application or deed, issue and allot Preference Shares of face value INR 10/- each (terms of which are specified in Annexure II) , credited as fully paid up, to all the equity shareholders of the Transferor Company whose names appear in the register of members as on the Record Date of the Transferor Company or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title, as the case may be, in the following proportion:

1216 fully paid-up 11% Redeemable Non-Convertible Cumulative Non-Participating Preference Shares of INR 10/- each of Transferee Company for every 1000 equity shares held in Transferor Company, in proportion to their shareholding in the Transferor Company.

Preference Shares shall be issued on terms and conditions as set out in **Annexure II**.

12.2 The Preference Shares to be issued by the Transferee Company to the equity shareholders of the Transferor Company shall be subject to the Scheme and the Memorandum and Articles of Association of the Transferee Company, shall rank for dividend in priority to the equity shares of the Transferee Company, and shall, on winding up of the Transferee Company be entitled to rank, as regards repayment of capital upto the commencement of winding up, in priority to the equity shares of the Transferee Company.

12.3 In case of any equity shareholder's shareholding in the Transferor Company is such that such shareholder becomes entitled to a fraction of a Preference Share of the Transferee Company, the Transferee Company shall round of all entitlements to the next whole number above the fractional entitlement and issue such number of securities to the relevant shareholders;

12.4 Preference Shares shall be issued by the Transferee Company in dematerialized form to those equity shareholders of the Transferor Company who hold shares of the Transferor Company in dematerialized form, in to the account in which the Transferor Company shares are held or such other account as is intimated by the shareholders to the Transferee Company and/ or its Registrar. All those shareholders who hold shares of the Transferor Company in physical form shall also have the option to receive the Preference Shares in the Transferee Company in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to the

Transferee Company and/ or its Registrar. Otherwise, they would be issued Preference Shares in physical form.

12.5 The Transferee Company shall take necessary steps to increase or alter or re-classify, (if necessary), its authorized share capital suitably to enable it to issue and allot Preference Shares required to be issued and allotted by it under this Scheme.

12.6 Approval of this Scheme by the equity shareholders of the Transferee Company shall be deemed to be the due compliance of the provisions of Section 55 of the Act and / or any other applicable provisions of the Act for the issue of Preference Shares by the Transferee Company to the equity shareholders of the Transferor Company, as provided in this Scheme.

12.7 The approval of this Scheme by the equity shareholders of both the companies under Sections 230 to 232 of the Act shall be deemed to have the approval under Sections 13 and 14 of the Act and other applicable provisions of the Act and any other consents and approvals required in this regard.

13. ACCOUNTING TREATMENT

13.1 Amalgamation of the Transferor Company with the Transferee Company shall be accounted in the books of the Transferee Company for by way of as per "Pooling of Interests Method" under Appendix C of Ind-AS 103 (Accounting for Business Combinations) and any other relevant Indian Accounting Standard prescribed under Section 133 of the Act.

13.2 All the assets and liabilities of Transferor Company shall be recorded in the financial statements of the Transferee Company at the carrying value as appearing in the financial statements of the Transferor Company as on the Appointed Date.

13.3 The identity of the reserves pertaining to the Transferor Company, shall be preserved and shall appear in the merged financial statements of Transferee Company in the same form in which they appeared in the financial statements of the Transferor Company and it shall be aggregated with the corresponding balance appearing in the financial statements of the Transferee Company, as on the Appointed Date.

13.4 To the extent that there are inter-company loans, deposits, obligations, balances or other outstanding including any interest thereon, as between the Transferor Company and the Transferee Company as the case may be, the obligations in respect thereof shall come to an end and there shall be no liability in that behalf and corresponding effect shall be given in the books of account and records of the Transferee Company for the reduction of such assets or liabilities as the case may be.

13.5 The excess / deficit of the value of the assets over the value of liabilities of the Transferor Company, pursuant to Amalgamation of the Transferor Company with and into the Transferee Company, and as recorded in the books of account of the Transferee Company shall, after adjusting as above, be recorded as 'Capital Reserve' in the books of the Transferee Company.

13.6 Notwithstanding anything to the contrary contained herein above, the Board of Directors of the Transferee Company, in consultation with its statutory auditors to account for any of these balances in any manner whatsoever, as may be deemed fit, in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountant of India and generally accepted accounting principles.

14. COMBINATION OF AUTHORISED SHARE CAPITAL OF TRANSFEROR COMPANY AND THE TRANSFEREE COMPANY PURSUANT TO THE MERGER

14.1 Upon the Scheme becoming effective, the Authorised Share Capital of the Transferor Company will get merged with that of the Transferee Company without any further act or deed and, without any payment of additional fees, stamp duty and other duties as the said fees have already been paid by the Transferor Company and the Authorised Share Capital of the Transferee Company will be increased to that effect without any compliances in respect of the notices, meetings etc. but only by filing requisite Statutory Forms with the Registrar of Companies.

14.2 Thus, the Authorised Share Capital of the Transferee Company of INR 227,00,00,000/- (Rupees Two Hundred and Twenty-seven crores only) divided into 70,00,000 equity shares of INR 10 each and 22,00,00,000 preference shares of INR 10 each, shall stand increased and enhanced to INR 267,00,00,000/- (Rupees Two-hundred and sixty-seven crores only) divided into 4,70,00,000 equity shares of INR 10 each and 22,00,00,000 preference shares of INR 10 each. The capital clause of the Memorandum of Association and Articles of Association of the Transferee

Company shall be altered on such increase and hence, the capital clause of the Memorandum of Association and Articles of Association of Transferee Company will therefore be modified to be read as follows:

"The Authorised Share Capital of the Company is Rs. 267,00,00,000/- (Rupees Two Hundred and Sixty-Seven Crores only) comprising of 4,70,00,000 Equity Shares of Rs. 10/- (Rupees Ten Only) each and 22,00,00,000 Preference shares of Rs. 10/- (Rupees Ten Only) each."

14.3 It is clarified that approval of this Scheme by the members of the Transferee Company under Sections 230 to 232 of the Act shall be deemed be sufficient for the alternation of the Memorandum and Articles of Association of the Transferee Company under Sections 13, 14, 61 and 63 of the Companies Act, 2013 and other applicable provisions of the Act and any other consents and approvals required in this regard.

15. **CONDUCT OF BUSINESS**

15.1 Transferor Company as Trustee

With effect from the Appointed Date and up to and including Effective Date, the Transferor Company shall carry on and shall be deemed to have carried on all their business and activities as hitherto and shall hold and stand possessed of and shall be deemed to have held and stood possessed on account of and for the benefit of and in trust for, the Transferee Company, as the Transferee Company is taking over the business as a going concern. The Transferor Company shall preserve and carry on their business and activities with reasonable diligence and business prudence and shall neither undertake any additional financial commitments of any nature whatsoever, borrow any amounts nor incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitments either for themselves or on behalf of any third parties, sell, transfer, alienate, charge, mortgage or encumber or deal with the assets of the Transferor Company or any part thereof save and except in the ordinary course of business as carried on by them as on the date of filing of this Scheme with the NCLT or if the written consent of the Transferee Company has been obtained.

15.2 Profit or Losses up to Effective Date

With effect from the Appointed Date and up to and including the Effective Date, all profits or incomes accruing or arising to the Transferor Company or all expenditure or losses incurred or

arising, as the case may be, by the Transferor Company shall, for all purposes, be treated and deemed to be and accrue as the profits or incomes or expenditures or losses, as the case may be, of the Transferee Company.

15.3 Taxes

a. All taxes paid or payable by the Transferor Company in respect of the operations and / or profits of the business before the Appointed Date and from the Appointed Date till the Effective Date, shall be on account of the Transferor Company and in so far as it relates to the tax payment by the Transferor Company in respect of the profits or activities or operation of the business after the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company and shall in all proceedings be dealt with accordingly.

b. Any refund under Income Tax Act, 1961 or other applicable laws or regulations dealing with taxes allocable or related to the business of the Transferor Company and due to the Transferor Company consequent to the assessment 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.

c. All tax benefits of any nature, duties, cesses or any other like payments or deductions available to the Transferor Company under Income Tax, Goods and Services Tax, Service Tax etc. or any Tax Deduction/Collection at Source, MAT Credit, tax credits, GST input tax credits, benefits of CENVAT credits, benefits of input credits, and in respect of set-off, carry forward of tax losses, and unabsorbed depreciation 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 passing of the order on this Scheme by the NCLT upon relevant proof and documents being provided to the said authorities.

15.4 The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to the Central Government and all other agencies, departments and authorities 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.

15.5 Objects Clause

With effect from the Appointed Date, and upon the Scheme becoming effective, the main object clause of the Memorandum of Association of Transferee Company shall be altered and amended, without any further act or deed, to include the objects as required for the purpose of carrying on the business activities of Transferor Company upon the Scheme coming into effect and pursuant to provisions of Section 13 and 14 of the Companies Act, 2013 and other applicable provisions of the Act. Accordingly, the Memorandum of Association of Transferor Company shall be altered and amended and necessary revisions in numbering of the clauses inserted shall be carried out. The following clauses shall be addedto the Memorandum of Association of Transferor Company, shall read as under:

8. To carry on in India and elsewhere the business to design, engineer, build, construct, upgrade, improve, strengthen, renovate, develop, operate and maintain, finance, own or control or transfer, on "build, own, operate and transfer" basis, either alone or jointly with others, all kinds of power generation plants which include all types of fuel or combination thereof and all kinds of renewable energy sources including solar, wind, hydro and tidal and to carry on the business of developing, operating, maintaining electricity transmission network and substations.

9. To carry on the business of manufacturers, producers, dealers, wholesalers, retailers, distributors, importers, exporters, assemblers and fabricators, repairers, maintainers, owners, agents and operators for all kinds of renewable energy modules and systems, including solar photovoltaic systems, modules, inverters, batteries, accessories and hybrid systems combining solar photovoltaics with other forms of renewable energy and basic components for such systems and to carry on the business of generating, receiving, purchasing, developing, using, selling, supplying, distributing, transmitting, transferring, trading and accumulating any form of power and energy from conventional or non-conventional renewable sources at power stations, plants, establishments and supply such power on a commercial basis to both its users, i.e. public and private or others and to do consultancy in the fields related to energy generation and on commercial and financial activities connected to power sector.

10. To enter into Joint Ventures, Collaboration and the like with domestic, international firms, individuals and agencies.

11. To purchase, trade, build, construct, erect, acquire, lease, hire, exchange all type of suitable land, equipment and accessories related to all types of Energy and to improve, manage, operate and maintain facilities connected with Power Generation.

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15.6 Upon the Scheme becoming effective, the relevant incidental objects of the Memorandum of Association of Transferor Company shall form part of Memorandum of Association of Transferee Company.

15.7 For the purpose of amendment in the Memorandum of Association and Articles of Association of Transferee Company as provided in Clause 15.5 and 15.6 above, the consent / approval given by the members of Transferee Company to this Scheme under the Companies Act, 2013 and any other provisions of the Act shall be deemed to be sufficient and no further resolution of members of Transferee Company as required under the provisions of Section 13 and 14 of the Companies Act, 2013, and any other applicable provisions of the Act shall be required to be passed for making such amendment / change in the Memorandum of Association and Articles of Association of Transferee Company and filing of certified copy of this Scheme as sanctioned by the NCLT, and printed copy of the Memorandum of Association for the purposes of said Section 13 and 14 of the Companies Act, 2013 and all other applicable provisions of the Act and the Registrar of Companies, Mumbai shall register the same and make necessary alterations in the Memorandum of Association and Articles of Association of Transferee Company accordingly and shall certify the registration thereof in accordance with provisions of Section 13 and 14 of the Companies Act, 2013 and any other applicable provisions of the Act.

15.8 Transferee Company shall file with the jurisdictional Registrar of Companies all requisite forms and complete the compliance and procedural requirements under the Act, if any.

16. **ENFORCEMENT OF CONTRACTS, DEEDS, BONDS & OTHER INSTRUMENTS:**

16.1 Subject to other provisions contained in this Scheme, all contracts, deeds, bonds, agreements and other instruments of whatever nature to which the Transferor Company are a party, subsisting or having effect immediately before the Amalgamation, shall remain in full force and effect against or, as the case may be, in favour of the Transferee Company and may be enforced as fully and effectively as if instead of the Transferor Company, the Transferee Company was a party thereto. Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting occurs by virtue of this Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds, confirmations or other writings or arrangements to which the Transferor Company are a party or any writings as may be necessary in

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

16.2 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licenses, certificates, clearances, authorities , powers of attorney given by, issued to or executed in favour of the Transferor Company shall stand transferred to the Transferee Company and the Transferee Company shall be bound by the terms thereof, the obligations and duties there under, and the rights and benefits under the same shall be available to the Transferee Company. The Transferee Company shall receive relevant approvals from the Government Authorities concerned as may be necessary in this behalf.

17. **MATTERS RELATING TO SHARE CERTIFICATES:**

The Share Certificates held by the shareholders of the Transferor Company shall automatically stand cancelled without any necessity of them being surrendered to the Transferee Company.

18. **DISSOLUTION OF THE TRANSFEROR COMPANY:**

Upon the Scheme being sanctioned by an Order made by the NCLT under Sections 230 to 232 of the Act, the Transferor Company shall stand dissolved without winding up on the Effective Date.

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PART E - GENERAL TERMS AND CONDITIONS

19. **APPLICATION TO NCLT**

19.1 Necessary applications and/ or petitions by the Transferor and the Transferee Companies shall be made for the sanction of this Scheme to the NCLT, for sanctioning of this Scheme under the provisions of law and obtain all approvals as may be required under the law.

19.2 It is prayed to the NCLT to sanction this Scheme, with or without modification.

20. **MODIFICATION OR AMENDMENTS TO THE SCHEME**

20.1 Subject to approval of NCLT, the respective Boards or the respective authorized representative appointed by the Boards of the Transferor and the Transferee Company, may assent to any modifications, alterations or amendments of this Scheme or any conditions which the NCLT and / or any other competent authority may deem fit to direct or impose and the said respective Boards and after dissolution of the Transferor Company (without winding up), the Board of the Transferee Company may do all such acts, things and deeds necessary in connection with or to carry out the Scheme into effect and take such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any order of the NCLT or any directions or order of any other authorities or otherwise howsoever arising out of, under or by virtue of this Scheme and / or matters concerned or connected therewith.

20.2 In the event of any of the conditions that may be imposed by the NCLT or other authorities which the Transferor Company and/or the Transferee Company may find unacceptable for any reason, in whole or in part, then Transferor Company and/or the Transferee Company are at liberty to withdraw the Scheme. In such a case, Transferor Company and/or the Transferee Company shall respectively bear their own cost or as may be mutually agreed. It is hereby clarified that notwithstanding anything to the contrary contained in this Scheme, the Transferor Company and/or the Transferee Company shall not be entitled to withdraw the Scheme unilaterally without the prior written consent of the other.

21. **DECLARATION OF DIVIDEND, BONUS ETC.**

21.1 The Transferor Company and the Transferee Company shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date but only in the ordinary course of business. Any declaration or payment of dividend otherwise than as aforesaid, by the Transferor Company and/or by the Transferee Company shall be subject to the prior approval of the Board of Directors of respective companies and in accordance with applicable laws. It is clarified that prior approval of any of the Board of the Directors shall not be required for payment of any dividend already announced or declared but yet to be paid, by either of the Transferor Company and / or the Transferee Company to its shareholders.

21.2 It is clarified that the aforesaid provisions in respect of declaration of dividends, whether interim or final, are enabling provisions only and shall not be deemed to confer any right on any member of the Transferor Company and / or the Transferee Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Directors of the Transferor Company and / or the Transferee Company and subject, wherever necessary, to the approval of the shareholders of the Transferor Company and / or the Transferee Company, respectively.

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

The Scheme is conditional upon and subject to:

22.1 Receipt of approval of the Scheme by the Stock Exchanges and Securities and Exchange Board of India, pursuant to the Listing Regulations and the SEBI Circular, wherever applicable.

22.2 The approval by the requisite majorities of the respective members and/or creditors (where applicable) of the Transferor Company and/or the Transferee Company, if directed by the NCLT or any other competent authority, as may be applicable.

22.3 The scheme is conditional upon scheme being approved by the public shareholders of the Transferee Company through e-voting in terms of Part - I (A)(10)(a) of SEBI Master circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020, and the scheme shall be acted upon only if vote cast by the public shareholders of the Transferee Company in favour of the proposal are more than the number of votes cast by the public shareholders of the Transferee Company against it.

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22.4 The sanction of the Scheme by the NCLT under Sections 230 to 232 and other applicable provisions, if any, of the Act.

22.5 The requisite order(s) of the NCLT being obtained for sanctioning the Scheme under Section 230 read with Section 232 of the Act being filed with the concerned Registrar of Companies.

22.6 Certified copies of the Orders of the NCLT at Bangalore Bench sanctioning the Scheme being filed with Registrar of Companies, Karnataka, at Bengaluru, by the Transferor Company and the Transferee Company.

22.7 The provisions contained in this Scheme are inextricably inter-linked with the other provisions and the Scheme constitutes an integral whole. The Scheme would be given effect to only if it is approved in its entirety unless specifically agreed otherwise by the Transferor Company and the Transferee Company and by their respective Board of Directors or any Committee constituted by them.

23. **OPERATIVE DATE OF THE SCHEME**

The Scheme, although operative from the Appointed Date, as the case may be, shall become effective from the Effective Date.

24. **BINDING EFFECT**

Upon the Scheme becoming effective, the same shall be binding on the Transferor Company and/or the Transferee Company and all concerned parties without any further act, deed, matter or thing.

25. **EFFECT OF NON-RECEIPT OF APPROVALS**

25.1 In the event any of the said approvals or sanctions referred to in Clause 22 above not being obtained or conditions enumerated in the Scheme not being complied with, or for any other reason, the Scheme cannot be implemented, the Boards of Directors or committee empowered thereof 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 this Scheme and failing such mutual agreement, the Scheme shall become null and void and shall stand revoked, cancelled and be of no effect and each party shall bear and pay their respective costs, charges and expenses in connection with the Scheme.

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25.2 Further, in case of non-receipt of approvals to the Scheme, no rights and liabilities whatsoever shall accrue or to be incurred inter-se by the Transferor Company or the Transferee Company or their respective shareholders or creditors or employees or any other person.

26. **GIVING EFFECT TO THE SCHEME**

26.1 For the purpose of giving effect to the Scheme, the Board of Directors of the Transferor Company and/or the Transferee Company or any Committee thereof, is authorized to give such directions as may be necessary or desirable and to settle as they may deem fit, any question, doubt or difficulty that may arise in connection with or in the working of the Scheme and to do all such acts, deeds and things necessary for carrying into effect the Scheme.

26.2 The Transferee Company has leased a land parcel from the government of Karnataka admeasuring 968.8 acres. Out of the total land, 228.93 acres is being utilized by the Transferor Company (by way of a sub-lease agreement), and balance is utilized by Transferee Company. The said lease shall be active upto May 27, 2033. This Scheme shall render this sub-lease agreement ineffective.

27. **EFFECT OF SCHEME NOT GOING THROUGH**

In the event of this Scheme failing to take finally effect for whatsoever reasons, this Scheme shall become null and void and in that case no rights and liabilities whatsoever shall accrue to or be incurred inter se between the parties or their respective Shareholders or Creditors or employees or any other person.

28. **COSTS**

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) in relation to the Scheme shall be borne by the Transferee Company and Transferor Company in the ratio of 50:50.

Annexure I

TERMS AND CONDITIONS OF PERPETUAL CUMULATIVE DEBENTURES

Sr. No.	Criterion	Description
1.	Coupon Rate	7% per annum
2.	Terms of Coupon payment	a. Coupon shall be cumulative, at the discretion of the Board of Directors of the Transferee Company b. Coupon shall be payable on "as and when able" terms c. Coupon shall be payable at the discretion of Transferee Company, either cumulatively, or non-cumulatively, either in part or in full
3.	Face Value	INR 10/- (Rupees Ten Only) per Debenture
4.	Tenure	Perpetual
5.	Security and Ranking	Unsecured, and will be ranked senior only to equity shares, and subordinate to all other debts
6.	Terms of Redemption	Redemption shall be at face value, at the option of the Transferee Company
7.	Transferability	Each perpetual debenture shall be transferred only with prior approval of Gokak Textiles Limited

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Annexure II

TERMS AND CONDITIONS OF THE REDEEMABLE PREFERENCE SHARES

Sr. No.	Criterion	Description
1.	Dividend	11 % per annum (cumulative)
2.	Face Value	INR 10/- (Rupees Ten only per share)
3.	Terms and Redemption	All redeemable preference shares shall be compulsorily redeemable at the end of 10 years from the date of allotment
4.	Transferability	Each redeemable preference share shall be freely transferable at the option of the holder subject to applicable laws