

**COMPOSITE SCHEME OF ARRANGEMENT
IN NATURE OF AMALGAMATION OF
INTEGRA India Group Company Limited (the “Transferor Company”)
WITH
INTEGRA Engineering India Limited (the “Transferee Company”)
AND
REORGANISATION OF SHARE CAPITAL OF
INTEGRA Engineering India Limited**

**UNDER SECTIONS 391 TO 394 read with Sections 100 to 103 OF
THE COMPANIES ACT, 1956**

GENERAL

- A. Description of Companies
- I. INTEGRA India Group Company Limited (“IIGCL” or the “Transferor Company”), is a company incorporated under the Companies Act, 1956 having its Registered Office at INTEGRA House, 7-A, Rajpath Society, Old Padra Road, Vadodara 360 020.
 - II. INTEGRA Engineering India LIMITED (“IEIL” or the “Transferee Company”) is a company incorporated under the Companies Act, 1956 having its Registered Office at Chandrapura Village, Tal. Halol, Dist. Panchmahal, Gujarat.
 - III. Both the above companies are the subsidiaries of INTEGRA Holding AG, Switzerland. Both the companies are listed public limited companies.
 - IV. This Scheme of Arrangement provides for the reorganisation of the share capital of the Transferee Company as well as for the amalgamation of the Transferor Company with the Transferee Company pursuant to Sections 391 to 394 and other applicable provisions of the Act.
- B. Background and **Rationale for the Scheme**
- a. The Transferor Company is engaged in the engineering business comprising inter alia of railway signalling and contract manufacturing.
 - b. The Transferee Company is engaged in the business of manufacturing draw frames, used as a spinning preparatory machine by textile mills.

- c. The amalgamation of the Transferor Company with the Transferee Company would inter alia have the following benefits:
- (a) Both companies are in the engineering business. The manufacturing locations of both companies are in vicinity of each other.
 - (b) Greater integration and greater financial strength and flexibility for the amalgamated entity, which would result in maximising overall shareholder value.
 - (c) Improved organizational capability and leadership, arising from the pooling of human capital having diverse skills, talent and experience to compete successfully in an increasingly competitive industry.
 - (d) Benefit of operational synergies to the combined entity which can be put to the best advantage of the stakeholders.
 - (e) Cost savings are expected to flow from more focused operational efforts and simplification of business processes, productivity improvements and rationalization of administrative expenses.

In view of the aforesaid, the Board of Directors of IIGCL as well as the Board of Directors of IEIL have considered and proposed the amalgamation of the entire undertaking and business of IIGCL with IEIL in order to benefit the stakeholders of both companies. Accordingly, the Board of Directors of both the companies have formulated this Composite Scheme of Arrangement in the nature of Amalgamation for the transfer and vesting of the entire undertaking and business of IIGCL with and into IEIL pursuant to the provisions of Section 391 to Section 394 and other applicable provisions of the Act and further reorganisation of Share Capital of IEIL.

C. Parts of the Scheme:

This Scheme of Amalgamation is divided into the following parts:

- (i) Part I deals with definitions of the terms used in this Scheme of Amalgamation and sets out the existing share capital of the Transferor Company and the Transferee Company;
- (ii) Part II deals with the transfer and vesting of the Undertaking (as hereinafter defined) of the Transferor Company to and in the Transferee Company;
- (iii) Part III deals with the reorganisation of the equity share capital of the Transferee Company and the issue of new equity shares by the Transferee Company to the equity shareholders of the Transferor Company;

- (iv) Part IV deals with the accounting treatment for the amalgamation in the books of the Transferee Company, dividends and proposed amendments in the Memorandum and Articles of Association of the Transferee Company
 - (v) Part V deals with the dissolution of the Transferor Company and the general terms and conditions applicable to this Scheme of Arrangement and other matters consequential and integrally connected thereto.
- D. The amalgamation of the Transferor Company with the Transferee Company, pursuant to and in accordance with this Scheme, shall take place with effect from the Appointed Date and shall be in accordance with Section 2(1B) of the Income Tax Act, 1961

PART I

DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

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

- 1.1. 'Act' means the Companies Act, 1956 and includes any statutory re-enactment or amendment(s) thereto, from time to time;
- 1.2. 'Appointed Date' means 1st January, 2011; or such other date as may be fixed or approved by the High Court of Gujarat at Ahmedabad.
- 1.3. '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 thereof;
- 1.4. 'Effective Date' means the last of the dates on which the conditions referred to in Clause 19 of this Scheme have been fulfilled and the Orders of the High Court sanctioning the Scheme are filed with the Registrar of Companies by the Transferor Company and by the Transferee Company. Any reference in this Scheme to the date of coming into effect of this Scheme or effectiveness of this Scheme or Scheme taking effect shall mean the Effective Date;

- 1.5. '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;
- 1.6 'High Court' means the High Court of Gujarat at Ahmedabad having jurisdiction in relation to the Transferor Company and the Transferee Company and shall, if applicable, include the National Company Law Board Tribunal and "High Court" shall mean both of them as the context may require.
- 1.7 'Record Date' means the date to be fixed by the Board of Directors of the Transferee Company for determining names of the equity shareholders of the Transferor Company, who shall be entitled to shares of the Transferee Company upon coming into effect of this Scheme as specified under Clause 10.3 of this Scheme; and also for determining names of the equity shareholders of the Transferee Company who shall be entitled to shares certificate of the Transferee company with reduced face value and paid up value of equity shares of the Transferee company upon the coming into effect of this scheme as specified under clause 10.2.6 of the same as the context may require.
- 1.8 'Scheme' or 'Scheme of Arrangement' means this Scheme of Arrangement as submitted to the High Court together with any modification(s) approved or directed by the High Court;
- 1.9 'Transferee Company' or 'IEIL' means INTEGRA Engineering India Limited, a public limited company incorporated under the Act, and having its registered office at Chandrapura Village, Tal. Halol, Dist. Panchmahal, Gujarat;
- 1.10 'Transferor Company' or 'IIGCL' means INTEGRA India Group Company Limited, a public limited company incorporated under the Act, and having its registered office at INTEGRA House, 7-A, Rajpath Society, Old Padra Road, Vadodara 390 020, Gujarat
- 1.11 'Undertaking' means the whole of the undertaking and entire business of the Transferor Company as a going concern, including (without limitation):
- (a) All the assets and properties (whether movable or immovable, tangible or intangible, real or personal, corporeal or incorporeal, present, future or contingent) of the Transferor Company, including, without being limited to, plant and machinery, equipment, buildings and structures, offices, residential and other premises, capital work in progress, sundry debtors, furniture, fixtures, office equipment, appliances, accessories, power lines, depots, deposits, all stocks, stocks of fuel, assets, investments of all kinds (including shares, script, stocks, bonds, debenture stocks, units or pass through certificates), cash balances or deposits with banks, loans, advances,

contingent rights or benefits, book debts, receivables, actionable claims, earnest moneys, advances or deposits paid by the Transferor Company, financial assets, leases (including lease rights), hire purchase contracts and assets, lending contracts, rights and benefits under any agreement, benefit of any security arrangements or under any guarantees, reversions, powers, municipal permissions, tenancies in relation to the office and/or residential properties for the employees or other persons, guest houses, godowns, warehouses, licenses, fixed and other assets, trade and service names and marks, patents, copyrights, and other intellectual property rights of any nature whatsoever, rights to use and avail of telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interest held in trust, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights including sales tax deferrals, title, interests, other benefits (including tax benefits), easements, privileges, liberties and advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Transferor Company or in connection with or relating to the Transferor Company and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Company, whether in India or abroad;

- (b) All liabilities including, without being limited to, secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, liabilities (including contingent liabilities), duties and obligations of the Transferor Company of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilised;
- (c) All agreements, rights, contracts, entitlements, permits, licences, approvals, authorizations, concessions, consents, quota rights, fuel linkages, engagements, arrangements, authorities, allotments, security arrangements (to the extent provided herein), benefits of any guarantees, reversions, powers and all other approvals of every kind, nature and description whatsoever relating to the Transferor Company's business activities and operations;
- (d) All intellectual property rights, records, files, papers, computer programmes, manuals, data, catalogues, sales material, lists of customers and suppliers, other customer information and all other records and documents relating to the Transferor Company's business activities and operations;
- (e) All permanent employees engaged by the Transferor Company as on the Effective Date.

All capitalized terms not defined but used in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and other applicable laws, rules, regulations and byelaws, as the case may be, or any statutory amendment(s) or re-enactment thereof, for the time being in force.

2. SHARE CAPITAL

2.1. Transferor Company:

The authorised, issued, subscribed and paid-up share capital of the Transferor Company as at December 31, 2010 was as under:

	Rs.
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Authorised Share Capital:	
1,200,000 Equity Shares of Rs.10/- each	12,000,000
300,000 Unclassified Shares of Rs.10/- each	3,000,000

Total	15,000,000
	=====
Issued, Subscribed and Paid up Share Capital:	
1,100,000 Equity Shares of Rs.10/- each	
Fully paid up (of which 5,61,000 Equity Shares are held by Integra Holding AG, Switzerland, the Holding Company)	11,000,000

Total	11,000,000
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2.2 Transferee Company:

The authorised, issued, subscribed and paid-up share capital of the Transferee Company as at December 31, 2010 was as under:

	Rs.
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Authorised Share Capital:	
20,000,000 Equity Shares of Rs.10/- each	200,000,000
14,000,000 Cumulative Redeemable Preference Shares of Rs.10/- each	<u>140,000,000</u>
Total	340,000,000
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Issued, Subscribed and Paid up Share Capital: 19,395,196 Equity Shares of Rs.10/- each Fully paid up	193,951,960
12,400,000 4% Cumulative Redeemable Preference Share (payable at par) of Rs.10/- each fully paid up Redeemable anytime after 15 th December, 2006 but before 28 th October, 2024	<u>124,000,000</u>
Total	317,951,960 =====

Note: Of the above, 1,11,49,841 equity shares and the entire issued, subscribed and paid up 4 % cumulative Redeemable Preference share capital is held by Integra Holding AG, Switzerland, the Holding Company.

3. DATE WHEN THE SCHEME COMES INTO OPERATION

The Scheme shall come into operation from the Appointed Date, but the same shall become effective on and from the Effective Date.

PART II

TRANSFER AND VESTING OF UNDERTAKING

4. TRANSFER OF UNDERTAKING

4.1 *Generally:*

Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Undertaking of the Transferor Company shall, pursuant to the sanction of this Scheme by the High Court and pursuant to the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Act, be and stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, as a going concern without any further act, instrument, deed, matter or thing to be made, done or executed 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.

4.2 **Transfer of Assets:**

4.2.1 Without prejudice to the generality of Clause 4.1 above, upon the coming into effect of this Scheme and with effect from the Appointed Date:

- (a) All the assets and properties comprised in the Undertaking of whatsoever nature and wheresoever situate, shall, under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, without any further act or deed, be and stand transferred to and vested in the Transferee Company or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become, as and from the Appointed Date, the assets and properties of the Transferee Company.
- (b) Without prejudice to the provisions of Clause 4.2.1 (a) above, in respect of such of the assets and properties of the Transferor Company as are movable in nature or incorporeal property 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 as an Integral part of the Undertaking, without requiring any separate deed or instrument or conveyance for the same.
- (c) In respect of movables other than those dealt with in Clause 4.2.1 (b) above including sundry debts, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposits with any Government, quasi government, local or other authority or body or with any company or other person, the same shall on and from the Appointed Date stand transferred to and vested in the Transferee Company without any notice or other intimation to the debtors (although the Transferee Company may without being obliged and if it so deems appropriate at its sole discretion, give notice in such form as it may deem fit and proper, to each person, debtor, or depositor, as the case may be, that the said debt, loan, advance, balance or deposit stands transferred and vested in the Transferee Company).
- (d) All the licenses, permits, quotas, approvals, permissions, registrations, incentives, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, 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, whether before or after the Appointed Date, shall, under the provisions of Sections 391 to 394 of the Act and all other applicable provisions, if any, without any further act, instrument or deed, cost or charge be and stand available to the Transferee Company so as to become as and from the Appointed Date licenses, permits, quotas, approvals, permissions, registrations, incentives, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges of the Transferee

Company and shall remain valid, effective and enforceable on the same terms and conditions.

4.2.2 All assets and properties of the Transferor Company as on the Appointed Date, whether or not included in the books of the Transferor Company, and all assets and properties which are acquired by the Transferor Company on or after the Appointed Date but prior to the Effective Date, shall be deemed to be and shall become the assets and properties of the Transferee Company, and shall under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company upon the coming into effect of this Scheme pursuant to the provisions of Sections 391 to 394 of the Act, provided however that no onerous asset shall have been acquired by the Transferor Company after the date of filing of the Scheme without the prior written consent of the Board of Directors of the Transferee Company.

4.3 *Transfer of Liabilities:*

4.3.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date all liabilities relating to and comprised in the Undertaking including all secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, liabilities (including contingent liabilities), duties and obligations and undertakings of the Transferor Company of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilised for its business activities and operations (herein referred to as the .Liabilities.), shall, pursuant to the sanction of this Scheme by the High Court and under the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing, be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, along with, save and except as provided in Clause 4.4.7 hereunder, any charge, encumbrance, lien or security thereon, and the same shall be assumed by the Transferee Company to the extent they are outstanding on the Effective Date so as to become as and from the Appointed Date the liabilities of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company, and the Transferee Company shall meet, discharge and satisfy the same and further it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such Liabilities have arisen in order to give effect to the provisions of this Clause.

4.3.2 All debts, liabilities, duties and obligations of the Transferor Company as on the Appointed Date, whether or not provided in the books of the Transferor Company, and all debts and loans raised, and duties, liabilities and obligations incurred or which arise or accrue to the Transferor Company on or after the

Appointed Date till the Effective Date, shall be deemed to be and shall become the debts, loans raised, duties, liabilities and obligations incurred by the Transferee Company by virtue of this Scheme.

- 4.3.3 Where any such debts, loans raised, liabilities, duties and obligations of the Transferor Company as on the Appointed Date have been discharged or satisfied by the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge or satisfaction shall be deemed to be for and on account of the Transferee Company.
- 4.3.4 All loans raised and utilised and all liabilities, duties and obligations incurred or undertaken by the Transferor Company in the ordinary course of its business after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used, incurred or undertaken for and on behalf of the Transferee Company and to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme and under the provisions of Sections 391 to 394 of the Act, without any further act, instrument or deed be and stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company and shall become the loans and liabilities, duties and obligations of the Transferee Company which shall meet, discharge and satisfy the same.
- 4.3.5 Loans, advances and other obligations (including any guarantees, 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 in that behalf 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 with effect from the Appointed Date.

4.4 *Encumbrances*

- 4.4.1 The transfer and vesting of the assets comprised in the Undertaking to and in the Transferee Company under Clauses 4.1 and 4.2 of this Scheme shall be subject to the mortgages and charges, if any, affecting the same, as and to the extent hereinafter provided.
- 4.4.2 Save and except as provided in Clause 4.4.7 below, all the existing securities, mortgages, charges, encumbrances or liens (the Encumbrances.), if any, as on the Appointed Date and created by the Transferor Company after the Appointed Date, over the assets comprised in the Undertaking or any part thereof transferred to the Transferee Company by virtue of this Scheme and in so far as such 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 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.

- 4.4.3 The existing Encumbrances over the assets and properties 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 this Scheme.
- 4.4.4 Save and except as provided in Clause 4.4.7 below, any reference in any security documents or arrangements (to which the Transferor Company is a party) to the Transferor Company and its assets and properties, shall be construed as a reference to the Transferee Company and the assets and properties of the Transferor Company transferred to the Transferee Company by virtue of this Scheme. Without prejudice to the foregoing provisions, the Transferor Company and the Transferee Company may execute any instruments or documents or do all the acts and deeds as may be considered appropriate, including the filing of necessary particulars and/or modification(s) of charge(s), with the Registrar of Companies to give formal effect to the above provisions, if required.
- 4.4.5 Upon the coming into effect of this Scheme, the Transferee Company alone shall be liable to perform all obligations in respect of the Liabilities, which have been transferred to it in terms of this Scheme.
- 4.4.6 It is expressly provided that, no other term or condition of the Liabilities transferred to the Transferee Company is modified by virtue of this Scheme except to the extent that such amendment is required statutorily or by necessary implication.
- 4.4.7 The provisions of this Clause 4.4 shall operate in accordance with the terms of the Scheme, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document; all of which instruments, deeds or writings shall be deemed to stand modified and/or superseded by the foregoing provisions.

4.5 *Inter - se Transactions:*

Without prejudice to the provisions of Clauses 4.1 to 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 from the Appointed Date.

5. CONTRACTS, DEEDS, ETC.

5.1 Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements, assurances and other instruments of whatsoever nature to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect by, for or against or in favour of, as the case may be, the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee or obligor thereto or thereunder.

5.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Undertaking 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 (including deeds of adherence), confirmations or other writings or arrangements with any party to any contract or arrangement to which the Transferor Company is 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 authorised 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.

5.3 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, licences, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Transferor Company shall without any further act or deed, stand transferred to 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 Transferee Company shall receive relevant approvals from the concerned Governmental Authorities as may be necessary in this behalf.

6. LEGAL PROCEEDINGS

On and from the Appointed Date, all suits, actions, claims and legal proceedings by or against the Transferor Company pending and/or arising on or before the Effective Date shall be continued and / or enforced as desired by the Transferee Company and on and from the Effective Date, shall be continued and / or enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as if the same had been originally instituted and/or pending and/or arising by or against the Transferee Company.

7. CONDUCT OF BUSINESS

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

- (a) The Transferor Company shall carry on and shall be deemed to have carried on all its business and activities as hitherto and shall hold and stand possessed of and shall be deemed to have held and stood possessed of the Undertaking on account of, and for the benefit of and in trust for, the Transferee Company.
- (b) All the profits or income accruing or arising to the Transferor Company, and all expenditure or losses arising or incurred (including all taxes, if any, paid or accruing in respect of any profits and income) by the Transferor Company shall, for all purposes, be treated and be deemed to be and accrue as the profits or income or as the case may be, expenditure or losses (including taxes) of the Transferee Company.
- (c) All taxes (including income tax, sales tax, excise duty, customs duty, service tax, VAT, etc.) paid or payable by the Transferor Company in respect of the operations and/or the profits of the business before the Appointed Date, shall be on account of the Transferor Company and, insofar as it relates to the tax payment (including, without limitation, sales tax, excise duty, custom duty, income tax, service tax, VAT, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operation of its 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.
- (d) Any of the rights, powers, authorities and privileges attached or related or pertaining to and exercised by or available to the Transferor Company shall be deemed to have been exercised by the Transferor Company for and on behalf of and as agent for the Transferee Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Undertaking that have been undertaken or discharged by the Transferor Company

shall be deemed to have been undertaken or discharged for and on behalf of and as agent for the Transferee Company.

7.2 With effect from the first of the dates of filing of this Scheme with the High Court and up to and including the Effective Date:

- (a) The Transferor Company shall preserve and carry on its business and activities with reasonable diligence and business prudence and shall not 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 itself or on behalf of its group companies or any third party or sell, transfer, alienate, charge, mortgage or encumber or deal with the Undertaking or any part thereof save and except in each case in the following circumstances:
 - (i) if the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with the High Court; or
 - (ii) if the same is permitted by this Scheme; or
 - (iii) if written consent of the Board of Directors of the Transferee Company has been obtained.
- (b) The Transferor Company shall not take, enter into, perform or undertake, as applicable
 - (i) any material decision in relation to its business and affairs and operations
 - (ii) any agreement or transaction (other than an agreement or transaction in the ordinary course of the Transferor Company's business); and
 - (iii) such other matters as the Transferee Company may notify from time to time without the prior written consent of the Board of Directors of the Transferee Company.
- (c) Without prejudice to the generality of Clause 7.2 (b) above, the Transferor Company shall not make any change in its capital structure, whether by way of increase (by issue of equity shares on a rights basis, bonus shares) decrease, reduction, reclassification, sub-division or consolidation, re-organisation, or in any other manner which may, in any way, affect the Share Exchange Ratio (as provided in Clause 10.3 below), except under any of the following circumstances:

- (i) by mutual consent of the respective Board of Directors of the Transferor Company and of the Transferee Company; or
- (ii) as may be permitted under this Scheme.

8. EMPLOYEES

8.1 Upon the coming into effect of this Scheme:

- (a) All the permanent employees of the Transferor Company who are in its employment as on the Effective Date shall become the permanent employees of the Transferee Company with effect from the Effective Date without any break or interruption in service and on terms and conditions as to employment and remuneration not less favourable than those on which they are engaged or employed by the Transferor Company. It is clarified that the employees of the Transferor Company who become employees of the Transferee Company by virtue of this Scheme, shall not be entitled to the employment policies and shall not be entitled to avail of any schemes and benefits that may be applicable and available to any of the employees of the Transferee Company unless otherwise determined by the Board of Directors of the Transferee Company. The Transferee Company undertakes to continue to abide by any agreement/settlement, if any, validly entered into by the Transferor Company with any union/employee of the Transferor Company recognized by the Transferor Company. After the Effective Date, the Transferee Company shall be entitled to vary the terms and conditions as to employment and remuneration of the employees of the Transferor Company on the same basis as it may do for the employees of the Transferee Company.
- (b) The existing provident fund, gratuity fund and pension and/or superannuation fund or trusts or retirement funds or benefits created by the Transferor Company or any other special funds created or existing for the benefit of the concerned permanent employees of the Transferor Company (collectively referred to as the "Funds") and the investments made out of such Funds shall, at an appropriate stage, be transferred to the Transferee Company to be held for the benefit of the concerned employees. The Funds shall, subject to the necessary approvals and permission and at the discretion of the Transferee Company, either be continued as separate funds of the Transferee Company for the benefit of the employees of the Transferor Company or be transferred to and merged with other similar funds of the Transferee Company. In the event that the Transferee Company does not have its own fund with respect to any such Funds, the Transferee Company may, subject to necessary approvals and permissions, continue to maintain the existing Funds separately and contribute thereto, until such time as the Transferee Company creates its own funds at which time the Funds and the investments and contributions pertaining to the employees of the Transferor Company shall be transferred to such funds of the Transferee Company.

9. SAVING OF CONCLUDED TRANSACTIONS

Subject to the terms of this Scheme, the transfer and vesting of the Undertaking of the Transferor Company under Clause 4 of this 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 till the Effective Date, 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.

PART III

10. REORGANISATION OF SHARE CAPITAL OF TRANSFEREE COMPANY AND ISSUE OF EQUITY SHARES BY TRANSFEREE COMPANY

10.1 The provisions of this Part III shall operate notwithstanding anything to the contrary in any other instrument, deed or writing.

10.2.1 In order to ensure that, after giving effect to the amalgamation set out in the Scheme, the Transferee Company has a serviceable equity capital base, with effect from the Effective Date, the subscribed and paid up equity share capital of the Transferee Company shall be reduced from Rs. 193,951,960 (Rupees nineteen crores thirty nine lacs fifty one thousand nine hundred sixty only) divided into 1,93,95,196 (one crore ninety three lacs ninety five thousand one hundred ninety six only) equity shares of Rs.10 each fully paid up to Rs.19,395,196/- (Rupees one crore ninety three lacs ninety five thousand one hundred ninety six only) divided into 1,93,95,196 equity shares of the face value of Re.1/- each fully paid up, by reducing the paid up and face value of Rs.10/- per share to Re.1/- per share fully paid up share.

10.2.2 Upon this scheme becoming effective the Authorised, Issued and Subscribed share capital of IEIL shall be as under:

Authorised	Rupees
212,000,000 Equity shares of Re.1/- each	212,000,000
14,000,000 Cumulative Redeemable Preference Shares of Rs.10/- each	140,000,000
175,754,804 Unclassified shares of Rs.10/- each	3,000,000

	355,000,000

Issued, Subscribed and Paid up Capital	-----
19,395,196 Equity Shares of Rs.10/- each fully paid	193,951,960
Less: Reduction in Capital as per Clause 10.2.1 above	174,556,764

19,395,196 Equity Shares of Re.1/- each fully paid	19,395,196
Add: Issue of Shares to the shareholders of IIGCL In the ratio of 27 Equity Share of Re.1/- each Fully paid-up of IEIL for every 2 Equity Shares Of Rs.10/- each fully paid up held in IIGCL as Per Clause 10.3.1 below	14,850,000

Total	<u>34,245,196</u>
12,400,000 4% Cumulative Redeemable Preference Share (payable at par) of Rs.10/- each fully paid up Redeemable anytime after 15 th December, 2006 but before 28 th October, 2024	<u>124,000,000</u>
Total	<u>158,245,196</u> =====

10.2.3 The differential amount of Rs.174,556,764/- (Rupees Seventeen crores forty five lacs fifty six thousand seven hundred sixty four only) arising on account of reorganisation of share capital as per clause 10.2.1 shall be utilised to write off the debit balance in the Profit & Loss Account of the Transferee Company and the balance, if any, shall be credited to the General Reserve Account of the Transferee Company.

10.2.4 The reduction of share capital as contemplated in Clause 10 shall be effected as an integral part of the scheme. The approval of the members of the Transferee Company to the proposed Scheme at the Court convened meeting, shall be deemed to be their approval under the provisions of Sections 100 and all other applicable provisions of the Act to such reduction of capital. The Transferee Company shall not be required to undertake any separate proceedings for the same. The order of the Honourable High Court sanctioning the Scheme shall be deemed to be an Order under Section 102 of the Act. Further, since the said proposal for reduction does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid up share capital, the procedure prescribed under Sec. 101 shall not be required to be undertaken.

10.2.5 Notwithstanding the reduction as mentioned above IEIL shall not be required to add "and reduced" as a suffix to its name and IEIL shall continue in its existing name.

10.2.6 The share certificates of the Transferee Company in relation to the shares held by its equity shareholders shall, without any further application, act, instrument or deed be deemed to have been automatically cancelled pursuant to the reorganisation of capital and new share certificates in respect of equity

shares with reduced face value and paid up value will be issued by the Transferee Company to its equity shareholders whose names are recorded in its Register of members on a record date to be fixed by the Board of Directors of the Transferee Company . It is clarified that the face value and paid up value of equity shares held in dematerialised form will be reduced automatically.

10.3 Issue of new equity shares by Transferee Company

10.3.1 Upon the coming into effect of this Scheme and in consideration of the transfer and vesting of the Undertaking of the Transferor Company in the Transferee Company in terms of this Scheme, the Transferee Company shall, 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 of the Transferor Company on the Record Date (to be fixed by the Board of Directors of the Transferee Company) or his /her/ its legal heirs, executors or administrators or, as the case may be, successors, equity shares of Re. 1/- (Rupee One only) each, credited as fully paid up of the Transferee Company, in the ratio of 27 (Twenty Seven) equity shares of the face value of Re. 1/- (Rupee One only) each of the Transferee Company with rights attached thereto as mentioned in this Scheme for every 2 (two) equity shares of the face value of Rs. 10/- (Rupees Ten only) each credited as fully paid-up held on the Record Date by such equity shareholders or their respective legal heirs, executors or administrators or, as the case may be, successors in the Transferor Company.

10.3.2 Where new equity shares of the Transferee Company are to be allotted to heirs, executors or administrators or, as the case may be, to successors of deceased equity shareholders of the Transferor Company, the concerned heirs, executors, administrators or successors shall be obliged to produce evidence of title satisfactory to the Board of Directors of the Transferee Company.

10.3.3 The ratio in which equity shares of the Transferee Company are to be issued and allotted to the shareholders of the Transferor Company is herein referred to as the .Share Exchange Ratio. In the event that the Transferee Company restructures its equity share capital by way of share split/consolidation/issue of bonus shares during the pendency of the Scheme, the Share Exchange Ratio shall be adjusted accordingly to take into account the effect of such corporate action.

10.3.4 The share certificate of the Transferor Company in relation to the shares held by its equity shareholders shall, without any further application, act, instrument or deed, be deemed to have been automatically cancelled pursuant to the reorganisation of capital and new equity shares with the revised number of equity shares will be issued by the Transferee Company

10.5 General provisions:

- (a) Issue of shares in dematerialized/physical form:
- (i) In so far as the issue of new equity shares by the Transferee Company pursuant to Clause 10.3.1 above is concerned, each of the shareholders of the Transferor Company holding shares in physical form shall have the option, exercisable by notice in writing by them to the Transferee Company on or before the Record Date, to receive, the new equity shares of the Transferee Company either in certificate form or in dematerialised form, in lieu of their shares in the Transferor Company in accordance with the terms hereof. In the event that such notice has not been received by the Transferee Company in respect of any of the members of the Transferor Company, the shares of the Transferee Company shall be issued to such members in physical form. Those of the members of the Transferor Company who exercise the option to receive the shares in dematerialised form shall be required to have an account with a depository participant and shall provide full details thereof and such other confirmations as may be required in the notice provided by such shareholder to the Transferee Company. It is only thereupon that the Transferee Company shall issue and directly Credit the demat/dematerialised securities account of such member with the new equity shares of the Transferee Company. The physical share certificates representing the equity shares of the Transferor Company shall stand automatically and irrevocably cancelled on the issue of new equity by the Transferee Company in terms of Clause 10.3.1 above
 - (ii) Each of the members of the Transferor Company holding shares of the Transferor Company in dematerialised form shall have the option, exercisable by notice in writing by them to the Transferee Company on or before the Record Date, to receive, the new equity shares of the Transferee Company either in certificate form or in dematerialised form, in lieu of their shares in the Transferor Company in accordance with the terms hereof. In the event that such notice has not been received by the Transferee Company in respect of any of the members of the Transferor Company, the shares of the Transferee Company shall be issued to such members in dematerialised form as per the records maintained by the National Securities Depository Limited and/or Central Depository Services (India) Limited on the Record Date in terms of Clause 10.3.1 above.

- (b) Pending share transfers, etc.:
- (i) In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Transferor Company, the Board of Directors of the Transferee Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or transferee of equity shares in the Transferor Company, after the effectiveness of this Scheme;
- (ii) The new equity shares to be issued by the Transferee Company pursuant to this Scheme in respect of any equity shares of the Transferor Company which are held in abeyance under the provisions of Section 206A of the Act or otherwise shall pending allotment or settlement of dispute by order of Court or otherwise, be held in abeyance by the Transferee Company.
- (c) New Equity Shares subject to same terms:
- (i) The new equity shares issued and allotted by the Transferee Company in terms of this Scheme shall be subject to the provisions of the Memorandum and Articles of Association of the Transferee Company and shall inter-se rank paripassu in all respects with the then existing equity shares of the Transferee Company, including in respect of dividend, if any, that may be declared by the Transferee Company on or after the Effective Date;
- (ii) The new equity shares of the Transferee Company issued in terms of Clause 10.3.1 of this Scheme will be listed and/or admitted to trading on the Bombay Stock Exchange Limited where the shares of the Transferee Company are listed and/or admitted to trading. The Transferee Company shall enter into such arrangements and give such confirmations and/ or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the said stock exchanges.
- (d) Obtaining of approvals:
- For the purpose of issue of equity shares to the shareholders 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 including the Reserve Bank of India for the issue and allotment by the Transferee Company of such equity shares.

(e) Fractional Entitlement:

No fractional certificates, entitlements or credits shall be issued or given by the Transferee Company in respect of the fractional entitlements, if any, to which the shareholders of the Transferor Company are entitled on the issue and allotment of equity shares by the Transferee Company in accordance with this Scheme. The Board of Directors of the Transferee Company shall instead consolidate all such fractional entitlements to which the shareholders of the Transferor Company may be entitled on issue and allotment of the equity shares of the Transferee Company as aforesaid and shall, without any further application, act, instrument or deed, issue and allot such fractional entitlements directly to an individual trustee or a board of trustees or a corporate trustee (the "Trustee"), who shall hold such fractional entitlements with all additions or accretions thereto in trust for the benefit of the respective shareholders to whom they belong and their respective heirs, executors, administrators or successors for the specific purpose of selling such fractional entitlements in the market at such price or prices and at such time or times as the Trustee may in its sole discretion decide and on such sale pay to the Transferee Company the net sale proceeds thereof and any additions and accretions, whereupon the Transferee Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of the Transferor Company in proportion to their respective fractional entitlements.

(f) It is clarified that no Special Resolution under Section 81(1A) of the Act shall be required to be passed by the Transferee Company separately in a general meeting for issue of shares to the shareholders of the Transferor Company under this Scheme and on the members of the Transferee Company approving this Scheme, it shall be deemed that they have given their consent to the issue of equity shares of the Transferee Company to the shareholders of the Transferor Company in the Share Exchange Ratio.

PART IV

ACCOUNTING TREATMENT AND DIVIDENDS

11. ACCOUNTING TREATMENT

11.1 On the Scheme becoming effective, the subject to the provisions of clause 10.2.1 and 10.2.2 and the Transferee Company shall account for the amalgamation in its books as under:

- (i) The Transferee Company shall record all the assets and liabilities of the Transferor Companies transferred to and vested in the Transferee Company at their respective book values;
- (ii) Inter company balances and investments, if any, shall be cancelled
- (iii) Reserves in the books of account of the Transferor Company shall be credited by the Transferee Company to its reserves in the same form in which they appear in the books of account of the Transferor Company;
- (iv) The difference, being the excess or shortfall between the assets and liabilities of the Transferor Company transferred to the Transferee Company after making the adjustments for (i) and (ii) above shall be adjusted against the General Reserve.
- (v) In case of any differences in accounting policy between the Transferor Company and the Transferee Company, the accounting policies followed by the Transferee Company will prevail and the difference till the Appointed Date will be quantified and adjusted against the General Reserve Account to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.

11.2 It is further provided that upon the Scheme coming into effect the balance/s appearing under the head "Miscellaneous Expenditure" (to the extent not written off or adjusted) in the books of the Transferee Company shall be debited by the transferee company to the amount standing to the credit of the General Reserve in the books of the Transferee Company after amalgamation as set out in 11.1 hereinabove.

12. DECLARATION OF DIVIDEND

12.1 For the avoidance of doubt it is hereby clarified that nothing in this Scheme shall prevent the Transferee Company from declaring and paying dividends, whether interim or final, to its equity shareholders as on the respective record date for the purpose of dividend.

12.2

- (a) In the event that the Transferee Company declares any dividend between the date of filing of the Scheme and the Record Date, then in such event, the shareholders of the Transferor Company who are entitled to receive shares of the Transferee Company pursuant to Clause 10.3.1 above (the .Transferor Company Shareholders.) shall, on the Record Date, also be eligible to receive an amount representing such dividend proportionate to the shares they are entitled to receive. For this purpose, the Transferee Company shall, at the time of declaration of dividend to its shareholders as aforesaid, reserve the amount required for payment of dividend to the Transferor Company Shareholders. The Board of Directors of the Transferee Company will declare the aforesaid reserved amount as dividend to the Transferor Company Shareholders after the Record Date and the amount set apart will be appropriated towards such declaration. For the avoidance of doubt it is clarified that no interest shall be payable by the Transferee Company to the Transferor Company Shareholders in relation to such amount to be applied towards payment of such dividend.
- (b) The Transferor Company shall not make any declaration of dividend between the date of filing of this Scheme and the Effective Date.

12.3 Until the coming into effect of this Scheme, the holders of equity shares of the Transferor Company and the Transferee Company shall, save as expressly provided otherwise in this Scheme continue to enjoy their existing respective rights under their respective Articles of Association.

12.4 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 the Transferee Company and subject, wherever necessary, to the approval of the shareholders of the Transferor Company and the Transferee Company, respectively.

13. AMENDMENT TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE TRANSFEE COMPANY:

13.1 . OBJECTS CLAUSE:

Upon the Scheme becoming effective, the object clause of the Memorandum of Association of the Transferee Company shall stand amended / altered by adding the following objects after Clause III (A) (5) of the Memorandum of Association of the Transferee Company and approval by the shareholders to the Scheme shall be deemed to be their consent to the alteration of the Memorandum of Association pursuant to Section 17 and other applicable provisions, if any, of the Act:

“5A. To carry on the business as manufacturers, buyers, sellers, processors, assemblers, producers, importers, exporters, consultants, advisors, designers, developers, repairers, dealers and the business of erection, installation, commissioning in all kinds and descriptions of mechanical, electrical, electro-mechanical, electronic computer based, micro processor based equipments, machineries, control devices, controllers, relays, signalling equipments, domestic appliances and control system required for various applications and used including for defence, railway, transport, industrial and domestic purposes.”

13.2 CAPITAL CLAUSE:

Upon the scheme becoming effective, the Authorised Share Capital of the Transferor Company shall stand transferred to the Transferee Company without any further act, instrument or deed and without payment of any fees, stamp duty etc. and Clause V of the Memorandum of Association and Article 3 (a) of the Articles of Association of the Transferee Company (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, and approval of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under Section 16, Section 31, Section 94 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 its authorised share capital shall be utilized and applied to the increased share capital of the Transferee Company, and shall be deemed to have been so paid by the 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. Accordingly, Clause V of the Memorandum of Association of the Transferee Company shall on the Effective Date stand substituted to read as follows:

- V. *The authorized share capital of the Company is Rs.35,50,00,000/- (Rupees Thirty Five Crores Fifty Lakhs only) consisting of 212,000,000 (Twenty one crores twenty lakhs) equity shares of Re. 1/- (Rupee One Only) each 1,40,00,000*

(One Crore Forty Lakhs) Cumulative Redeemable Preference Shares of Rs. 10/- (Rupees Ten Only) each, 3,00,000 (three lakhs only) unclassified shares of Rs.10/- (Rupees Ten only) each, with power to increase or reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Articles of Association of the Company.”

Article 3(a) of the Articles of Association of the Transferee Company shall, on the Effective Date, also stand substituted to read as follows:

“3 (a) The authorized share capital of the Company is Rs.35,50,00,000/- (Rupees Thirty five crores fifty lakhs only) consisting of 212,000,000 (Twenty one crores twenty lakhs) equity shares of Re. 1/- (Rupees One Only) each and 1,40,00,000 (One Crore Forty Lakhs) Cumulative Redeemable Preference Shares of Rs. 10/- (Rupees Ten Only) each, 3,00,000 (three lakhs) unclassified shares of Rs.10/- (Rupees Ten only) with power to increase or reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Articles of Association of the Company.”

13.3 Under the accepted principle of Single Window Clearance, it is hereby provided that the aforesaid alterations viz. Change in the Object Clause and Capital Clause, referred above, shall become operative on the scheme being effective by virtue of the fact that the Shareholders of the Transferee Company, while approving the scheme as a whole, have also resolved and accorded the relevant consents as required respectively under Section 16, 17, 31,94 and 97 of the Companies Act, 1956 or any other provisions of the Act and shall not be required to pass separate resolutions as required under the Act.

13.4 Upon the Scheme being effective, the Transferee Company shall be entitled to commence and carry on the business and activities currently being carried on by the Transferor Company, without any further act or deed with effect from the appointed date. It is clarified that there will be no need to pass a separate Shareholders' resolution as required under Section 149(2A) of the Act.

PART V

DISSOLUTION OF TRANSFEROR COMPANY AND GENERAL TERMS AND CONDITIONS

14. DISSOLUTION OF TRANSFEROR COMPANY

On the coming into effect of this Scheme, the Transferor Company shall stand dissolved without winding-up, and the Board of Directors and any committees thereof of the Transferor Company shall without any further act, instrument or deed be and stand dissolved.

15. VALIDITY OF EXISTING RESOLUTIONS, ETC.

Upon the coming into effect of this Scheme the resolutions, if any, of the Transferor Company, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then the said limits shall be added to the limits, if any, under like resolutions passed by the Transferee Company and shall constitute the aggregate of the said limits in the Transferee Company.

17. MODIFICATION OF SCHEME

- 17.1 The Transferor Company and the Transferee Company by their respective Boards of Directors or any Director/Executive authorised in that behalf (hereinafter referred to as the .Delegate.) may assent to, or make, from time to time, any modification(s) or addition(s) to this Scheme which the High Court or any authorities under law may deem fit to approve of or may impose and which the Board of Directors of the Transferor Company and the Transferee Company may in their discretion accept, or such modification(s) or addition(s) as the Board of Directors of the Transferor Company and the Transferee Company or as the case may be, their respective Delegate may deem fit, or required for the purpose of resolving any doubts or difficulties that may arise in carrying out this Scheme. The Transferor Company and the Transferee Company by their respective Boards of Directors or Delegates are authorised to do and execute all acts, deeds, matters and things necessary for bringing this Scheme into effect, or review the position relating to the satisfaction of the conditions of this Scheme and if necessary, waive any of such conditions (to the extent permissible under law) for bringing this Scheme into effect, and/or give such consents as may be required in terms of this Scheme. In the event that any conditions are imposed by the High Court or any Governmental authorities, which the Board of Directors of the Transferor Company or the

Transferee Company find unacceptable for any reason, then the Transferor Company and the Transferee Company shall be at liberty to withdraw the Scheme.

- 17.2 For the purpose of giving effect to this Scheme or to any modification(s) thereof or addition(s) thereto, the Delegates (acting jointly) of the Transferor Company and Transferee Company may give and are authorised to determine and give all such directions as are necessary for settling or removing any question of doubt or difficulty that may arise under this Scheme or in regard to the meaning or interpretation of any provision of this Scheme or implementation thereof or in any matter whatsoever connected therewith (including any question or difficulty arising in connection with any deceased or insolvent shareholders, depositors or debenture holders of the Transferor Company) or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any such conditions (to the extent permissible in law) and such determination or directions or waiver, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme. For the avoidance of doubt it is clarified that where this Scheme requires the approval of the Board of Directors of the Transferor Company or the Transferee Company to be obtained for any matter, the same may be given through their Delegates.

18. **FILING OF APPLICATIONS**

The Transferor Company and the Transferee Company shall with all reasonable despatch, make and file all applications and petitions under Sections 391 to 394 read with Sec. 100 to 103 and other applicable provisions of the Act before the High Court of Gujarat for sanction of this Scheme under the provisions of law, and shall apply for such approvals as may be required under law.

19. **APPROVALS**

The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to any governmental authority, if required, under any law for such consents and approvals which the Transferee Company may require to own the Undertaking and to carry on the business of the Transferor Company.

20. **SCHEME CONDITIONAL UPON SANCTIONS, ETC.**

- 20.1 This Scheme is conditional upon and subject to:

- (a) The Scheme being agreed to by the requisite majority of the respective classes of members and/or creditors of each of the Transferor Company

and of the Transferee Company as required under the Act and the requisite orders of the High Court being obtained;

- (b) Such other consents, sanctions and approvals as may be required by law in respect of the Scheme being obtained; and
- (c) The certified copies of the Orders of the High Court sanctioning this Scheme being filed with the Registrar of Companies, Gujarat and the Registrar of Companies, Gujarat, Mumbai.

20.2 In the event of this Scheme failing to take effect finally by December 31, 2012 , or by such later date as may be agreed by the respective Board of Directors of the Transferor Company and the Transferee Company or their respective Delegates, this Scheme shall become null and void and be of no effect and in that event no rights and liabilities whatsoever shall accrue to or be incurred or claimed interse by the parties or their shareholders or creditors or employees or any other person. In such case, each company shall bear its own costs, charges and expenses or as may be mutually agreed.

21. **COSTS, CHARGES, EX- PENSES AND STAMP DUTY**

All costs, charges and expenses (including any taxes and duties) incurred or payable by each of the Transferor Company and Transferee Company in relation to or in connection with this Scheme and incidental to the completion of the amalgamation of the Transferor Company with the Transferee Company in pursuance of this Scheme, including stamp duty on the Orders of the High Court, if any and to the extent applicable and payable, shall be borne and paid by the Transferee Company.

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