
SCHEME OF AMALGAMATION AND ARRANGEMENT

UNDER SECTIONS 230 to 232 OF THE COMPANIES ACT, 2013

AMONGST

ABC BEARINGS LIMITED;
(Transferor Company)

AND

TIMKEN INDIA LIMITED;
(Transferee Company)

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

Chapter 1

(A) Background of Companies and Rationale

- a) This Scheme of Amalgamation and Arrangement (the “**Scheme**”) amongst ABC Bearings Limited (“**Transferor Company**”) and Timken India Limited (“**Transferee Company**”) provides for (1) the amalgamation of the Transferor Company with the Transferee Company and in consideration thereof issue of equity shares by the Transferee Company to the shareholders of the Transferor Company (“**Amalgamation**”), pursuant to the relevant provisions of the Companies Act, 2013, as may be applicable; and (2) various other matters consequential or integrally connected therewith, in the manner provided for in this Scheme and in compliance with the provisions of the Income Tax Act, 1961, including Section 2(1B).
- b) The Transferor Company, a public limited company incorporated on 1961 under the Companies Act, 1956, has its registered office situated at 402 – B, Poonam Chambers, Dr. A.B. Road, Mumbai – 400 018. The equity shares of the Transferor Company are listed on the BSE Limited. The Transferor Company is *inter alia* engaged in the Business (as defined below).
- c) The Transferee Company, a public limited company incorporated on 1987 under the Companies Act, 1956 has its registered office situated at 39-42, Electronic City, Phase II, Hosur Road, Bengaluru – 560 100, Karnataka, India. The equity shares of the Transferee Company are listed on the BSE Limited and National Stock Exchange of India Limited (“**Stock Exchanges**”). The Transferee Company is engaged in the business of engineering and manufacturing bearings and mechanical power transmission components including gear drives, couplings belts and chain. The Transferee Company also provides industrial services including those in the nature of bearing repair and powertrain rebuild.
- d) The Transferee Company and the Transferor Company are desirous of amalgamating the Transferor Company as a going concern with the Transferee Company in accordance with Sections 230 to 232 and/or other applicable provisions of the Act.
- e) The Amalgamation of the Transferor Company with the Transferee Company is sought to be undertaken to help in achieving the following:
 - (i) The Transferee Company is a subsidiary of The Timken Company, which is a US based leading manufacturer of taper roller bearings, which is the also the main product currently being manufactured by the Transferor Company. The Transferee Company is desirous of acquiring a capacity that meets the increasing demand for its products across the globe. The Transferor Company possess such manufacturing facility and is seeking to access new technology and new markets.
 - (ii) Both the Transferor Company and Transferee Company intend to and

can achieve larger product portfolio, access new domestic and export markets, increase market share, economies of scale, efficiency, and other related economies through this Amalgamation. This Scheme intends to merge the operations of the Transferor Company with that of the Transferee Company to fulfil this objective.

- (iii) The Amalgamation would be beneficial to the respective shareholders, investors and creditors of the Transferor Company and the Transferee Company.
- f) The Scheme is expected to be in the best interests of the shareholders, employees and the creditors of the Transferor Company and the Transferee Company.
- g) The Amalgamation shall comply with the provisions of Section 2(1B) of the Income Tax Act, 1961.

(B) Chapters in the Scheme

The Scheme is divided into 3 chapters, the details of which are as follows:

1. **Chapter 1:** Chapter 1 of this Scheme sets forth the background of the Companies, overview and objects of the Scheme and definitions and interpretation which are common and applicable to all Chapters of the Scheme.
2. **Chapter 2:** Chapter 2 deals with the Amalgamation and transfer and vesting of all assets and liabilities of the Transferor Company to/in the Transferee Company.
3. **Chapter 3:** Chapter 3 provides for general terms and conditions applicable to this Scheme.
4. Chapters 2 is further sub-divided into the following parts:
 - (a) *Part 1* provides for the current capital structure of the Transferor Company and the Transferee Company;
 - (b) *Part 2* deals with the Amalgamation of the Transferor Company with the Transferee Company, in accordance with Sections 230 to 232 and/or other applicable provisions of the Act; and
 - (c) *Part 3* deals with accounting treatment and consideration.

1. GENERAL DEFINITIONS AND INTERPRETATIONS

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

“**Act**” means the Companies Act, 2013 and ordinances, rules and regulations made thereunder and shall include any statutory modifications, re-enactment or amendment thereof;

“**ABC**” means ABC Bearings Limited, CIN No.: L29130MH1961PLC012028 a company incorporated under the Companies Act, 1956, and having its registered office at 402 – B, Poonam Chambers, Dr. A.B. Road, Mumbai – 400 018;

“**Amalgamation Consideration Shares**” has the meaning ascribed to it Clause 12.1 of the Scheme;

“**Applicable Law**” means any applicable statute, law, regulation, ordinance, rule, judgment, order, decree, clearance, approval, directive, guideline, requirement or any similar form of determination by or decision of any Governmental Authority, that is binding or applicable to a Person, whether in effect as of the date on which this Scheme has been approved by the Boards of Directors of the Companies or at any time thereafter;

“**Appointed Date**” means the opening hours of business on the date on which the last of the Sanction Orders is passed or such other date as the NCLT may direct;

“**Board of Directors**” shall mean the board of directors or any committee thereof, of the Transferor Company and the Transferee Company, as the context may require;

“**Business**” means the business of: (i) engineering, product design, manufacturing, distribution and sale of bearings including inter alia taper roller bearings, cylindrical roller bearings, spherical roller bearings and slewing bearings; and (ii) procurement, distribution and sale of other bearings, grease, oil and UJ Cross not manufactured by the Transferor Company but are sold by the Transferor Company under the “ABC” brand;

“**Companies**” shall collectively mean the Transferor Company and the Transferee Company;

“**Contracts**” with respect to a Person, means any agreement, contract, undertaking, or legally binding commitment entered into by such Person;

“**Effective Date**” means the last of the dates on which all the conditions and matters referred to in Clause 20.1 have been fulfilled, obtained or waived, as applicable. References in this Scheme to the date of “coming into effect of this Scheme” or “Scheme becoming effective” shall be construed accordingly;

“**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, including any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under Applicable Law;

“**Goodwill**” means and includes the goodwill of Transferor Company, together with the exclusive right for the Transferee Company and its assignees to represent themselves as carrying on the Business in succession to the Transferor Company and includes the Business related claims, information, records, relationships with customers, product registrations/approvals, skilled employees, trademark, technical

know-how and other Intangible Assets, as defined below;

“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, instrumentality, judicial, quasi-judicial or arbitral body in India or outside India and includes SEBI and the Stock Exchanges;

“Intangible Assets” means and includes all intellectual property and industrial property rights and rights in confidential information of every kind and description throughout the world, in each case whether registered or unregistered, and including but not limited to (i) rights in computer programs (whether in source code, object code, or other form), algorithms, databases, compilations and data, technology supporting the foregoing, and all documentation, including user manuals and training materials, related to any of the foregoing; (ii) copyrights and copyrightable subject matter; (iii) trademarks, service marks, names, corporate names, trade names, domain names, logos, slogans, trade dress, registered designs, design rights and other similar designations of source or origin; (iv) all know-how, patents, confidential information, trade secrets, ideas, proprietary processes, formulae, models and methodologies; (v) rights of publicity, privacy, and rights to personal information; (vi) moral rights and rights of attribution and integrity; or (vii) any rights or forms of protection of a similar nature or having equivalent or similar effect to any of the foregoing which subsist anywhere in the world;

“NCLT” means the National Company Law Tribunal at Mumbai and Bengaluru, or such other forum or authority as may be vested with the powers of the High Court under Sections 230 to 232 of the Act, as may be applicable;

“Person” means any individual, partnership, joint venture, firm, corporation, company, association, trust or other enterprise (whether incorporated or not) or government (central, state or otherwise), sovereign, or any agency, department, authority or political sub-division thereof, international organization, agency or authority (in each case, whether or not having separate legal personality) and shall include their respective successors and in case of an individual shall include his/her legal representatives, administrators, executors and heirs;

“Record Date” shall mean such date to be fixed by the Board of Directors of the Transferor Company after consultation with the Board of Directors of the Transferee Company for the purpose of determining the members of the Transferor Company to whom shares of the Transferee Company will be allotted pursuant to this Scheme in terms of Clause 12;

“Sanction Orders” means, collectively, the orders of the NCLT sanctioning the Scheme and **“Sanction Order”** means the order of either NCLT sanctioning the Scheme;

“Scheme” means this scheme of amalgamation and arrangement with such modification(s), if any made, in accordance with the terms hereof or the directions of the Stock Exchanges or any other Governmental Authority including SEBI or the NCLT, and approved by the NCLT;

“**Stock Exchanges**” means BSE Limited and National Stock Exchange of India Limited;

“**TIL**” means Timken India Limited, CIN No. L29130KA1996PLC048230, a company incorporated under the Companies Act, 1956, and having its registered office at 39-42, Electronic City, Phase II, Hosur Road, Bengaluru – 560 100, Karnataka, , India;

“**Taxes**” or “**Tax**” or “**Taxation**” means all forms of taxation with reference to profits, gains, net wealth, asset values, turnover, gross receipts, duties (including stamp duties), levies, imposts, including without limitation corporate income–tax, wage withholding tax, fringe benefit tax, provident fund, employee state insurance and gratuity contributions, value added tax, customs, service tax, excise duties, goods and services tax, fees or levies and other legal transaction taxes, dividend/withholding tax, real estate taxes, other municipal taxes and duties, environmental taxes and duties, any other similar assessments or other type of taxes or duties in any relevant jurisdiction, together with any interest, penalties, surcharges or fines relating thereto, assessments, or addition to Tax, due, payable, levied, imposed upon or claimed to be owed in any relevant jurisdiction or country; and

“**Transferor Company Shareholders**” has the meaning ascribed to it Clause 12.1 of the Scheme.

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contract Regulation Act, 1956, the Depositories Act, 1996, other Applicable Laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.

2. **DATE OF TAKING EFFECT AND APPOINTED DATE**

The Scheme shall come into operation from the Effective Date but with effect from the Appointed Date.

Chapter 2

AMALGAMATION OF THE TRANSFEROR COMPANY WITH THE TRANSFEREE COMPANY

Part 1

3. **SHARE CAPITAL**

The authorized, issued, subscribed and paid up share capital of the Transferee Company as on 31 March 2017 is below:

Particulars	Rupees
Authorized Capital	
75,000,000 Equity Shares of Rs. 10 /- each	750,000,000

Particulars	Rupees
2,600,000 9% Cumulative Redeemable Preference Shares of Rs.100/- each	260,000,000
Total	1,010,000,000
Issued	
68,015,134 Equity Shares of Rs.10/- each	680,151,340
Subscribed and fully paid up	
67975784 Equity Shares of Rs.10/- each	679,757,840
Subscribed and partly paid up	
24200 Equity Shares of Rs.10/- each (net of calls in arrears)	130,000
Total	679,887,840

The authorized, issued, subscribed and paid up share capital of the Transferor Company as on 31 March 2017 is as under:

Particulars	Rupees
Authorized Capital	
1,20,00,000 Equity Shares of Rs. 10 each	12,00,00,000
Total	12,00,00,000
Issued, Subscribed and Paid-up	
1,15,50,000 Equity Shares of Rs. 10 each	11,55,00,000
Total	11,55,00,000

Part 2

4. **AMALGAMATION OF THE TRANSFEROR COMPANY WITH THE TRANSFEREE COMPANY**

Upon the Scheme becoming effective and with effect from the Appointed Date, the Transferor Company shall, in accordance with Sections 230 to 232 of the Act, without any further act or deed, stand amalgamated with the Transferee Company and consequently (i) all assets and liabilities of the Transferor Company shall, as on the Appointed Date, stand transferred to and vested in or be deemed to be transferred to and vested in the Transferee Company as a going concern, and (ii) the Transferor Company shall stand dissolved without being wound up.

4.1. **TRANSFER OF ASSETS**

- 4.1.1. Upon the Scheme becoming effective, as on the Appointed Date, the whole of the assets of Transferor Company, wherever situated and of whatsoever nature whether capable of passing by manual delivery and/or endorsement or otherwise however shall, under the provisions of Sections 230 to 232, without any further act or deed be transferred to and vested in and/or deemed to be transferred to and vested in the Transferee Company as a going concern so as to vest in, become and form part of the Transferee Company along with all the rights, claims, title and interest of the Transferee Company therein, subject to the provisions of this Scheme in relation to

Encumbrances in favour of banks and/or financial institutions.

- 4.1.2. Without prejudice to Clause 4.1.1, upon the Scheme becoming effective, as on the Appointed Date, all moveable assets including cash, if any, of Transferor Company which are capable of passing by manual delivery or by endorsement and delivery, shall be so delivered or endorsed as the case may be to the Transferee Company and shall become the property of the Transferee Company, to the end and intent that the ownership and property therein passes to the Transferee Company in pursuance of the provisions of Section 232 of the Act, without requiring any deed or instrument of conveyance for transfer of the same, subject only to the provisions of this Scheme in relation to Encumbrances in favour of banks and/or financial institutions.
- 4.1.3. Without prejudice to Clause 4.1.1, upon the Scheme becoming effective, in respect of the moveable assets of the Transferor Company, as on the Appointed Date, other than those specified in Clause 4.1.2 above and any intangible assets, including sundry debtors, loans, receivables, bills, credits, advances, if any, recoverable in cash or kind or for value to be received, bank accounts including bank balances, investments, cash equivalents, financial assets, insurance policies, provisions, funds, equipment, and any related capitalized items and other tangible property of every kind, nature and description, share of any joint assets, benefits of any bank guarantee, performance guarantee and any letter of credit, earnest money, advances and deposits, if any, with government, semi-government, local and other authorities and bodies, companies, firm, individuals, trusts, etc., the same shall, on and from the Appointed Date, stand transferred to the Transferee Company to the end and intent that the right of the Transferor Company to receive the benefit of such investments, cash equivalents, financial assets, insurance policies, provisions, funds, equipment, capitalized items and tangible property, share of any joint assets, bank guarantee, performance guarantee and any letter of credit earnest money, advances or deposits or recover or realize all such debts (including the debts payable by such Persons or depositors to the Transferor Company) stands transferred to the Transferee Company and that appropriate entries should be passed in their respective books to record the aforesaid change, without any notice or other intimation to such debtors or other Persons (although the Transferee Company may itself without being obliged and if it so deems appropriate at its sole discretion, at any time after coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law, give notices in such form as it may deem fit and proper, to each Person, debtors or depositors, as the case may be, that pursuant to the NCLTs having sanctioned the Scheme, the said asset stands transferred and vested in the Transferee Company and be paid or made good or held on account of the Transferee Company as the Person entitled thereto.
- 4.1.4. Without prejudice to Clause 4.1.1, upon the Scheme becoming effective, as on the Appointed Date, all immovable properties of the Transferor Company, including land together with the buildings and structures standing thereon and rights and interests in immovable properties of the Transferor Company, whether freehold or leasehold or licensed or otherwise, any tenancies in relation to warehouses, all rights, covenants, continuing rights, title and interest in connection with the said immovable properties and all documents of title, rights and easements in relation thereto shall stand transferred to and be vested in and transferred to and/or be deemed to have been and stand transferred to and vested in the Transferee Company, without any further act or

deed done or being required to be done by the Transferor Company or the Transferee Company. The Transferee Company shall be entitled to exercise all rights and privileges attached to the aforesaid immovable properties and shall be liable to pay the ground rent and taxes and fulfill all obligations in relation to or applicable to such immovable properties. The mutation of the ownership or title, or interest in the immovable properties shall, upon this Scheme becoming effective, be made and duly recorded in the name of the Transferee Company by the appropriate Governmental Authority pursuant to the sanction of this Scheme by the NCLT in accordance with the terms hereof.

- 4.1.5. In respect of the assets belonging to the Transferor Company, other than those referred to in Clauses 4.1.2 and 4.1.4 above, whether or not recorded in the books of the Transferor Company, including but not limited to all earnest money, security deposits and advances paid by the Transferor Company and benefit of any deposits, the same shall, as more particularly provided in Clause 4.1.1 above, without any further act, instrument or deed, stand transferred to and vested in and/or be deemed to be amalgamated with the Transferee Company upon the coming into effect of the Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act.
- 4.1.6. All the licenses, permissions, approvals, sanctions, consents, permits, entitlements, quotas, registrations, bids, tenders, letters of intent, expressions of intent, memoranda of understanding or similar instruments, incentives, exemptions and benefits, 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 on, before or after the Appointed Date, shall, without any further act, instrument or deed, cost or charge be and stand transferred to and vested in and/or be deemed to be transferred to and vested in and be available to the Transferee Company so as to become licenses, permissions, approvals, sanctions, consents, permits, entitlements, quotas, registrations, incentives, exemptions and benefits, grants, rights, claims, liberties, special status and other benefits or privileges of the Transferor Company and shall remain valid, effective and enforceable on the same terms and conditions. For the avoidance of doubt and without prejudice to the generality of the foregoing, all consents, no-objection certificates, certificates, clearances, authorities (including operation of bank accounts), powers of attorney given by, issued to or executed in favour of the Transferor Company shall stand transferred to the Transferee Company as if the same were originally given by, issued to or executed in favour of the Transferee Company.
- 4.1.7. All cheques and other negotiable instruments, payment orders, electronic fund transfers (like NEFT, RTGS, etc.) received or presented for encashment which are in the name of the Transferor Company after the Effective Date shall be deemed to be in the name of the Transferee Company and credited to the account of the Transferee Company, if presented by the Transferee Company or received through electronic transfers and the bankers of the Transferee Company shall accept the same. Similarly, the banker of the Transferee Company shall honour all cheques/electronic fund transfer instructions issued by the Transferor Company for payment after the Effective Date. If required, the bankers of the Transferor Company and/or the Transferee Company shall allow maintaining and operating of the bank accounts

(including banking transactions carried out electronically) in the name of the Transferor Company for such time as may be determined to be necessary by the Transferee Company for presentation and deposition of cheques, pay order and electronic transfers that have been issued/made in the name of the Transferee Company, subject to such accounts being operated by the Transferee Company.

- 4.1.8. Without prejudice to the generality of the foregoing, upon the effectiveness of the Scheme, all Intangible Assets including but not limited to rights in intellectual property (whether owned, licensed or otherwise, whether registered or unregistered) used in relation to the Transferor Company, including with respect to the Business, including the logo and trademark of the Transferor Company, and all other trade names, service names, trademarks, brands, copyrights, designs, know-how and trade secrets, patents, along with all rights of commercial nature including attached Goodwill, title, interest, labels and brand registrations and all such other industrial or intellectual rights of whatsoever nature and advantages of whatever nature in connection with the above including any Goodwill relating to such intellectual property, whether or not provided in the books of accounts of the Transferor Company, shall under the provisions of Sections 230 to 232 of the Act, as applicable, and all other provisions of Applicable Law, if any, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand transferred and vested in the Transferee Company as a going concern, so as to become, as and from the Appointed Date, the Intangible Asset of the Transferee Company.
- 4.1.9. All books, records, files, papers, engineering and process information, software, licenses for software, algorithms, programs, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form of the Transferor Company, including in connection with or relating to the Business, shall, under the provisions of Sections 230 to 232 of the Act, as applicable, and all other provisions of Applicable Law, if any, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand transferred and vested in the Transferee Company as a going concern, with effect from the Appointed Date.
- 4.1.10. All benefits of any and all corporate approvals as may have already been taken by the Transferor Company, whether being in the nature of compliances or otherwise, shall under the provisions of Sections 230 to 232 of the Act, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party for the transfer of the same, be and stand transferred and vested in the Transferee Company as a going concern, and the said corporate approvals and compliances shall be deemed to have originally been taken/complied with by the Transferee Company.
- 4.1.11. Any assets, acquired by the Transferor Company after the Appointed Date but prior to the Effective Date shall upon the coming into effect of this Scheme also without any further act, instrument or deed stand transferred to and vested in or be deemed to have been transferred to or vested in the Transferee Company upon the coming into effect of this Scheme.

4.1.12. Without prejudice to the provisions of the foregoing Clauses, upon the Scheme becoming effective, the Transferor Company and the Transferee Company shall execute all necessary instruments or documents or do all the acts and deeds as may be required, including making the necessary filings with the relevant Governmental Authority or any other third party, to give formal effect to the above provisions, if required.

5. TRANSFER OF LIABILITIES

5.1. Upon the Scheme becoming effective, all the liabilities of the Transferor Company, as on the Appointed Date, shall also, under the provisions of Sections 230 to 232 of the Act without any further act or deed be transferred or deemed to be transferred to the Transferee Company so as to become as and from the Appointed Date the debts, liabilities, duties, losses, obligations of the Transferee Company and further that all the liabilities incurred/contracted by the Transferor Company during the period commencing from the Appointed Date till the Effective Date shall be deemed to have been incurred/contracted by the Transferee Company and shall be deemed to be the liabilities and obligations of the Transferee Company and further that it shall not be necessary to obtain consent of any Person in order to give effect to the provisions of this Clause.

5.2. Where any of the loans, debts, liabilities, duties and obligations of the Transferor Company which are deemed to be transferred to the Transferee Company under this Scheme have been discharged by the Transferor Company on or after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company.

5.3. Without prejudice to Clause 5.1, upon the coming into effect of the Scheme, all loans raised and used and all debts, liabilities, duties and obligations incurred by the Transferor Company for the operations of the Business with effect from the Appointed Date and prior to the Effective Date shall, subject to the terms of this Scheme, be deemed to have been raised, used or incurred for and on behalf of the Transferee Company, and shall also without any further act or deed be and stand transferred to and be deemed to be transferred to the Transferee Company and shall become the loans, debts, liabilities, duties and obligations of the Transferee Company.

5.4. The Scheme shall not operate to enlarge the security of any loan, deposit or facility created by or available to Transferor Company which shall vest in the Transferee Company by virtue of the Scheme, including for the avoidance of doubt and notwithstanding anything contained herein, that no Encumbrances shall be extended to any of the assets of the Transferee Company.

5.5. It is expressly provided that, no term or condition of the liabilities that are being transferred to the Transferee Company as part of the Scheme and terms on which the liabilities are transferred to the Transferee Company as part of the Scheme, shall be modified by virtue of this Scheme.

5.6. Upon the Scheme becoming effective, with effect from the Appointed Date, all inter-se liabilities, between Transferee Company and Transferor Company, if any, due or

outstanding or which may at any time immediately prior to the Appointed Date become due or remain outstanding, shall stand cancelled and be deemed to have been discharged by such cancellation and consequently, there shall remain no inter-se liability between them as of the Appointed Date and corresponding effect shall be given in the books of account and records of Transferee Company.

- 5.7. Without prejudice to the provisions of the foregoing Clauses, upon the Scheme becoming effective, the Transferor Company and the Transferee Company shall execute all instruments or documents or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modifications of charge with the Registrar of Companies, to give formal effect to the above provisions, if required.
- 5.8. The provisions of this Clause 5 shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing to which the relevant liability relates or the terms of sanction or issue or any security document, all of which instruments, deeds or writings shall stand modified by the foregoing provisions.

6. TAXES AND TAXATION

- 6.1. Upon the Scheme becoming effective, the Transferee Company is expressly permitted to revise its financial statements and returns along with prescribed forms, filings and annexures under the Income Tax Act, 1961, central sales tax, applicable state value added tax, service tax laws, excise duty laws and other Tax laws, and to claim refunds and/or credit for Taxes paid (including, tax deducted at source, wealth tax, etc.) and for matters incidental thereto, if required, to give effect to the provisions of the Scheme.
- 6.2. Without prejudice to the generality of the above, all Tax benefits, incentives, credits (including, without limitation in respect of income tax, service tax, excise duty, central sales tax, applicable state value added tax, goods and service tax, etc.) to which the Transferor Company is entitled to in terms of Applicable Laws, shall be available to and vest in the Transferee Company, upon this Scheme coming into effect.
- 6.3. All Taxes payable by the Transferor Company from the Appointed Date onwards for the operations of the Transferor Company, including the Business, shall be to the account of the Transferee Company; similarly all Tax credits pertaining to the Transferor Company, shall be made or deemed to have been made and duly complied with by the Transferee Company if so made by Transferor Company. If, during the period between the Appointed Date and the Effective Date, any Tax returns or any other filings, representations or other submissions pertaining to the Transferor Company are required to be filed or made by the Transferor Company with or to the Tax authorities, the Transferor Company shall do the same in consultation with the Transferee Company and not without the prior written consent of the Transferee Company.
- 6.4. The provisions of this Scheme, as they relate to amalgamation of the Transferor Company into the Transferee Company, have been drawn up to comply with the

conditions relating to “amalgamation” as defined under Section 2(1B) of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section of the Income-tax Act, 1961, at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the Income-tax Act, 1961, shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the Income-tax Act, 1961. Such modification will, however, not affect the other parts of the Scheme.

7. **EMPLOYEES**

- 7.1. On the Scheme becoming effective, all employees of the Transferor Company (other than the current executive directors of the Transferor Company) who are employed with the Transferor Company on the Effective Date (“**Transferred Employees**”), shall be deemed to have become employees of the Transferee Company with effect from the Appointed Date or their respective joining date, whichever is later, without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Transferee Company shall not be less favorable than those applicable to them as employees of the Transferor Company on the Effective Date.
- 7.2. The services of the Transferred Employees with the Transferor Company prior to the transfer, as aforesaid, shall be taken into account for the purposes of all benefits to which the Transferred Employees may be eligible, including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident plans, superannuation plans and any other retirement benefits and accordingly, shall be reckoned therefore from the date of their respective appointment in the Transferor Company.
- 7.3. It is expressly provided that, on the Scheme becoming effective, the contributions made by the Transferor Company in respect of the Transferred Employees under Applicable Law to the provident fund, gratuity fund, contribution towards employees state insurance, superannuation fund, retirement fund or any other special fund or trusts created or existing for the benefit of the Transferred Employees (collectively referred to as the “**Funds**”) for the period after the Appointed Date shall be deemed to be contributions made by Transferee Company, and the Funds shall be transferred to similar Funds created by the Transferee Company and shall be held for their benefit pursuant to this Scheme or, at the Transferee Company’s sole discretion, maintained as separate Funds by the Transferee Company. It is clarified that the services of the employees of the Transferor Company will be treated as having been continuous and not interrupted for the purpose of the said Fund or Funds.
- 7.4. In relation to any other fund created or existing for the benefit of the Transferred Employees, the Transferee Company shall stand substituted for the Transferor Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said funds in accordance with the provisions of such scheme, funds, bye laws, etc. in respect of such Transferred Employees.

8. **LEGAL PROCEEDINGS**

All legal proceedings of whatsoever nature by or against the Transferor Company pending and/or arising before the Effective Date, shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against the Transferee Company, as the case may be, in a manner and to a similar extent as would or might have been continued and enforced by or against the Transferor Company.

9. CONTRACTS, DEEDS, ETC.

- 9.1. Upon the coming into effect of the Scheme and with effect from the Appointed Date, all contracts, deeds, bonds, agreements and other instruments, if any, of whatsoever nature and subsisting or having effect on the Effective Date to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, shall continue in full force and effect against or in favour of the Transferee Company, and may be enforced effectively by or against the Transferee Company as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party thereto from inception.
- 9.2. Without prejudice to Clause 9.1, upon the Scheme becoming effective, with effect from the Appointed Date, all Contracts and arrangements in any form relating to the Business, including Contracts pertaining to, customers, vendors, benefits of all Contracts, whether registered or not registered, 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 on or against or in favour, as the case may be, of 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 thereto or thereunder.
- 9.3. The Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if it considers necessary, enter into, or issue or execute deeds, writings, tripartite arrangements, confirmations, novations, declarations, or other documents with, or in favour of any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall 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 required for the purposes referred to above on the part of the Transferor Company. The Transferor Company shall execute such writings as may be reasonably required by the Transferee Company in this regard.
- 9.4. For the avoidance of doubt, it is clarified that upon the coming into effect of this Scheme, all the rights, title, interest and claims of the Transferor Company in any leasehold/licensed properties or otherwise of the Transferor Company, including but not limited to security deposits and advance or prepaid lease or license fee, shall, on the same terms and conditions, pursuant to Section 232(4) of the Act, be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company automatically without requirement of any further act or deed. The Transferee Company shall continue to pay rent or lease or license fee as provided for

under such agreements, and the Transferee Company and the relevant landlords, owners and lessors shall continue to comply with the terms, conditions and covenants thereunder.

10. CONDUCT OF BUSINESSES TILL THIS SCHEME COMES INTO EFFECT

10.1. With effect from the Appointed Date and up to and including the Effective Date, the Transferor Company:

10.1.1. shall be deemed to have been carrying on and to be carrying on the Business and other activities in relation to the operations of the Transferor Company and stand possessed of all the estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions of the Transferor Company for and on account of, and in trust for, the Transferee Company;

10.1.2. all profits or income arising or accruing in favour of the Transferor Company whether or not in relation to the Business and all Taxes paid thereon or losses, expenditures arising or incurred by the Transferor Company in relation thereto shall, for all purposes, be treated as and deemed to be the profits or income, Taxes or losses, expenditures as the case may be, of the Transferee Company;

10.1.3. any of the rights, powers, authorities, privileges, attached, related or pertaining to the Business exercised by the Transferor Company shall be deemed to have been exercised by the Transferor Company for and on behalf of, and in trust for and as an agent of the Transferee Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Business that have been undertaken or discharged by the Transferor Company shall be deemed to have been undertaken for and on behalf of and as an agent for the Transferee Company;

10.1.4. shall cause the Business (including making applications to any Governmental Authority for the renewal of permits which have expired) to be conducted as a going concern in trust for the Transferee Company and in the ordinary course of business; and

10.1.5. shall not, except as may be expressly required or permitted under this Scheme, make any change in its capital structure in any manner either by any increase (including by way of issue of equity and/or preference shares on a rights basis or by way of a public issue, bonus shares and/or convertible debentures or otherwise), decrease, reduction, reclassification, sub-division, consolidation, re-organization, or in any other manner which may, in any way, affect the Share Exchange Ratio, except with the prior approval of the Transferee Company.

10.2. Except with the prior approval of the Transferee Company, with effect from the date on which the board of directors of the Companies approve this Scheme up to and including the Effective Date, the Transferor Company shall not take any actions prohibited in terms of any agreement, arrangement, undertaking, deed or other

document executed in writing *inter-alia* between the Companies and/or any of its shareholders.

11. SAVINGS OF CONCLUDED TRANSACTIONS

The transfer and vesting of the assets and liabilities of the Transferor Company as above and the continuance of proceedings by or against the Transferor Company shall not affect any transaction or proceedings already concluded on or after the Appointed Date or till the Effective Date in accordance with this Scheme.

Part 3

12. CONSIDERATION

- 12.1. Upon coming into effect of the Scheme and in consideration for the Amalgamation, the Transferee Company shall, without any further application or deed, issue and allot its equity shares, credited as fully paid up, to all the equity shareholders of the Transferor Company whose names appear in the register of members of the Transferor Company as on the Record Date to be fixed in that behalf for the purpose of reckoning names of equity shareholders of the Transferor Company (“**Transferor Company Shareholders**”), in the following ratio:

“5 (five) equity shares of the Transferee Company of Rs. 10 (Rupees ten only) each, fully paid up to be issued for every 8 (eight) equity shares of Rs. 10 (Rupees ten only) each held by Transferor Company Shareholders” (the “**Share Exchange Ratio**”).

The equity shares of the Transferee Company issued and allotted to the Transferor Company Shareholders based on the Share Exchange Ratio provided above shall be referred to as “**Amalgamation Consideration Shares**”.

- 12.2. In case any equity shareholder of the Transferor Company owns shares in the Transferor Company, such that it becomes entitled to a fraction of an equity share of the Transferee Company, the Transferee Company shall not issue fractional share certificates to such member but shall instead, at its absolute discretion, decide to take any or a combination of the following actions:
- 12.2.1. consolidate such fractions and issue consolidated shares to a trustee nominated by the Transferee Company in that behalf, who shall sell such shares and distribute the net sale proceeds (after deduction of applicable taxes and other expenses incurred) to the shareholders respectively entitled to the same in proportion to their fractional entitlements;
 - 12.2.2. round off all fractional entitlements to the next whole number above the fractional entitlement and issue such number of securities to the relevant shareholders; or
 - 12.2.3. deal with such fractional entitlements in such other manner as they may deem to be in the best interests of the Transferor Company Shareholders and the Transferee Company.

- 12.3. SSPA & Co., have issued the valuation report on the Share Exchange Ratio adopted under the Scheme. Keynote Corporate Services Limited, a Category-I Merchant Banker, has provided its fairness opinion on the Share Exchange Ratio to the Board of Directors of the Transferor Company and JM Financial Institutional Securities Limited, a Category-I Merchant Banker, has provided its fairness opinion on the Share Exchange Ratio to the Board of Directors of the Transferee Company. Additionally, the Transferee Company has also procured a fairness opinion on the Share Exchange Ratio from SBI Capital Markets Limited, a Category-I Merchant Banker.
- 12.4. Equity shares to be issued by the Transferee Company to the respective Transferor Company Shareholders as above shall be subject to the Memorandum and Articles of Association of the Transferee Company and shall rank *pari passu* with the existing equity shares of the Transferee Company in all respects including dividends.
- 12.5. Equity shares in the Transferee Company shall be issued in dematerialized form to the Transferor Company Shareholders 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 the Transferor Company Shareholders who hold equity shares of the Transferor Company in physical form shall also have the option to receive the equity 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. If not so notified, they would be issued equity shares in physical form.
- 12.6. The Board of Directors of the Transferee Company and the Transferor Company shall, if and to the extent required, apply for and obtain any approvals from all appropriate Governmental Authorities for the issue and allotment of equity shares to the Transferor Company Shareholders pursuant to Clause 12.1 of the Scheme.
- 12.7. Equity shares to be issued by the Transferee Company to the Transferor Company Shareholders pursuant to Clause 12.1 of this Scheme shall, subject to the receipt of necessary approvals, be listed and/or admitted to trading on the Stock Exchanges, 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 Applicable Laws for complying with the formalities of the said Stock Exchanges. The shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated Stock Exchange.
- 12.8. The 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 Act or otherwise shall, pending allotment or settlement of dispute by order of a court or otherwise, also be kept in abeyance by the Transferee Company. In the event of there being any pending share transfers, whether lodged or outstanding, of any of the Transferor Company Shareholders, the board of directors of the Transferee Company shall be empowered to take such actions as may be necessary in order to remove any difficulties arising to the transferor of the share in the Transferee

Company and in relation to the shares issued by the Transferee Company pursuant to the Scheme.

- 12.9. Approval of this Scheme by the shareholders of the Transferee Company shall be deemed to be the due compliance of the provisions of Section 62 of the Act and the other relevant and applicable provisions of the Act for the issue and allotment of equity shares by the Transferee Company to the Transferor Company Shareholders, as provided in this Scheme and there shall be no need to pass a separate shareholders' resolution at a general meeting for the same, as is required under Section 62 and other applicable provisions of the Act.
- 12.10. The equity shares of the Transferee Company issued pursuant to this Scheme may not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and the Transferee Company may elect, in its sole discretion, to rely upon an exemption from the registration requirements of the Securities Act under Section 3(a)(10) thereof or any other exemption that the Transferee Company may elect to rely upon. In the event the Transferee Company elects to rely upon an exemption from the registration requirements of the Securities Act under Section 3(a)(10) thereof, the sanction of the NCLTs to this Scheme will be relied upon for the purpose of qualifying the issuance and distribution of the equity shares of the Transferee Company for such an exemption from the registration requirements of the Securities Act under Section 3(a)(10) thereof.

13. **DISSOLUTION OF THE TRANSFEROR COMPANY**

Upon the effectiveness of the Scheme, the Transferor Company shall be 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.

14. **ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEEE COMPANY**

14.1. On the Scheme becoming effective:

- 14.1.1. The Transferee Company shall record all the assets and liabilities of the Transferor Company transferred and vested in it pursuant to the Scheme, as per Indian Accounting Standard 103 or any other applicable Indian Accounting Standard.
- 14.1.2. The Transferee Company shall account for shares issued to the Transferor Company Shareholders as per applicable Indian Accounting Standard.
- 14.1.3. The difference between the value of Net Assets ("**Net Assets**" means value of assets over the value of liabilities as per Clause 14.1.1 pertaining to the Transferor Company and the value of Amalgamation Consideration Shares) shall be recorded as per Indian Accounting Standard 103 or any other applicable Indian Accounting Standard.

15. **INCREASE IN THE AUTHORIZED SHARE CAPITAL OF THE**

TRANSFeree COMPANY

- 15.1. As an integral part of the Scheme, and, upon the Scheme becoming effective, the authorized share capital of the Transferor Company, as on the Effective Date, shall be added to the authorized share capital of the Transferee Company, as on the Effective Date, without any further act or deed and without any further payment of stamp duty or registration fees and Clause V of the Memorandum of Association of the Transferee Company and Article 5 of the Articles of Association of the Transferee Company shall be altered accordingly.
- 15.2. It is clarified that the approval of the members of Transferee Company to the Scheme shall be deemed to be their consent/approval for the increase of the authorized capital, amendment of the capital clause of the Memorandum of Association and the relevant provision of the Articles of Association of the Transferee Company under the provisions of Section 13, 14 and 61 of the Act and other applicable provisions of the Act. Pursuant to this Scheme, the Transferee Company shall file requisite forms with the relevant Registrar of Companies to give effect to the increase in its authorized equity share capital, as may be directed.

16. BOOKS AND RECORD OF THE TRANSFEROR COMPANY

The Transferor Company acknowledges that all books, records, files, papers, engineering and process information, software, licenses for software, algorithms, programs, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic of the Transferor Company shall be transferred to the Transferee Company on the Effective Date.

Chapter 3

GENERAL TERMS AND CONDITIONS

17. APPLICATION TO NCLT

- 17.1. The Transferor Company and the Transferee Company shall make applications/petitions under Sections 230 to 232 of the Act and other applicable provisions of the Act to their respective jurisdictional NCLTs for sanction of this Scheme under the provisions of law.
- 17.2. The Transferee Company shall be entitled, pending the effectiveness of the Scheme, to apply to any Governmental Authority, if required, under any Applicable Law for such consents and approvals which the Transferee Company may require to effect the transactions contemplated under the Scheme.
- 17.3. The shareholders of the Transferor Company and the Transferee Company, including public shareholders, shall be able to vote in relation to the Scheme through e-voting or postal ballot at the time of the court convened meeting of the shareholders of the Transferor Company and the Transferee Company in relation to the Scheme in accordance with the applicable provisions of the Companies (Management and

Administration) Rules, 2014 and Clause 9(a) of Para I.A of Annexure I to SEBI Circular dated March 10, 2017 (reference no. CFD/DIL3/CIR/2017/21). Further, the Transferor Company and the Transferee Company shall provide all shareholders the Scheme and disclose all material facts and information in relation to the Scheme in the explanatory statement sent to the shareholders in relation to such resolution.

18. DECLARATION OF DIVIDEND, BONUS, ETC.

18.1. During the period between the date of approval of this Scheme by its Board of Directors and up to and including the Effective Date, the Transferor Company shall not declare or pay any dividends.

18.2. 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 Companies to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the Boards of Directors of the Companies and subject, wherever necessary, to the approval of the shareholders of the concerned Company.

19. MODIFICATION OR AMENDMENTS TO THE SCHEME

19.1. The Transferor Company and the Transferee Company agree that if, at any time, either of the NCLTs or any Governmental Authority directs or requires any material modification or amendment of the Scheme, such material modification or amendment shall not be binding on the Transferor Company or the Transferee Company, except where the prior written consent of both the Transferor Company or the Transferee Company, as the case may be, has been obtained for such modification or amendment, which consent shall not be unreasonably withheld by the Transferor Company and the Transferee Company. Notwithstanding the above, if any modification or amendment to the Scheme, whether material or not, adversely affects the interest of the Transferor Company or the Transferee Company, then, such modification or amendment shall not be binding on the Transferor Company or the Transferee Company, except where the prior written consent of both the Transferor Company or the Transferee Company, as the case may be, has been obtained for such modification or amendment, which consent shall not be unreasonably withheld by the Transferor Company and the Transferee Company.

19.2. In the event a modification or amendment to the Scheme as required by the NCLTs or any Governmental Authority is not approved in accordance with this Clause 19, the Transferor Company and the Transferee Company shall enter into good faith discussions on the manner in which they shall proceed in relation to consummation of the transactions contemplated under the Scheme.

19.3. Notwithstanding anything contained in Clauses 19.1 and 19.2, any modification to the Scheme by any of the Companies, after receipt of sanction by the NCLTs and/or the Stock Exchanges, shall be made only with the prior approval of the NCLTs and/or the Stock Exchanges.

20. CONDITIONALITY OF THE SCHEME

- 20.1. This Scheme is conditional upon and subject to:
- 20.1.1. The Scheme being approved by the written consents or requisite majorities in number and value of such classes of Persons including the respective members and/or creditors of the Companies as may be directed by the relevant NCLTs or any other competent authority, as may be applicable.
 - 20.1.2. Receipt of pre-filing and post sanction approvals of the Stock Exchanges and the Securities and Exchange Board of India (“SEBI”) in terms of the applicable circulars issued by SEBI.
 - 20.1.3. The Scheme being sanctioned by the concerned NCLTs under Sections 230 to 232 of the Act.
 - 20.1.4. Certified copy of the Order of the NCLTs sanctioning the Scheme being filed with the Registrars of Companies having jurisdiction over the Companies.
 - 20.1.5. The fulfillment, satisfaction or waiver (as the case may be) of such other conditions precedent as may be agreed in writing *inter-alia* between the Transferor Company and the Transferee Company.
 - 20.1.6. 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 is approved in its entirety unless specifically agreed otherwise by the respective Board of Directors of the Companies.
- 20.2. The Scheme shall come into operation from the Effective Date but with effect from the Appointed Date.

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

- 21.1. In the event the Scheme does not come into effect within 18 (eighteen) months from the date on which the board of directors of the Companies have approved this Scheme (“**Long Stop Date**”), either the Transferor Company or the Transferee Company may opt to terminate this Scheme and if required may file appropriate proceedings before the concerned NCLT in this respect. Provided however, that the Transferor Company or the Transferee Company shall have the right to mutually extend the Long Stop Date, in writing and provided, however, that the right to terminate this Scheme shall not be available to the Transferor Company or the Transferee Company if its failure to fulfil any of its obligation contained hereunder or otherwise agreed in writing between the Companies, shall have been the cause of, or shall have resulted in, the failure of the Effective Date to occur on or prior to the Long Stop Date.

22. **EXPENSES CONNECTED WITH THE SCHEME**

- 22.1. Except as stated in Clause 22.2 below, each Company shall bear its own costs, charges and expenses in relation to the transactions contemplated herein.

- 22.2. All costs, charges and expenses in respect of the Amalgamation of the Transferor Company with the Transferee Company in terms of or pursuant to the Scheme and in relation to the registration and the stamping of the Sanction Orders including registration charges, stamp duty, transfer charges/duty/fees and all other expenses in respect of the Amalgamation, including transfer of all properties, if any, in terms of or pursuant to the Scheme shall be borne by the Transferee Company.

23. POWER TO REMOVE DIFFICULTIES

The Board of Directors of the Companies, either by themselves or through a committee appointed by them in this behalf, may jointly and as mutually agreed in writing:

- 23.1. give such directions (acting jointly) as may be mutually agreed in writing by the Companies as they may consider necessary to settle any question or difficulty arising under this Scheme or in regard to and of the meaning or interpretation of this Scheme or implementation thereof or in any matter whatsoever connected therewith, or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any of those.
- 23.2. do all acts, deeds and things as may be necessary, desirable or expedient for carrying the Scheme into effect.

24. SAVINGS

Nothing contained in this Scheme shall be deemed as a waiver or modification of the rights/obligations of the Transferor Company, Transferee Company and / or any shareholders of the Companies that arise from the Implementation Agreement dated July 4, 2017 executed between them (and the documents referred to therein) in relation to the amalgamation of the Transferor Company with the Transferee Company as contemplated in this Scheme.