

# SCHEME OF ARRANGEMENT

(UNDER SECTIONS 391 TO 394 AND SECTION 100 TO 103 OF THE COMPANIES ACT, 1956  
READ WITH NOTIFIED SECTION 52 OF COMPANIES ACT, 2013 AND OTHER APPLICABLE  
PROVISIONS OF THE COMPANIES ACT, 1956/2013)

BETWEEN

SOUTHERN DIGITAL SCREENZ INDIA PRIVATE LIMITED

AND

V N FILMS PRIVATE LIMITED

AND

EDRIDGE LIMITED

AND

UFO INTERNATIONAL LIMITED

AND

UFO MOVIEZ INDIA LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

## PREAMBLE

This Scheme of Arrangement is presented for the amalgamation of Southern Digital Screenz India Private Limited, V N Films Private Limited, Edridge Limited and UFO International Limited with UFO Moviez India Limited pursuant to Sections 391 to 394 and Section 100 to 103 of the Companies Act, 1956 read with Notified Section 52 of Companies Act, 2013 and other applicable provisions of the Companies Act, 1956/2013.

### A. Description of Companies:

#### Transferee Company

UFO Moviez India Limited ("**Transferee Company**" or "**UMIL**") is incorporated under the Companies Act, 1956 and is primarily engaged in the business of providing digital cinema services.

#### Transferor Company 1

Southern Digital Screenz India Private Limited ("**Transferor Company 1**" or "**SDS**") is a private limited company incorporated under the provisions of the Companies Act, 1956 and is also currently engaged in the business of providing digital cinema services. Transferor Company 1 is a wholly owned subsidiary of the Transferee Company as on the date of board approval.

**Certified True Copy  
For UFO Moviez India Limited**

*S. S. Chandra*

Company Secretary

**Transferor Company 2**

V N Films Private Limited ("Transferor Company 2" or "VNFPL") is a private limited company incorporated under the provisions of the Companies Act, 1956 and is also currently engaged in the business of providing services with respect to Exhibition and Distribution of Movies. Transferor Company 2 is a wholly owned subsidiary of the Transferee Company as on the date of board approval.

**Transferor Company 3**

Edridge Limited ("Transferor Company 3" or "EL"), a wholly owned subsidiary of Transferee Company, is incorporated under the laws of Cyprus and is engaged in the business of promoting, establishing, managing, administering and participating in the business, management and share capital or assets or otherwise of any company or other entity as a financing, holding or subsidiary company or as a shareholder. Transferor Company 3 is a wholly owned subsidiary of the Transferee Company as on the date of board approval.

**Transferor Company 4**

UFO International Limited ("Transferor Company 4" or "UIL"), a wholly owned subsidiary of Transferor Company 3, is incorporated under the laws of Cyprus and is engaged in the business of utilization of Digital Cinema Technology worldwide. Transferor Company 4 is a subsidiary of Transferor Company 3 and also an indirect wholly owned subsidiary of Transferee Company as on the date of board approval.

**B. RATIONALE AND PURPOSE OF THE SCHEME OF ARRANGEMENT**

- a) As noted above, the Transferor Companies are wholly owned subsidiaries of the Transferee Company. With a view of consolidating the digital cinema business in India, it is proposed that SDS, VNFPL, UIL and EL be merged with UMIL. The digital cinema market in India has strong growth potential and a consolidated business would be better placed to take advantage of emerging opportunities.
- b) Upon the proposed amalgamation, all the assets including the intangible assets ("IPs") and liabilities, if any of the Transferor Companies would get transferred to the Transferee Company.
- c) The amalgamation of SDS, VNFPL, UIL and EL with UMIL will lead to better business synergies, improve overall operational efficiency and achieve cost savings.
- d) Such consolidation will also enable UMIL to carry on and conduct its business more efficiently and advantageously with better economies of scale, more productive and optimum utilization of various resources, strengthen its financial position and ability to raise resources for conducting business and provide a stronger capital base for future expansion and growth in India.
- e) The amalgamation will also result in reduction in multiplicity of legal and regulatory compliances required at present to be carried out and further, such consolidation will also help UMIL enhance its ability to compete effectively in the highly competitive digital cinema market in India.
- f) The proposed amalgamation will reduce managerial overlaps, which are necessarily involved in running multiple entities.

In view of the aforesaid, the Board of Directors of SDS, VNFPL, EL, UIL and UMIL have considered, deemed it desirable and to the best interest of their respective companies to carry out the merger transactions outlined herein. Accordingly, the respective Board of Directors of SDS, VNFPL, EL, UIL and UMIL have formulated this Scheme of Arrangement for the transfer



of the entire business and undertaking of SDS, VNFPL, EL and UIL with and into UMIL pursuant to Sections 391 to 394 and Section 100 to 103 of the Companies Act, 1956 read with Notified Section 52 of Companies Act, 2013 and other applicable provisions of the Companies Act, 1956/2013.



## 1. DEFINITIONS AND INTERPRETATION

- 1.1 In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meanings:
- 1.1.1 **"Act"** means the Companies Act, 1956 of India, or as applicable, the Companies Act, 2013 of India, or any statutory modification or re-enactment thereof for the time being in force. Any references to the provisions of the 1956 Act shall be construed to be references to the corresponding provisions in the 2013 Act, upon the same becoming effective.;
- 1.1.2 **"Appointed Date"** : a) for the purpose of this scheme relating to amalgamation of Transferor Company 1 with the Transferee Company means 1<sup>st</sup> day of July 2016; and b) for the purpose of this scheme relating to amalgamation of Transferor Company 2, Transferor Company 3 and Transferor Company 4 with the Transferee Company means 1<sup>st</sup> day of April, 2016
- 1.1.3 **"Applicable Law"** means any statute, notification, bye laws, rules, regulations, guidelines, rule or common law, policy, code, directives, ordinance, schemes, directives, notices, orders or instructions enacted or issued or sanctioned by any Appropriate Authority including any modification or re-enactment thereof for the time being in force of the Relevant Jurisdictions;
- 1.1.4 **"Bombay High Court"** means the Hon'ble High Court of Judicature at Bombay and shall be deemed to include the National Company Law Tribunal, where applicable;
- 1.1.5 **"Board of Directors" or "Board"** means the Board of Directors of the Transferor Companies and Transferee Company as the case may be, and shall, unless it is repugnant to the context or otherwise, include a Committee of Directors or any person authorized by the Board of Directors or such Committee of Directors;
- 1.1.6 **"BSE"** means the Bombay Stock Exchange Limited;
- 1.1.7 **"Cypriot Transferor Companies"** means collectively Transferor Company 3 and Transferor Company 4.
- 1.1.8 **"Effective Date"** means the last of the dates on which all the conditions and matters referred to in Clause 17 of this Scheme have been fulfilled, obtained or waived;
- References in this Scheme to the date of "coming into effect of this Scheme" or "Scheme becoming effective" shall be construed accordingly
- 1.1.9 **"IT Act"** means the Income Tax Act, 1961, of India, including any statutory modifications, re-enactments or amendments thereof for the time being in force.
- 1.1.10 **"Indian Transferor Companies"** means collectively Transferor Company 1 and Transferor Company 2.
- 1.1.11 **"NSE"** means the National Stock Exchange of India Limited.
- 1.1.12 **"Proceedings"** means any suits, actions, proceedings for the enforcement of any claim, debt, liability or obligation including tax assessment proceedings, appeals of whatsoever nature;
- 1.1.13 **"Relevant Jurisdictions"** means the territories of the Republic of India and Republic of Cyprus;
- 1.1.14 **"Scheme" or "the Scheme" or "this Scheme"** means this Scheme of Arrangement in its present form with or without any modification(s) made under Clause 16 of this scheme as approved or directed by the Bombay High Court;
- 1.1.15 **"SEBI"** means Securities and Exchange Board of India.



- 1.1.16 **"Stock Exchanges"** means collectively BSE and NSE.
- 1.1.17 **"Transferor Company 1"** or **"SDS"** means Southern Digital Sceenz India Private Limited, a company incorporated under the provisions of the Act and having its registered office at Valuable Techno Park, Plot #53/1, Road #7 MIDC, Marol, Andheri (E), Mumbai - 400093, Maharashtra, India;
- 1.1.18 **"Transferor Company 2"**<sup>1</sup> or **"VNFPL"** means V N Films Private Limited, a company incorporated under the provisions of the Act and having its registered office at 30, National Storage Building, Tulsi Pipe Road, Mumbai – 400 016, Maharashtra, India;
- 1.1.19 **"Transferor Company 3"** or **"EL"** means Edridge Limited, a private company with limited liability incorporated under the Cyprus Companies Law, Cap. 113 on 8 August, 2006 under registration number HE 174845 and having its registered office at 12 Zinonos Sozou, 1075 Nicosia, Cyprus;
- 1.1.20 **"Transferor Company 4"** or **"UIL"** means UFO International Limited, a private company with limited liability incorporated under the Cyprus Companies Law, Cap. 113 on 11 July, 2006 under registration number HE 180142 and having its registered office at 12 Zinonos Sozou, 1075 Nicosia, Cyprus;
- 1.1.21 **"Transferor Companies"** means collectively Transferor Company 1, Transferor Company 2, Transferor Company 3 and Transferor Company 4.
- 1.1.22 **"Transferee Company"**<sup>2</sup> or **"UMIL"** means UFO Moviez India Limited a company incorporated on 28 May 2004 under the provisions of the Companies Act, 1956 with company number L22120DL2004PLC164728 having its registered office at Valuable Techno Park, Plot #53/1, Road #7 MIDC, Marol, Andheri (E), Mumbai - 400093, Maharashtra, India.
- 1.1.23 **"Undertaking"** means whole of the undertaking of the Transferor Companies as going concern, including entire business and properties of Transferor Companies as on Appointed Date, including in particular:
- a) All assets wherever situated, whether moveable or immovable (if any), real or personal, in possession or reversion, material or intellectual, corporeal or incorporeal, tangible or intangible, present or contingent including but not limited to all assets, fixed assets, current assets, all investments, brands, trademarks, patents, copyrights and other intellectual property rights, leases, tenancy rights, premises, hire purchase and lease arrangements, computers, office equipment, furniture, telephones, telexes, facsimile connections, communication facilities, electrical and other installations, sundry debtors, deposits, receivables, funds, cash, bank balances, accounts and all other rights, benefits of all agreements, subsidies, grants, taxes, tax credits, various exemption/ incentives granted under different schemes including carried forward losses of all types and other industrial property, import quotas, import entitlements, right to use and avail of telephones, telex, facsimile and other communication

<sup>1</sup> Pursuant to order passed by the Regional Director, Northern Region, Ministry of Corporate Affairs (RD) on June 1, 2016 for the shifting of registered office of VN Films Private Limited (Company) from Delhi NCR to State of Maharashtra, the Board of Directors of the Company has passed the resolution for shifting of its registered office to 30, National Storage Building, Tulsi Pipe Road, Mumbai – 400 016 with effect from July 15, 2016. The Company is in process of filing the Form INC-22 with the Registrar of Companies, Ministry of Corporate Affairs intimating the new registered office address to Registrar of Companies, Ministry of Corporate Affairs. It may be noted that the filing of application and petition pursuant to this scheme by VNFPL will be made in the jurisdiction of the High Court of new registered office.

<sup>2</sup> Pursuant to order passed by the Regional Director Northern Region Ministry of Corporate Affairs (RD) on June 1, 2016 for the shifting of registered office of UFO Moviez India Limited (Company) from Delhi NCR to State of Maharashtra, the Board of Directors of the Company has passed the resolution for shifting of its registered office to Valuable Techno Park, Plot #53/1, Road #7, MIDC, Marol, Andheri (E), Mumbai – 400093 with effect from June 15, 2016. The Company is in process of filing the Form INC-22 with the Registrar of Companies, Ministry of Corporate Affairs intimating the new registered office address to Registrar of Companies, Ministry of Corporate Affairs. It may be noted that the filing of application and petition pursuant to this scheme by UMIL will be made in the jurisdiction of the High Court of new registered office



facilities and all other interests, rights and power of every kind, nature and description, whatsoever, privileges, liberties, advantages, benefits, consents, sanctions and approvals, bills of exchange, letters of intent and loans and advances of Transferor Companies.

- b) All liabilities present, future and contingent liabilities, debts, loans, duties or obligations of any kind, nature or description of Transferor Companies.
- c) Without prejudice to the generality of the provisions of the sub clauses above, the Undertaking shall include all rights and licenses, all assignments and grants thereof, benefits of agreements, contracts and arrangements, powers, authorities, municipal permissions, registrations, quotas, permits, allotments, approvals, export licenses, sanctions, remissions, special reservations, holidays, incentives, concessions and other authorizations, benefits, entitlements and incentives of any nature whatsoever, privileges, liberties, advantages, easements and all the right, title, interests, benefits, entitlement and advantages and all other rights and claims of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or enjoyed by Transferor Companies in connection with or pertaining to all respective books of account, papers, documents and records relating to Transferor Companies and all deposits including security deposits
- d) all employees on the rolls of the Transferor Companies, if any on the closing hours of the date immediately preceding the Effective Date.

It is intended that the definition of Undertaking under this clause would enable the transfer of all property, assets, rights, obligations, entitlements, benefits, duties, employees and liabilities of SDS, VNFPL, EL and UIL to UMIL pursuant to the coming into effect of this Scheme, without any further act or deed.

- 1.2 In this Scheme, unless the context otherwise requires:
  - 1.2.1 words denoting the singular shall include the plural and vice versa;
  - 1.2.2 headings and bold typefaces are only for convenience and shall be ignored for the purpose of interpretation;
  - 1.2.3 references to the word "include" or "including" shall be construed without limitation;
  - 1.2.4 a reference to an article, section, paragraph or schedule is, unless indicated to the contrary, a reference to an article, section, paragraph or schedule of this Scheme;
  - 1.2.5 unless otherwise defined, the reference to the word "days" shall mean calendar days;
  - 1.2.6 reference to dates and times shall be construed to be reference to Indian dates and times;
  - 1.2.7 reference to a document includes an amendment or supplement to, or replacement or novation of that document;
- 1.3 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 IT Act or any other applicable laws, rules, regulations, and by-laws, as the case may be, including any statutory modification or re-enactment thereof from time to time.





## 2. CAPITAL STRUCTURE

- 2.1 The Share Capital of the Transferor Company 1 as per the latest audited balance sheet as on 31 March 2016 is as under:

Particulars	Amount in Rs
<b>Authorized</b>	
8,000,000 equity shares of Rs. 10/- each	80,000,000/-
1,800,000 10% optionally convertible preference shares of Rs. 100/- each	180,000,000/-
<b>Total</b>	<b>260,000,000/-</b>
<b>Issued, subscribed and fully paid up</b>	
4,298,833 equity shares of Rs. 10/- each	42,988,330
1,725,000 10% optionally convertible preference shares of Rs. 100/- each	172,500,000
<b>Total</b>	<b>215,488,330</b>

As on the date of Board approval, Transferor Company 1 is a wholly owned subsidiary of Transferee Company. Subsequent to the above balance sheet date and up to the date of approval of the Scheme by the Board of Directors of the Transferor Company 1, there has been no change in the Authorized, Issued, Subscribed and Paid up Share Capital of the Transferor Company 1.

- 2.2 The Share Capital of the Transferor Company 2 as per the latest audited balance sheet as on 31 March 2016 is as under:

Particulars	Amount in Rs
<b>Authorized</b>	
50,000 equity shares of Rs. 10/- each	5,00,000/-
<b>Total</b>	<b>5,00,000/-</b>
<b>Issued, subscribed and fully paid up</b>	
10,000 equity shares of Rs. 10/- each	1,00,000/-
<b>Total</b>	<b>1,00,000/-</b>

As on the date of Board approval, Transferor Company 2 is a wholly owned subsidiary of Transferee Company. Subsequent to the above balance sheet date and up to the date of approval of the Scheme by the Board of Directors of the Transferor Company 2, there has been no change in the Authorized, Issued, Subscribed and Paid up Share Capital of the Transferor Company 2.



- 2.3 The Share Capital of the Transferor Company 3 as on 31 March 2016 is as under:

Particulars	Amount in USD \$
<u>Authorised Share Capital:</u>	
1,165,304 Ordinary shares of USD1.00 each	1,165,304/-
<b>Total</b>	<b>1,165,304/-</b>
<u>Issued Subscribed and paid up:</u>	
1,161,972 ordinary shares of USD1.00 each fully paid up	1,161,972/-
<b>Total</b>	<b>1,161,972/-</b>

As on the date of Board approval, Transferor Company 3 is a wholly-owned subsidiary of Transferee Company. Subsequent to the above balance sheet date and up to the date of approval of the Scheme by the Board of Directors of the Transferor Company 3, there has been no change in the Authorized, Issued, Subscribed and Paid up Share Capital of the Transferor Company 3.

- 2.4 The Share Capital of the Transferor Company 4 as on 31 March 2016 is as under:

Particulars	Amount in USD \$
<u>Authorised Share Capital:</u>	
1,100,000 Ordinary shares of USD1.00 each	1,100,000/-
<b>Total</b>	<b>1,100,000/-</b>
<u>Issued Subscribed and paid up:</u>	
1,008,621 ordinary shares of USD1.00 each fully paid up	1,008,621/-
<b>Total</b>	<b>1,008,621/-</b>

As on the date of Board approval, Transferor Company 4 is a wholly-owned subsidiary of Transferor Company 3. Subsequent to the above balance sheet date and up to the date of approval of the Scheme by the Board of Directors of the Transferor Company 4, there has been no change in the Authorized, Issued, Subscribed and Paid up Share Capital of the Transferor Company 4.

- 2.5 The Share Capital of the Transferee Company as on 31 March 2016 is as under:

Particulars	Amount in Rs.
<u>Authorised Share Capital:</u>	
45,000,000 equity shares of Rs. 10/- each	450,000,000/-
1,385,000 preference shares of Rs. 1000/- each	1,385,000,000/-
<b>Total</b>	<b>1,835,000,000/-</b>
<u>Issued Subscribed and paid up:</u>	
27,499,376 equity shares of Rs. 10/- each fully paid up	274,993,760/-
<b>Total</b>	<b>274,993,760/-</b>

### 3. DATE OF TAKING EFFECT AND OPERATIVE DATE

- 3.1 The Scheme set out herein in its present form or with any modifications or amendments made under Clause 16 of the Scheme, approved or imposed or directed by the High Court, shall be effective from the Appointed Date but shall be made operative from the Effective Date





#### 4. TRANSFER AND VESTING OF UNDERTAKING OF TRANSFEROR COMPANIES

Upon coming into effect of this Scheme and subject to the provisions of this Scheme:

##### **Vesting of undertaking of Transferor Companies**

- 4.1 The whole of the undertaking of the Transferor Companies shall, pursuant to the provisions of Section 391 and Section 394 and all other applicable provisions of the Act and other Applicable Law, without any further act or deed, be transferred to and vested in and/or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become from the Appointed Date the property, assets, liabilities of the Transferee Company and to vest in the Transferee Company all the rights, title and interest of the Transferor Companies.
- 4.2 All the movable assets of the Transferor Companies and the assets which are otherwise capable of transfer by physical delivery or novation or endorsement and delivery, shall be transferred to the Transferee Company and deemed to have been handed over by physical delivery or novation or by endorsement and delivery, as the case may be, to the Transferee Company to the end and intent that the property and ownership therein passes to the Transferee Company with effect from the Appointed Date.
- 4.3 Upon the Scheme coming into effect and with effect from the Appointed Date, all immovable property (including but not limited to land, buildings, offices, factories, sites and any other immovable property, including accretions and appurtenances) of the Transferor Companies, whether freehold or leasehold and any document of title, rights, interest and easements in relation thereto shall stand transferred to and be vested in the Transferee Company, as a successor of the Transferor Companies, without any act or deed to be done or executed by the Transferor Companies and/ or the Transferee Company. The Transferee Company shall be entitled to exercise all rights and privileges and be liable to pay all taxes and charges and fulfil all obligations, in relation to or applicable to all such immovable properties. The mutation and/or substitution of the title to the immovable properties shall be made and duly recorded in the name of the Transferee Company by the appropriate governmental authorities and third parties pursuant to the sanction of the Scheme by the High Court and upon the Scheme becoming effective in accordance with the terms hereof without any further act or deed to be done or executed by the Transferor Companies and/ or the Transferee Company. It is clarified that the Transferee Company shall be entitled to engage in such correspondence and make such representations as may be necessary for the purposes of the aforesaid mutation and/or substitution.
- 4.4 All the existing securities, mortgages, charges, encumbrances or liens, if any, created by the Transferor Companies, over the assets of the Transferor Companies transferred to the Transferee Company shall, continue to relate and attach to such assets or any part thereof to which they are related. Such securities, mortgages, charges, encumbrances or liens shall not relate or attach or extend to any of the other assets of the Transferee Company.
- 4.5 Any 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 shall continue to relate only to such assets and properties of the Transferee Company and shall not extend or attach to any of the assets and properties of the Transferor Companies transferred to and vested in the Transferee Company by virtue of this Scheme.
- 4.6 All patents, copyrights, designs, trademarks, service marks, know-how, technical know-how, trade names, descriptions, trading style, franchise, labels, label designs, color schemes, utility models, holograms, bar codes, patents, copyrights, and other industrial or intellectual property rights of any nature whatsoever and licenses privileges in respect thereof, of every kind, nature and description whatsoever of the Transferor Companies or to which the Transferor Companies is entitled or which may accrue to the Transferor Companies shall, pursuant to the provisions of Section 394 of the Act and other Applicable Laws without any further act, instrument or deed, be and stand transferred to and vested in and or be deemed to have been



transferred to and vested in and be available to the Transferee Company so as to become as and from the Appointed Date, all the patents, copyrights, designs, trademarks, service marks, know-how, technical know-how, trade names, descriptions, trading style, franchise, labels, label designs, color schemes, utility models, holograms, bar codes, patents, copyrights, and industrial or intellectual property rights, licenses and privileges of the Transferee Company and shall remain valid, effective and enforceable by the Transferee Company on the same terms and conditions.

- 4.7 Upon effectiveness of the Scheme, all the profits or incomes accruing or arising to the Transferor Companies, or expenditure or losses arising or incurred (including the effect of taxes, if any, thereon) by the Transferor Companies shall, for all purposes, be treated as and be deemed to be and accrue as the profits or incomes or expenditure or losses or taxes of the Transferee Company, as the case may be.
- 4.8 Upon the coming into effect of this Scheme and with effect from the Appointed Date all liabilities including but not limited to all secured and unsecured debts, sundry creditors, liabilities (including contingent liabilities), duties and obligations and Undertaking of the Transferor Companies, all other obligations (including any guarantees, letter of credit or any other instrument or arrangement which may give rise to a contingent liability in whatever form) whether relating to and comprised in any of the Undertaking or otherwise, of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilized for its business activities and operations (herein referred to as the Liabilities), shall, pursuant to the sanction of this Scheme by the 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 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 Companies, 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.
- 4.9 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 Companies 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
- 4.10 The Transferee Company and the Transferor Companies shall obtain any consent, approval, order or authorization of, or registration, declaration or filing with any court, administrative agency or commission or other governmental agency or instrumentality, domestic or foreign that is required of the Transferee Company and the Transferor Companies, in connection with the execution and implementation of this Scheme or the completion of the transactions contemplated hereby.

## 5. COMPLIANCE WITH TAX LAWS

- 5.1 This Scheme has been drawn up to comply with the conditions relating to "Amalgamation" as specified in Section 2(1B) and other relevant provisions of the IT Act. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said section and other related provisions at a later date including resulting from a retrospective amendment of law or for any other reason whatsoever, till the time the Scheme becomes effective, the provisions of the said section and other related provisions of the IT Act



shall prevail and the Scheme shall stand modified to the extent required to comply with Section 2(1B) and other relevant provisions of the IT Act.

- 5.2 Such modification will however not affect the other parts of the Scheme, except to the extent required to give effect to the Scheme.
- 5.3 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 IT Act (including for minimum alternate tax purposes and tax benefits), service tax law and other tax laws and to claim tax benefits under the Applicable Law, if any, and for matters incidental thereto, if required to give effect to the provisions of this Scheme.
- 5.4 All tax assessment proceedings/ appeals of whatsoever nature by or against the Transferor Companies pending and/or arising at the Appointed Date and relating to the Transferor Companies shall be continued and/or enforced until the Effective Date by the Transferor Companies. As and from the Effective Date, the tax proceedings shall be continued and enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Companies.
- 5.5 Further, the aforementioned proceedings shall not abate or be discontinued nor be in any way prejudicially affected by reason of the amalgamation of the Transferor Companies with the Transferee Company or anything contained in the Scheme.
- 5.6 Any tax liabilities duties/levies of the Transferor Companies under IT Act and other Applicable Law to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date shall be transferred to the Transferee Company.
- 5.7 Any refund of taxes/ duties/ levies due to Transferor Companies under IT Act and other Applicable Law consequent to the assessment made on Transferor Companies and for which no credit is taken in the accounts as on date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company.
- 5.8 Further, any tax deducted at source by Transferee Company on transactions with the Transferor Companies, if any (from Appointed Date to Effective Date) shall be deemed to be advance tax paid by the Transferee Company and shall, in all proceedings, be dealt with accordingly.
- 5.9 The tax payments (including, without limitation income tax, service tax, excise duty, central sales tax, applicable state value added tax, etc.) whether by way of tax deducted at source, advance tax or otherwise howsoever, by the Transferor Companies after the Appointed Date, shall be deemed to be have been paid by the Transferee Company and shall, in all proceedings, be dealt with accordingly.
- 5.10 Without prejudice to the generality of the above, all benefits, incentives, losses (including but not limited to book losses, tax losses), book unabsorbed depreciation, tax unabsorbed depreciation, credits (including, without limitation income tax, minimum alternate tax, tax deducted at source, wealth tax, service tax, excise duty, central sales tax, applicable state value added tax, customs duty drawback, etc.) to which the Transferor Companies is entitled to in terms of applicable laws, shall be available to and vest in the Transferee Company, upon this Scheme coming into effect.
- 5.11 Upon the coming into effect of this scheme, all tax compliances under any tax laws by the Transferor Companies on or after Appointed Date shall be deemed to be made by the Transferee Company.



## 6. LEGAL PROCEEDINGS

Upon effectiveness of the Scheme:

- 6.1 Any Proceedings by, or against, the Transferor Companies which are pending or which may arise as at the Effective Date, the same shall be continued by, or against, the Transferee Company in the same manner and to the same extent as they would or might have been continued by, or against, the Transferor Companies.
- 6.2 The Proceedings shall not abate or be discontinued nor be in any way prejudicially affected by reason of the amalgamation of the Transferor Companies with the Transferee Company or anything contained in the Scheme.
- 6.3 On and from the Effective Date, the Transferee Company shall and may, if required, initiate any Proceedings in relation to the Transferor Companies in the same manner and to the same extent as would or might have been initiated by the Transferor Companies.

## 7. CONTRACTS, DEEDS AND OTHER INSTRUMENTS ETC.

- 7.1 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is expressly provided that, upon the coming into effect of the Scheme, all consents, permissions, licenses, certificates, clearances, authorities (including for the operations of bank accounts), power of attorneys in respect of the Transferor Companies shall stand transferred to the extent they are capable of being transferred under the provisions of Section 391 and Section 394 and all other applicable provisions of the Act and other Applicable Law to the Transferee Company as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the rights and benefits under the same shall be available to the Transferee Company.
- 7.2 All contracts, deeds, bonds, agreements, arrangements and all other instruments of whatsoever nature to which the Transferor Companies is a party or to the benefit of which the Transferor Companies may be eligible and which are subsisting and having effect immediately before the Effective Date shall remain in full force and effect against or in favour of the Transferee Company as the case may be and may be enforced as fully and effectually, as if, instead of the Transferor Companies, the Transferee Company has been a party or beneficiary or obligee thereto.
- 7.3 The resolutions, if any, of Transferor Companies, which are valid and subsisting on Effective Date, shall continue to be valid and subsisting and be considered as resolutions validly passed by the Transferee Company to the extent necessary.

## 8. EMPLOYEES OF TRANSFEROR COMPANIES

- 8.1 On the Scheme coming into effect, all employees of the Transferor Companies, in service on the Effective Date, if any, shall become the employees of the Transferee Company without any break or interruption in their service as a result of the transfer and vesting of the Undertaking of Transferor Companies to the Transferee Company. The terms and conditions of their employment with effect from the Effective Date shall not be less favorable than those applicable to them with reference to the Transferor Companies on the Effective Date.
- 8.2 It is expressly provided that, on the Scheme becoming effective and with effect from the Appointed Date, the provident fund, gratuity fund or any other special fund or trusts created or existing for the benefit of the staff, workmen and other employees of the Indian Transferor Companies shall become trusts/funds of the Transferee Company for all purposes whatsoever in relation to the administration or operation of such funds or trusts or in relation to the obligation to make contributions to the said funds or trusts in accordance with the provisions thereof as per the terms provided in the respective trust deeds or other documents,





if any. It is the aim and intent of the Scheme that all rights, duties, powers and obligations of the Indian Transferor Companies in relation to such funds or trusts shall become those of the Transferee Company. It is clarified that the services of the staff, workmen and employees of the Indian Transferor Companies who are employed with the Transferee Company will be treated as having been continuous for the purpose of the said Fund or Funds. The trustees including the Board of Directors of the Indian Transferor Companies and the Transferee Company or through any committee / person duly authorized by the Board of Directors in this regard shall be entitled to adopt such course of action in this regard as may be advised provided however that there shall be no discontinuation or break in the services of the employees of the Indian Transferor Companies.

#### 9. CONDUCT OF BUSINESS TILL EFFECTIVE DATE.

Unless otherwise stated, for the period beginning from the date of the respective Board meetings of the Transferor Companies and the Transferee Company approving the Scheme and ending on the Effective Date:

- 9.1 The Transferor Companies shall carry on and shall be deemed to have been carrying on their business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of the Undertaking for and on account of, and in trust for, the Transferee Company. The Transferor Companies hereby undertake to hold the Undertaking with utmost prudence until the Effective Date.
- 9.2 The Transferor Companies shall carry on their businesses and activities with reasonable diligence and business prudence and shall undertake any additional financial commitments of any nature whatsoever, borrow any amounts or incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitments or sell, transfer, alienate, charge, mortgage, encumber or otherwise deal with its fixed assets or any part thereof, only if the same are in the ordinary course of business, or if the same are pursuant to any pre-existing obligation(s) undertaken by the Transferor Companies; it being clarified that if such matters are sought to be undertaken outside of the ordinary course of business or if the Transferor Companies seeks to undertake any new ventures or businesses, the same may be undertaken with the prior consent in writing of any of the persons authorised by the Board of Directors of the Transferee Company.
- 9.3 The Transferor Companies may make any change in their respective capital structure, whether by way of increase, decrease, reduction, re-classification, sub-division or consolidation, re-organisation, or in any other manner, only after obtaining the prior written approval of the Board of Directors of the Transferee Company.

#### 10. CONSIDERATION

- 10.1 Considering that as on the date of Board approval, transferee Company holds entire equity share capital of Transferor Company 1, Transferor Company 2 and Transferor Company 3 and indirectly of Transferor Company 4 and also holds entire preference share capital of Transferor Company 1, pursuant to the merger of the Transferor Companies with the Transferee Company, the investment in the share capital of the Transferor Companies appearing in the books of account of the Transferee Company and other Transferor companies will stand cancelled and no shares shall be issued against the same.



# 11 ACCOUNTING TREATMENT IN THE BOOKS AND FINANCIAL STATEMENTS OF THE TRANSFEE COMPANY

With effect from the Appointed Date, the Transferee Company shall account for in its books of accounts as under:

- 11.1 The amalgamation shall be accounted for in the books of account of the Transferee Company according to the "Pooling of Interests Method" of accounting as per the Accounting Standard (AS) 14, 'Accounting for Amalgamations' as specified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies Accounts Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016 and the other relevant provisions of the Act.
- 11.2 Accordingly on and from the Appointed Date and subject to the provisions hereof all assets, liabilities and reserves (including balance in securities premium), of the Transferor Companies, if any, shall be recorded in the books of account of the Transferee Company at their existing carrying amounts (In case of Cypriot Transferor companies, the amount shall be recorded after converting the existing carrying amounts using the applicable exchange rate as prescribed under AS -11, 'The Effects of Changes in Foreign Exchange Rates' as specified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies Accounts Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016 and the other relevant provisions of the Companies Act 2013) and in the same form, including the debit balance in Profit and Loss Account of the Transferor Companies as debit balance in Profit and Loss Account of the Transferee Company.
- 11.3 The investment of Transferor Company 1, Transferor Company 2 and Transferor Company 3 appearing in the books of Transferee Company, investment of Transferor Company 4 appearing in the books of Transferor Company 3 shall stand cancelled.
- 11.4 All costs and expenses incurred as per Clause 19 below as well as other costs incidental with the finalization of this Scheme and to put it into operation and any other expenses or charges attributable to the implementation of the above Scheme, shall be charged to Profit and Loss Account of the Transferee Company.
- 11.5 Upon coming into effect of this Scheme, to the extent that there are inter-company loans, advances, deposits, balances or other obligations as between the Transferor Companies and the Transferee Company, the obligation in respect thereof shall come to an end and corresponding effect shall be given in the books of account and records of the Transferee Company.
- 11.6 The accounting policy of the Transferee Company would be applied to the assets, liabilities, income and expenses of the Transferor Companies from the Appointed Date. In case of any difference in accounting policy between the Transferor Companies and the Transferee Company, the effects on the financial statements of any changes in accounting policies should be adjusted in accordance with Accounting Standard 5, 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies' as specified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies Accounts Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016 and the other relevant provisions of the Companies Act 2013.
- 11.7 The difference in books of accounts of Transferee Company on account of:
  - 11.7.1 Net assets acquired pursuant to clause 11.2 over;
  - 11.7.2 Reserves acquired pursuant to clause 11.2 and cancellation of investments in Transferor Companies pursuant to clause 11.3;

shall be recorded in Amalgamation Reserve account of the Transferee Company.





- 11.8 The consolidated financial statements of Transferee Company shall be prepared on line by line basis as per requirements of Accounting Standard 21, 'Consolidated Financial statements' as specified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies Accounts Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016 and the other relevant provisions of the Companies Act 2013 after giving effect to clauses 11.1 to 11.7 and clause 12 of this Scheme.

## 12 REDUCTION OF THE SECURITIES PREMIUM ACCOUNT OF TRANSFEE COMPANY

- 12.1 Upon the Scheme coming into effect and with effect from the Appointed Date, the debit balance in profit and loss account of Transferor Companies and the Amalgamation Reserve account (created pursuant to clause 11.7) shall be adjusted against Securities Premium of the Transferee Company
- 12.2 All such adjustments against the Securities Premium account of the Transferee Company shall be effected in accordance with provisions of Sections 391 to 394 and Section 100 to 103 of the Companies Act, 1956 read with Notified Section 52 of Companies Act, 2013 and other applicable provisions of the Companies Act, 1956/2013. For giving effect to such adjustments, procedure under Notified section 52 of the Companies Act, 2013 and Section 100 of the Companies Act, 1956 would not have to be followed or complied with separately. For giving effect to the above provisions, the permissions from the shareholders of the Transferee Company shall be deemed to have been received as contemplated by the Act and other related provisions, upon this Scheme being approved by members of the Transferee Company at the court convened meeting or otherwise. The reduction in the Securities Premium Account as aforesaid if any, of the Transferee Company shall be effected as an integral part of the Scheme itself as the same does not involve either diminution of liability in respect of unpaid share capital and the order of the High Court sanctioning the Scheme shall be deemed to be an order under Section 102 of the Act (including corresponding applicable provisions of the Companies Act, 2013) confirming the reduction of Securities Premium Account. The Transferee Company shall not be required to add "and reduced" as a suffix.

## 13 COMBINATION OF AUTHORISED SHARE CAPITAL

- 13.1 Upon the Scheme becoming effective, the Authorized Share Capital of the Indian Transferor Companies as provided in Clause 2 above, or such amount as may be on the Effective Date, shall be added to the Authorised 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 the registration fees on such combined Authorised Share Capital under Section 403 of the Act, Indian Transferor Companies and the Transferee Company having already paid such fees and further Clause V (a) of the Memorandum of Association of the Transferee Company shall be amended accordingly.

- 13.2 Pursuant to the Scheme becoming effective, the authorized share capital of the Transferee Company will be as under:

Particulars	Amount (Rs)
<b><u>Authorised Share Capital</u></b>	
5,30,50,000 Equity Shares of Rs. 10/- each	53,05,00,000/-
15,65,000 Preference Shares of Rs. 1000/- each	1,56,50,00,000/-
<b>Total</b>	<b>2,09,55,00,000/-</b>

- 13.3 Upon the Scheme becoming effective, Clause V (a) of the Memorandum of Association shall stand substituted without any further act instrument or deed and the same should read as under:

**Clause V (a) of the Memorandum of Association of the Transferee Company –**



*"Authorised Share Capital of the Company is Rs.2,09,55,00,000/- (Rupees Two Hundred Nine Crores Fifty Five Lacs Only) divided into 5,30,50,000 (Five Crore Thirty Lac Fifty thousand) Equity Shares of Rs.10 (Ten) each and 15,65,000 (Fifteen Lac Sixty Five Thousand) Preference Shares Rs.1000 (One Thousand) each."*

#### **14 FILING OF THE SCHEME AND APPLICATION TO THE DISTRICT COURT OF NICOSIA**

- 14.1 The directors of the Cypriot Transferor companies will file a copy of the Scheme for registration and publication with the Registrar of Companies of Cyprus, together with any other relevant/necessary documentation pursuant to the applicable legislation.
- 14.2 The Cypriot Transferor Companies will also simultaneously file the Scheme with the District Court of Nicosia under the Cyprus Companies Law, CAP 113 for an order sanctioning the Scheme between the Cypriot Transferor Companies and the Transferee Company.
- 14.3 Upon filing of the Scheme with the Cyprus Registrar of Companies and the District Court of Nicosia, the Cypriot Transferor Companies will: (a) apply for a Tax Clearance Certificate from the Cyprus Tax Authorities and request de-registration from the relevant tax department, (b) proceed with the closing of the bank accounts in the name of the Cypriot Transferor Companies and (c) arrange for the closing of the office they maintain in Larnaca, Cyprus.
- 14.4 Cypriot Transferor Companies shall take all necessary steps for their dissolution without winding up.

#### **15 APPLICATION TO THE BOMBAY HIGH COURT**

- 15.1 The Transferee Company and the Indian Transferor Companies shall, make an application to the Bombay High Court under Sections 391 to 394 and Section 100 to 103 of the Companies Act, 1956 read with Notified Section 52 of Companies Act, 2013 and other applicable provisions of the Companies Act, 1956/2013 for an order sanctioning this Scheme between the Transferor Companies and the Transferee Company and its shareholders and creditors.
- 15.2 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 Companies.

#### **16 MODIFICATIONS OR AMENDMENTS TO THE SCHEME**

- 16.1 The Transferor Companies and the Transferee Company through their respective Board of Directors or any director authorized in that behalf by the Boards of Directors are hereby empowered and authorised to assent on behalf of all concerned to any alteration or modification or amendment or substitution of this Scheme or to any conditions or limitations which the High Court may impose and to settle all doubts or difficulties that may arise for carrying out the Scheme and to do and execute all acts, deeds, matters and things as may be necessary for putting the scheme into effect.
- 16.2 In the event any of the conditions that may be imposed by the Bombay High Court while sanctioning the scheme which the Board of Directors of the Transferor Companies and the Transferee Company may find unacceptable for any reason, then the Transferor Companies and the Transferee Company are at liberty to withdraw from the Scheme.



## 17 CONDITIONALITY OF THE SCHEME/EFFECTIVE DATE

- a. Notwithstanding any other provision of this Scheme, this Scheme is conditional upon and subject to the certified copies of the order of Bombay High Court under Section 391 and 394 of the Act sanctioning the Scheme are filed with the Registrar of Companies, Maharashtra at Mumbai.
- b. Compliance by the Cypriot Transferor Companies of all the necessary and applicable provisions of the laws of Cyprus

## 18 EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS

- a. In the event of any of the said sanctions and approvals referred to in the preceding Clauses not being obtained and/or the Scheme not being sanctioned by the Bombay High Court, this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law. The Transferee Company shall bear and pay the costs, charges and expenses for and or in connection with the Scheme or as may otherwise arise in law.
- b. In the event of this Scheme failing to take effect finally by 31 August 2017, or such other date as may be mutually agreed upon by the respective Board of Directors of the Transferor Companies and the Transferee Company who are hereby empowered and authorized to agree to and extend the aforesaid period from time to time without any limitation in exercise of their powers through and by their respective delegate(s), this Scheme shall become null and void and in that event no rights and liabilities whatsoever shall accrue to or be incurred inter-se by the parties or their shareholders or creditors or employees or any other person.

## 19 COSTS, CHARGES AND EXPENSES IN RELATION TO THE SCHEME

All costs, charges and taxes, including stamp duties, levies and all expenses, if any (save as expressly otherwise agreed) of the Transferor Companies and the Transferee Company arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne by the Transferee Company.

## 20 LANGUAGE

This Scheme has been prepared in the English language. The translation of the same into the Greek language serves only for the purpose of filing the same with the Cyprus Registrar of Companies and the English version prevails.

