

SCHEME OF MERGER BY ABSORPTION
BETWEEN
PRESTO TYRESOLES RETREADING PRIVATE LIMITED
(being the First Transferor Company)
AND
TYRESOLES RETREADING (HYDERABAD) PRIVATE LIMITED
(Formerly Known as C B J Retreads & Tyres Private Limited)
(being the Second Transferor Company)
WITH
TYRESOLES (INDIA) PRIVATE LIMITED
(being the Transferee Company)

(Under Sections 230 to 232 of the Companies Act, 2013)

1. PREAMBLE

This Scheme of Merger by Absorption is presented under Section 230 to 232 and other applicable provisions of the Companies Act, 2013 (including any statutory modifications or reenactments or amendments thereof) for the Merger by Absorption two wholly owned subsidiaries, PRESTO TYRESOLES RETREADING PRIVATE LIMITED (“**First Transferor Company**”) and TYRESOLES RETREADING (HYDERABAD) PRIVATE LIMITED (Formerly Known as C B J Retreads & Tyres Private Limited) (“**Second Transferor Company**”), both of them being the wholly owned subsidiaries of TYRESOLES (INDIA) PRIVATE LIMITED, with their holding company, TYRESOLES (INDIA) PRIVATE LIMITED (“**Transferee Company**”).

2. DEFINITIONS

In this Scheme unless inconsistent with the subject or context, the following expressions shall have the following meanings:

2.1 "**Act**" means the Companies Act 2013 including any statutory modifications or re-enactments and rules made there under and amendments thereof.

2.2 "**Appointed Date**" means the 01st April, 2018 or such other date as the statutory authority may direct.

2.3 "**Assets**" shall include, without limitation:

- i. capital work-in-progress, current assets including cash and bank balances, investments of all kinds, rights and privileges, powers and authorities;

- ii. all properties, movable or immovable, tangible or intangible, real or corporeal, leasehold or freehold, in possession or reversion, present or contingent, of whatsoever nature and wheresoever situated including in particular all licenses, registration, contracts, permits, quotas, incentives, subsidies, approvals, rights, claims, leases, tenancy rights, rights of and to easement, liberties, all necessary deeds, documents, records and papers;
- iii all intellectual property rights including trade names, all studies, trademarks (registered or pending), together with the goodwill associated therewith; copyrights; pending or issued products registrations for any of the foregoing; patents and patent applications; designs, logos, and any other propriety information related to its business;
- iv computer hardware and software, manuals, data, catalogues, sales & advertising materials and customer pricing information;
- v. authorizations and rights to use and avail of telephones, telexes, leased line and broadband internet connections, facsimile connections and installations, utilities, electricity, water and other services and connections; and
- vi. import quotas;
- vii contracts including hire purchase and lease contracts;
- viii rights, title, interest and benefits of any security arrangements, powers, authorities, allotments, consents, engagements and arrangements of all kinds, title, interests, benefits and advantages of whatsoever nature and all other interests wheresoever situate, held by, or in the ownership, power or possession of, or vested in, or granted in favour of, or enjoyed by or arising to the Transferor Company;

2.4 “**Effective Date**” means the date on which the certified copy of the Orders of the National Company Law Tribunal, (Mumbai Bench) sanctioning the Scheme of Merger by Absorption will be filed with the Registrar of Companies, Maharashtra, Mumbai after obtaining the consents, approvals, permissions, resolutions, agreements, sanctions and orders necessary therefor. However, for the purposes of Income Tax Act, the Effective Date shall be 01st April, 2018. Any references in this Scheme to “upon this Scheme becoming effective” or “upon coming into effect of this Scheme” or “upon the Scheme coming into effect” shall be construed to be a reference to the Effective Date.

2.5 “**Financial Year**” means the period commencing April 1 each year and ending on March 31 each year.

2.6 “**Liabilities**” shall include, without limitation, all secured, unsecured debts (whether in rupee or foreign currency), liabilities including contingent liabilities, duties, and other obligations of the Transferor Companies along with any charge, encumbrance, lien or security on the Assets;

2.7 “**Scheme**” means this Scheme of Merger by Absorption in its present form submitted to the Registrar of Companies, Official Liquidator and Central Government (Regional Director) with any modifications approved or imposed or directed by the said authorities;

2.8 “**Transferee Company**” means Tyresoles (India) Private Limited, (CIN U25110MH1990PTC059023) a company incorporated under the Companies Act 1956, having its registered office at 86, Shankar Ghanekar Marg, Prabhadevi, Mumbai – 400025 until the Scheme becomes effective under the Act and also thereafter as per the approval and sanction of the National Company Law Tribunal;

2.9 “**Transferor Company Undertaking**” includes, without limitation, all Assets and Liabilities of and accruing to the Transferor Companies;

2.10 “**First Transferor Company**” means Presto Tyresoles Retreading Private Limited, (CIN U37100MH2011PTC220898) a company registered under the Companies Act 1956 and having its registered office at Flat No. 1001, Anand Building Chitrakar Dhurandhar Marg, Khar, Mumbai 400052

2.11 “**Second Transferor Company**” Tyresoles Retreading (Hyderabad) Private Limited, (CIN U50102MH2012PTC262598) a company incorporated under the Companies Act 1956, having its registered office at 1001, Godambe Appt., CHS Ltd., (Anand Bldg), Chitrakar Dhurandhar Marg, Nr. Gabana, Khar West, Mumbai 400052;

2.12 “**Transferor Companies**” means and refers to First Transferor Company and Second Transferor Company collectively.

2.13 “**Tribunal**” means National Company Law Tribunal, Mumbai bench having jurisdiction in relation to the Transferor Companies and the Transferee Company.

3. SHARE CAPITAL

3.1 FIRST TRANSFEROR COMPANY

- (i) The First Transferor Company was incorporated on 12th August, 2011, at Mumbai under the name of Presto Tyresoles Retreading Private Limited, within the jurisdiction of Registrar of Companies, Maharashtra, Mumbai and is engaged in the business of retreading, retreading of tyre accessories, Tyre patches, Trading of Tyres, Tyre distribution, carriage and forward agency, Franchisee, manufacturing, import, export and deal in all types of Tyres, Tubes, Flaps and rubber items.
- (ii) The share capital of First Transferor Company as on the Appointed Date is as under:

<u>Authorised Share Capital:</u>	(Rupees)
2,00,000 equity shares of Rs. 10/- each	20,00,000
50,000 optionally convertible preference shares of Rs. 10 each	5,00,000
	<u>25,00,000</u>
<u>Issued Subscribed and Paid up:</u>	
1,52,001 Equity Shares of Rs.10/- each fully paid.	15,20,010
48,000 optionally convertible preference shares of Rs. 10 each	4,80,000
	<u>20,00,010</u>

3.2. SECOND TRANSFEROR COMPANY

- (i) The Second Transferor Company was incorporated on 25th September, 2012, at Hyderabad under the name of C B J Retreads & Tyres Private Limited, within the jurisdiction of Registrar of Companies, Andhra Pradesh and is engaged in the business of retreading, retreading of Tyre accessories, Tyre patches, Trading of Tyres, Tyre distribution, carriage and forward agency, Franchisee, manufacturing, import, export and deal in all types of Tyres, Tubes, Flaps and rubber items. Later on the name of the Company was changed to Tyresoles Retreading (Hyderabad) Private Limited with effect from 08th July, 2013, also the registered office of the company was

shifted from the State of Andhra Pradesh to the state of Maharashtra under the jurisdiction of Registrar of Companies, Maharashtra, Mumbai with effect from 28th August, 2014.

- (ii) The share capital of Second Transferor Company as on the Appointed Date is as under:

<u>Authorised Share Capital:</u>	(Rupees)
5,00,000 equity shares of Rs. 10/- each	50,00,000
<u>Issued Subscribed and Paid up:</u>	
3,95,000 Equity Shares of Rs.10/- each fully paid.	39,50,000

3.3. TRANSFEREE COMPANY

- (i) The Transferee Company was incorporated as a Private Limited Company on 16th November, 1990 at Mumbai under the name of Tyresoles (Karnataka) Private Limited within the jurisdiction of the Registrar of Companies, Maharashtra, Mumbai, thereafter the name of the company was changed to Tyresoles (India) Private Limited with effect from 14th July, 2003 and is engaged in the business of manufacturing, importing, exporting, buying, selling, distributing, stocking, dealing cleaning, repairing, retreading, reconditioning, vulcanizing of all types of automobile and automotive products, tyres, tubes, automobiles and Industrial Gears, coils, valves, pistons, rings, timing chains, fly wheel & other rings, ball bearings, pumps and machineries, batteries, glass panels and sheets, apparatus, fittings furnishing materials, paints, lubricants, fuels, oils, rubber and other spares and accessories, used for motorcars, trucks, fork lifts, lorries, carriages, motor cycles, mopeds, scooters, bicycles, tractors, earth moving equipment, trailers and other vehicles.
- (ii) The Share Capital of the Transferee Company as on the appointed date is as under:

<u>Authorised Share Capital:</u>	(Rupees)
2,50,000 equity shares of Rs. 10/- each.	25,00,000
<u>Issued Subscribed and Paid up:</u>	
1,00,020 Equity Shares of Rs.10/- each fully paid.	10,00,200

4. THE RATIONALE FOR THE MERGER BY ABSORPTION OF THE TRANSFEROR COMPANIES WITH THE TRANSFEREE COMPANY WILL BE AS FOLLOWS:

- 4.1 It will help in achieving greater integration, financial strength, flexibility and also help in maximizing and optimizing shareholder value and improving the competitive position of the combined entity.
- 4.2 Enable cost savings and optimum utilization of resources which will enhance the management focus, rationalization, standardization and simplification of business processes leading to higher operational efficiency and rationalization of administrative expenses.
- 4.3 The consolidation of activities of the Transferor Companies with the Transferee Company by way of Merger by Absorption will lead to operational synergies, greater productivity and economical operations for future growth of the Transferee Company.
- 4.4 It will make available to the Transferee Company the benefit of pooling of financial resources, managerial resources and technical resources which will help in increasing the competitiveness of the Transferee Company. After the Merger by Absorption of the Transferor Companies with the Transferee Company, Transferor Companies will stand dissolved. Consequently, there would be lesser regulatory and legal compliance obligations including accounting, reporting requirements, etc. and therefore reduction in administrative costs.
- 4.5 The Merger by Absorption will result in economy of scales, reduction in overheads and optimal utilization of resources.
- 4.6 The increased asset base of the Transferee Company would have better financial viability and clearer focus which would be in the interest of all creditors, including the creditors of the Transferor Companies, if any.
- 4.7 In view of the aforesaid, the Board of Directors of the Transferor Companies as well as the Board of Directors of the Transferee Company have considered and proposed the Merger by

Absorption of the entire undertaking and business of the Transferor Companies with the Transferee Company.

5. TRANSFER OF TRANSFEROR COMPANIES' UNDERTAKING INTO TRANSFEEE COMPANY

5.1 With effect from the start of the business on the Appointed Date, the Transferor Company Undertaking shall, under the provisions of Sections 230 / 232 of the Act and pursuant to Orders of the National Company Law Tribunal (NCLT), Mumbai Bench sanctioning this Scheme and without further act or deed, but subject to the charges (if any) affecting the same as on the Effective Date, be transferred to and/or be deemed to be transferred to and vested in as a going concern in the Transferee Company so as to become part of the undertaking, properties, assets and liabilities of the Transferee Company from the Appointed Date.

5.2 On and from the Effective Date the transfer referred above shall be carried out as follows: -

- (i) All the tangible movable assets of the Transferor Companies shall be transferred by physical delivery or by endorsement and delivery to the Transferee Company to the end, and with the intent, that the property therein passes to the Transferee Company upon such delivery or endorsement and delivery, as the case maybe, without the need to execute separate instrument. Such delivery and transfer shall be made on a date mutually agreed upon between the Board of Directors of each of the Transferor Companies and the Board of Directors of the Transferee Company within thirty days from the date of the last Order of the NCLT, Mumbai Bench sanctioning the Scheme of Merger by Absorption specified herein under Sections 230 to 232 of the Act.
- (ii) All the immovable properties of the Transferor Companies shall be vested with the Transferee Company.
- (iii) In respect of movable assets, other than those specified in sub-clause (i) above, including but not limited to sundry debtors, outstanding loans recoverable in cash or in kind, value to be received, bank balances and deposits (including deposits with Government, semi Government, local authorities and bodies) the following procedure shall be followed:

- a. The Transferor Companies shall give notice in such form as each of them may deem fit and proper to each party, debtor or depositee as the case may be, that pursuant to the said Scheme, the said debt, loan, advances, etc. to the extent to which the property is to pass to the Transferee Company, be paid or made good or held on account of and for the Transferee Company as the person entitled thereto to the end and intent that the right of the concerned Transferor Companies to recover or realize all such debts (including the debts payable by such person or deposited to the concerned Transferor Company) stands transferred and assigned to the Transferee Company and that appropriate entries should be passed in its books of accounts to record the aforesaid change.
- b. The Transferee Company may, if required, give notice in such form as it may deem fit and proper to each person, debtor or depositee that pursuant to the Scheme the said person, debtor or depositee should pay the debt, loan or advance or make good the same or hold the same to the account of or for the Transferee Company and that the Transferee Company's right to recover or realize the same is in substitution of such rights of the Transferor Companies.
- c. With effect from the start of the business on the Appointed Date the Liabilities (including deferred tax liabilities and contingent liabilities), duties and obligations of the Transferor Companies whether provided for or not in the books of accounts of the Transferor Companies, and all other liabilities which may accrue or arise after the Appointed Date but which relate to the period on or upto the Appointed Date shall, pursuant to the Order under Section 230 to 232 of the Act and without any further act or deed be and stand transferred to and vested in and assumed by the Transferee Company so as to become the liabilities of the Transferee Company and further that 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 debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this clause.

- (iv) The Shares held by the Transferee Company in the Transferor Companies shall stand cancelled without any further act, application or deed.
- (v) The Loan given by Transferee Company to Transferor Companies shall stand cancelled without any further act, application or deed.
- (vi) With effect from the Effective Date, the Transferee Company shall carry on and shall be authorized to carry on the business carried on by the Transferor Companies.
- (vii) From the Appointed date, all inter party transactions between the Transferor Companies and the Transferee Company shall become intra-party transactions.
- (viii) With effect from the Appointed date, all the statutory licenses, approvals, registrations and other consents and permissions of the Transferor companies and the benefits thereunder shall stand vested in or transferred to the Transferee company without any further act or deed and shall be appropriately mutated by statutory authorities concerned in favour of the Transferee company upon the vesting and transfer of undertaking of the Transferor companies under this Scheme of Merger by Absorption.

6. CONSIDERATION

6.1 The entire share capital of the Transferor Companies is held by the Transferee Company. Thus both the Transferor Companies are wholly owned subsidiaries of the Transferee Company.

6.2 As the Transferor Companies are wholly owned subsidiaries of the Transferee Company, no consideration shall be payable pursuant to this Scheme of Merger by Absorption. Accordingly, no shares of the Transferee Company will be allotted in respect of its holding in the Transferor companies. Upon the Scheme becoming effective, the entire share capital of the Transferor Companies shall be cancelled and extinguished.

6.3 The investments in the shares of the Transferor Companies, appearing in the books of the Transferee Company, shall, without any further act or deed, stand cancelled.

7. ACCOUNTING TREATMENT

Upon the Scheme becoming effective:

7.1 The Transferee Company shall record all the assets, liabilities and reserves recorded in the books of account of the Transferor Companies as transferred to and vested in the Transferee Company pursuant to this Scheme (except loan given to transferor company) at their respective book values as appearing in the books of accounts of the Transferor Companies at the close of business of the day immediately preceding the Appointed Date.

7.2 Upon the Scheme coming into effect, the difference, if any, of the net value of assets, liabilities and reserves of the Transferor Companies acquired and recorded by the Transferee Company shall be adjusted in reserves in accordance with the provisions of 16 and 35 of Accounting **Standard 14 'Accounting of Merger by Absorption'** issued by the Institute of Chartered Accountants of India.

7.3 All the profits or income accruing or arising to the Transferor Companies or expenditure or losses arising to or incurred by the Transferor Companies, with effect from the Appointed Date and upto and including Effective Date shall for all purposes and intents be treated and be deemed to be and accrue as the profits or income or expenditure or losses of the Transferee Company, as the case may be.

7.4 The Transferee Company shall record in its books of accounts, all the transactions of the Transferor Companies in respect of assets, liabilities, income and expenses at their book values from the Appointed Date to the Effective Date.

7.5 The Transferee Company shall follow the method for accounting for the Merger by Absorption of the Transferor Companies as per Accounting **Standard 14** issued by the Institute of Chartered Accountants of India or such other method as may be prescribed by the Government or any other statutory authority in this regard.

8. On and from the Effective Date, any loans or other obligations due between or amongst the Transferor Companies and the Transferee Company shall stand discharged and there shall be no liability in that behalf.

9. Notwithstanding anything stated in paragraphs 6 and 7 above, the Board of Directors of the Transferee Company, in consultation with its

Auditors, are authorised to account for any of the above items in any manner whatsoever as may be deemed fit.

10. LEGAL PROCEEDINGS

On and from the Effective Date, no suits, actions, appeals or other proceedings of whatever nature by or against the Transferor Company shall abate or be discontinued or be in any way prejudicially affected by reason of the Merger by Absorption or by anything contained in this Scheme. However, the said suits, appeals, actions, or other legal proceedings shall be continued to be prosecuted and enforced by or against the Transferee Company in the same manner, and with the same effect, as such suits, actions, appeals, or other proceedings would or might have been continued, prosecuted and enforced by or against the Transferor Company as if this Scheme had not been made. On and from the Effective Date, the Transferee Company shall and may initiate any legal proceedings for and on behalf of the Transferor Companies.

11. AGREEMENTS CONTRACTS DEEDS AND OTHER INSTRUMENTS

On and from the Effective Date, subject to other provisions contained in this Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments of whatever nature to which the Transferor Company is party, subsisting or to the benefit of which the Transferor Company may be eligible or having effect shall be in full force and effect against or in favour of the Transferee Company and may be enforced as fully and effectively as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligor thereto.

The Transferee Company shall, if so required or becomes necessary, upon the coming into effect of this Scheme enter into and/or issue execute deeds, writings or confirmations to give effect to the provisions of this Scheme and to the extent that the Transferor Company is required prior to the Effective Date to join in such deeds, writings or confirmations, the Transferee Company shall be entitled to act for and on behalf of and in the name of the Transferor companies, as the case may be.

12. EMPLOYEES OF THE TRANSFEROR COMPANIES

12.1 As on the Effective Date, the services of all the employees, workmen (if any) of the Transferor Companies shall stand transferred to the Transferee Company on the terms and

conditions as to remuneration and service not less beneficial to such employees than those subsisting with reference to the Transferor Companies and without entailing any break in the continuity of service to the intent and effect that such employees had always been the employees of the Transferee Company. The position, rank, and designation of the employees will be decided by the Board of Directors of the Transferee Company.

12.2 In so far as the provident fund, gratuity fund, Superannuation Fund or any other special scheme created or existing for the benefit of the employees and workmen transferred from the Transferor Companies are concerned, on and from the Effective Date, the same shall be transferred to the Transferee Company and the Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever relating to the administration or operation of such schemes or funds or in relation to the obligation to make contributions to the said schemes / funds as per the terms provided in the respective trust deeds, to the end and intent that all the rights, duties, powers and obligations of the Transferor Companies in relation to such schemes/ funds shall become those of Transferee Company and all the rights, duties and benefits of the employees of the Transferor Companies under such funds and trust shall be protected, subject to the provisions of law for the time being in force. It is clarified that the services of the transferred employees will be treated as having been continuous for the purpose of the aforesaid schemes/ funds.

12.3 In so far as the Fund or Funds created or existing for the benefit of the employees of the respective Transferor Companies are concerned upon the coming into effect of this Scheme, balances lying in the accounts of the employees of the Transferor Companies in the said Fund or Funds as on the Effective Date shall stand transferred from the respective Fund or Funds of the Transferor Companies to the corresponding Fund or Funds set up by the Transferee Company.

13. CONDUCT OF BUSINESS TILL EFFECTIVE DATE IN TRUST FOR THE TRANSFEREE COMPANY

13.1 With effect from the Appointed Date and upto the Effective Date, each of the Transferor Companies shall carry on and be deemed to have carried on all their business and activities and shall stand possessed of and shall be deemed to have held and stood possessed of their properties and assets for and on account of and in trust for the Transferee Company and all the profits

accruing to each of the Transferor Companies or losses arising or incurred by them shall for all purposes, be treated as the profits or losses of the Transferee Company as the case may be. Each of the Transferor Companies hereby undertakes to carry on its business activities until the Effective Date with reasonable diligence and business prudence and shall not, except in the ordinary course of its business without the prior written consent of the Transferee Company, undertake any financial commitments of any nature whatsoever, borrow any amounts nor incur any other liabilities or expenditure, issue any guarantees, indemnities, letter of comfort or commitments either for itself or any third parties, alienate, charge or otherwise deal with the Transferor Companies Undertaking or any part thereof. The Transferor Companies also undertake not to vary the terms and conditions of the employment of its employees except in the ordinary course of business.

- 13.2** All taxes of any nature, duties, cess or any other like payments or deductions made by the Transferor Companies to any Statutory Authorities such as Income Tax (including advance tax and Tax Deducted receivable and Minimum Alternate Tax (MAT) credit), Service Tax, Customs Duty, VAT, Goods & Service tax etc or any tax deducted/collected at source relating to the period after the Appointed Date and up to the Effective Date shall be deemed to have been on account of or on behalf of or paid by the Transferee Company and the relevant authorities shall be bound to transfer to the account of and give credit for the same to the Transferee Company upon the passing of the order in the Scheme by National Company Law Tribunal, Mumbai Bench, upon relevant proof and documents being provided to the said authorities to this effect.
- 13.3** The Transferor Companies shall not alter its equity capital structure either by fresh issue of shares or convertible securities (on a rights basis or by way of bonus shares or otherwise) or by any decrease, reduction, reclassification, sub-division, consolidation, re organization or in any other manner, except by and with the consent of the Board of Directors of the Transferee Company.
- 13.4** The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to the Central Government (Regional Director) and all other agencies, departments and authorities concerned as are necessary under any law for such consents, approvals, sanctions which the Transferee Company may require to carry on the business of the Transferor Companies.

14. SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of the Transferor Company Undertaking pursuant to this Scheme, and the continuance of proceeding under Clause 13 above shall not affect any transaction or proceedings already concluded by the Transferor Companies on or after the Appointed Date till the Effective Date, to the end and intent that the Transferee Companies accepts and adopts all acts, deeds and things done and executed by the Transferor Companies in respect thereto, as if done and executed on its behalf.

15. DISSOLUTION OF THE TRANSFEROR COMPANIES:

15.1 The Scheme, although operative from the Appointed Date, shall become effective from the Effective Date. On the Scheme becoming effective, the Transferor Companies shall stand dissolved without being wound up and without any further act by the parties.

15.2 On and with effect from the Effective Date, the name of the Transferor Companies shall be struck off from the records of the Registrar of Companies, Maharashtra, Mumbai. The Transferee Company shall make necessary filings in this regard.

15.3 Even after the Scheme becoming effective, the Transferee Company shall be entitled to operate all bank accounts relating to Transferor Companies and realize all monies and enforce all pending contracts and transactions in the name of the Transferor Companies in so far as may be necessary until the transfer and vesting rights and obligations of the Transferor Companies to the Transferee Company under this Scheme is formally effected by the parties concerned.

16. COMPLIANCE WITH INCOME TAX PROVISIONS

16.1 If necessary, the Pre and post shareholding pattern shall be maintained for the purpose of section 72A and Section 79 of the Income Tax Act.

16.2 This Scheme has been drawn up to comply with the conditions relating to "Merger by Absorption" as specified under Section 2(1B) of the Income-tax Act, 1961 and other relevant provisions 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 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 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 and other relevant provisions of the Income-tax Act, 1961.

16.3 On or after the Effective Date, the Transferor Companies and the Transferee Company are expressly permitted to revise their financial statements and returns along with Scheme of Merger by Absorption prescribed forms, filings and annexure under the Income-tax Act, 1961, Wealth-tax Act, 1957 (including for the purpose of re-computing tax on book profits, fringe benefit tax, wealth tax purposes and claiming other tax benefits), service tax law, Goods & Service Tax and other tax laws, and to claim refunds and/or credits for taxes paid, and to claim tax benefits, etc; and for matters incidental thereto, if required to give effect to the provisions of the Scheme from the Appointed Date.

16.4 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 as desired by the Transferee Company. 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.

16.5 Further, the aforementioned proceedings shall not abate or be discontinued nor be in any way prejudicially affected by reason of the Merger by Absorption of the Transferor Companies with the Transferee Company or anything contained in the Scheme.

16.6 Any tax liabilities under the Income-tax Act, 1961, Wealth-tax Act, 1957, Customs Act 1962, Service Tax laws, Goods & Service Tax, applicable State Value Added Tax laws or other applicable laws/regulations dealing with taxes/duties/levies allocable or related to the Transferor Companies 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 Transferee Company. Any surplus in the provision for taxation/duties/levies account including advance tax and tax deducted at source as on the date immediately preceding the Appointed Date will also be transferred to the account of the Transferee Company.

- 16.7** Any refund under the Income-tax Act, 1961, Wealth-tax Act, 1957, Customs Act 1962, Service Tax laws, Goods & Service Tax, applicable State Value Added Tax laws or other applicable laws/regulations dealing with taxes/duties/levies allocable or related to the Transferor Companies and due to the Transferor Companies consequent to the assessment made on the Transferor Companies for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company.
- 16.8** All taxes/credits including income-tax, tax on book profits, credit on Minimum Alternate Tax under section 115JAA of the Income-tax Act, Sales Tax, excise duty, Custom Duty, Service Tax, Goods & Service Tax, value added tax, etc paid or payable by the Transferor Companies in respect of the operations and/or the profits of the undertaking before the Appointed Date, shall be on account of the Transferor Companies and, in so far as it relates to the tax payment (including, without limitation, income-tax, tax on book profits, sales tax, excise duty, custom duty, service tax, Goods & Service Tax, value added tax etc.) whether by way of deduction at source, advance tax, MAT credit, input tax credit or otherwise howsoever, by the Transferor Companies in respect of the profits or activities or operation of the business after the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company and shall, in all proceedings, be dealt with accordingly. Further, tax deducted at source by the Transferor Companies/Transferee Company on payables to Transferee Company/ the Transferee Companies respectively as the case may be which has been deemed not to be accrued, shall be deemed to be advance taxes paid by the Transferee Company and shall, in all proceedings, be dealt with accordingly.
- 16.9** Obligation for deduction of tax at source on any payment made by or to be made by the Transferor Companies under the Income-tax Act, 1961, wealth-tax Act, 1957, service tax laws, Goods & Service Tax, customs law, state value added tax or other applicable laws/regulations dealing with taxes/duties/levies shall be made or deemed to have been made and duly complied with by the Transferee Company.
- 16.10** Without prejudice to the generality of the above, all benefits, incentives, losses, credits (including, without limitation income tax, tax on book profits, service tax, Goods & Service Tax, applicable state value added tax etc.) to which the Transferor Companies are

entitled to in terms of applicable laws, shall be available to and vest in the Transferee Company.

16.11 The Transferee Company and the Transferor Companies shall comply with the provisions of the Income Tax Act.

17. DIVIDENDS, PROFITS, BONUS/RIGHTS SHARES

17.1 The Transferor Companies shall not declare any dividend for the period commencing from and after Appointed Date without the prior written consent of the Transferee Company.

17.2 Subject to the provisions of the Scheme, the profits of the Transferor Companies for the period beginning from the Appointed Date shall belong to and be the profits of the Transferee Company and will be available to the Transferee Company for being disposed off in any manner as it thinks fit including declaration of dividend by the Transferee Company in respect of its Financial Year ending March 31, 2018 or any year thereafter.

17.3 The Transferor Companies shall not make any change in their paid-up share capital including issue or allotment of any Rights Shares or Bonus Shares, or any other security convertible into equity out of their Authorized or unissued Share Capital for the time being, or by capitalization of its reserves.

18. INCREASE IN AUTHORISED CAPITAL OF TRANSFEE COMPANY

18.1 Upon sanction of the Scheme, the authorised share capital of the Transferee Company shall automatically stand increased without any further act or deed on the part of the Transferee Company including payment of stamp duty and applicable fees, by the aggregate authorised capital of the Transferor Companies being 7,00,000 Equity Shares of Rs. 10/- each amounting to Rs. 70,00,000 and 50,000 Optionally convertible Preference shares of Rs. 10 each amounting to Rs. 5,00,000 and the Memorandum of Association and Articles of Association of the Transferee Company (relating to the Authorized Share Capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, and the consent of the shareholders of the Transferee Company to the Scheme, whether at a meeting or otherwise, shall be deemed to be sufficient for the purpose of effecting this amendment, and no further resolution(s) under Section 13, 61, 14, 232 of the Companies Act, 2013, rules made thereunder and other applicable provisions of the Act would be required to be separately passed, as the case may be and for this purpose the stamp duties

and fees paid on the authorized share capital of the Transferor Companies shall be utilized and applied to the increased authorized share capital of the Transferee Company and there would be no requirement for any further payment of stamp duty and/or fee by the Transferee Company for increase in the authorized share capital to that extent.

18.2 Pursuant to the Scheme becoming effective and consequent Merger by Absorption of the Transferor Companies into the Transferee Company, the authorized Share Capital of the Transferee Company will be as under:

Particulars	Amount (Rs.)
Authorised Capital:	
9,50,000 Equity shares of Rs. 10/- each	95,00,000.00/-
50,000 Optionally convertible Preference shares of Rs. 10/- each	5,00,000/-
Total	1,00,00,000.00/-

18.3 It is clarified that the approval of the members of the Transferee Company to the Scheme, whether at a meeting or otherwise, shall be deemed to be their consent/approval also to the amendment of the Memorandum of Association of the Transferee Company as may be required under the Act, and Clause V of the Memorandum of Association of the Transferee Company shall stand substituted by virtue of the Scheme to be read as follows:

“The Authorised Share Capital of the Company is Rs. 1,00,00,000/- (Rupees One Crore Only) divided into 9,50,000 Equity shares of Rs. 10 each aggregating to Rs. 95,00,000/- (Rupees Ninety-Five Lakhs) and 50,000 optionally convertible Preference shares of Rs. 10 each aggregating to Rs.5,00,000/- (Rupees Five Lakhs) subject to being increased as hereinafter provided in accordance with the regulations of the Company and the legislative provisions for the time being in force subject to the provisions for the said Act, the shares in the Capital of the Company and the legislative provisions for the time being whether original or increased or reduced may be divided into classes, with any preferential or other rights, privileges, conditions or restrictions attached thereto whether in regard to divided voting, return or capital otherwise.”

19. APPLICATIONS TO THE NATIONAL COMPANY LAW TRIBUNAL

The Transferor Companies and the Transferee Company shall with all reasonable dispatch, make and file applications / petitions under Section 232 and other applicable provisions of the Act and rules made thereunder to the National Company Law Tribunal for seeking approval to the Scheme under the provisions of the law, and obtain all approvals as may be required under the law and for dissolution of the Transferor Company without winding up.

20. MODIFICATIONS AND AMENDMENTS TO THE SCHEME

The Transferor Companies and the Transferee Company with approval of their respective boards of directors may consent from time to time on behalf of all persons concerned to any modifications/amendments or additions/deletions to the Scheme or agree to any terms and / or conditions or limitations that the NCLT, Mumbai Bench or any other authorities under law may deem fit to approve of, to direct or impose or which may otherwise be considered necessary, desirable or appropriate by the said board of directors to resolve all doubts or difficulties that may arise for carrying out this Scheme and to do and execute all acts, deeds matters, and things necessary for bringing this Scheme in to effect. The aforesaid powers of the Transferor Companies and the Transferee Company may be exercised by their respective Board of Directors or any person authorised in that behalf by the concerned Board of Directors.

21. SCHEME CONDITIONAL ON APPROVAL / SANCTIONS

The Scheme is conditional on and subject to:

21.1 The Approval to the Scheme by requisite majority of the members and creditors (both secured and unsecured) of the Transferor Companies and of the members and creditors (both secured and unsecured) of the Transferee Company as stated in section 232 of the said Act and the requisite Order or Orders of the NCLT, Mumbai Bench.

21.2 The requisite resolution(s) under the applicable provisions of the said Act being passed by the shareholders of the Transferee Companies for any of the matter provided for or relating to the Scheme.

21.3 The sanction of the NCLT, Mumbai Bench under section 232 of the said Act, in favour of the Transferor Companies and the Transferee Company and to the necessary orders under section 232 of the said Act being obtained.

21.4 Any other sanction or approval of the Appropriate authorities concerned, as may be considered necessary and appropriate by respective Board of Directors of the Transferor Companies and the Transferee Company, being obtained and granted in respect of any of the matters for which such sanction or approval is required.

21.5 The certified and authenticated copy of the order of the National Company Law Tribunal (NCLT), Mumbai Bench sanctioning the Scheme shall be filed by the Transferor Companies and the Transferee Company with the Registrar of Companies at Mumbai within thirty days from the date the Order is received by the Transferor Companies and the Transferee Company.

22. EFFECT OF NON-RECEIPT OF APPROVALS AND SANCTIONS

In the event of any of aforesaid sanctions and approvals not being obtained and/or the scheme not being sanctioned by the NCLT and/or the order or orders not being passed as aforesaid on or before 31st March, 2020 or within such further period as may be agreed upon between the Transferor Companies and the Transferee Company through their respective Board of Directors, the Scheme shall become null and void and each party shall bear and pay its respective costs, charges and expenses for and/or in connection with the Scheme.

23. EXPENSES CONNECTED WITH THE SCHEME

All costs, charges and expenses of the Transferor Companies and the Transferee Company respectively in relation to or in connection with the Scheme and of carrying out and implementing / completing the terms and provisions of the Scheme and / or incidental to the completion of Merger by Absorption of the said Transferor Company Undertaking in pursuance of this Scheme shall be borne by the Transferee Company.