LARSEN & TOUBRO

Larsen & Toubro Limited
Secretarial Department
L&T House, Ballard Estate
Narottam Morarjee Marg
Mumbai - 400 001, INDIA
Tel: +91 22 6752 5656
Fax: +91 22 6752 5893
www.Larsentoubro.com

SEC/PAM/2019

July 8, 2019

The Secretary BSE Limited Phiroze Jejeebhoy Towers, Dalal Street, MUMBAI - 400 001 **STOCK CODE: 500510**	National Stock Exchange Of India Limited Exchange Plaza, 5th Floor Plot No.C/1, G Block Bandra-Kurla Complex Bandra (E), Mumbai - 400 051 **STOCK CODE: LT**

Dear Sirs,

Sub: Scheme of Amalgamation ("the Scheme") between Larsen & Toubro Limited ("L&T") and L&T Shipbuilding Limited ("LTSB"), a wholly owned subsidiary

Further to our letter dated May 11, 2019 intimating the approval granted by the Board of Directors for the Scheme of Amalgamation of LTSB with L&T, we enclose the final Scheme of Amalgamation for your records.

Thanking you,

Yours faithfully
For **LARSEN & TOUBRO LIMITED**

N.HARIHARAN
EXECUTIVE VICE-PRESIDENT &
COMPANY SECRETARY
(M.NO – A3471)

Encl: a/a

SCHEME OF AMALGAMATION

(Under Section 230-232 of the Companies Act, 2013)

OF

L&T SHIPBUILDING LIMITED

WITH

LARSEN & TOUBRO LIMITED

PART I – GENERAL

PREAMBLE

1. This Scheme of Amalgamation is presented under Sections 230-232 and other relevant provisions of the Companies Act, 2013 as an integrated and complete Scheme of Amalgamation between **L&T Shipbuilding Limited**, the Transferor Company and **Larsen & Toubro Limited**, the Transferee Company and the dissolution of the Transferor Company without winding up.

2. The Scheme is in the interest of the Transferor and Transferee Companies, their respective shareholders and creditors.

DESCRIPTION OF THE COMPANIES

a) **L&T SHIPBUILDING LIMITED** ("**Transferor Company**"/ "**LTSB**") was incorporated under the provisions of the Companies Act, 1956 on 13th November 2007 and became a wholly owned subsidiary of the Transferee Company on 10th April 2019 having its

Registered office at Ground Floor, TC-1 Building, L&T Construction Complex, Mount Poonamallee Road, Manapakkam, Chennai- 600089. LTSB is *inter alia* engaged in the business of shipbuilding, naval architecture, marine engineering, ocean engineering, heavy engineering and general engineering. LTSB currently operates a modern shipyard from Kattupalli, Chennai that is engaged in the construction of shipyards, building of warships, submarines, auxiliary vessels/crafts and specialized commercial ships and undertakes repairs and refits of both defence and commercial ships. Initially, it was also engaged in the business of the construction, development, operating, maintaining of Kattupalli Port however, the same was divested as a part of rationalization of its business operations.

b) **LARSEN & TOUBRO LIMITED** ("**Transferee Company**"/ "**L&T**") is a listed public limited company incorporated under the provisions of the Companies Act, 1913 on 7th February, 1946 having its Registered office at L&T House, Narottam Morarji Marg, Ballard Estate, Mumbai- 400001, Maharashtra. One of the Objects for which L&T is incorporated is to, *inter alia,* carry on business as civil, mechanical, electrical, chemical and agricultural engineers, as manufacturers, and as importers and exporters, commission agents (and merchants and as agents for ship and ship-owners and as agents) for foreign manufactures and merchants. The Transferee Company is also engaged in the construction of ships, building of warships, submarines, auxiliary vessels/crafts and specialized commercial ships at Hazira, State of Gujarat.

RATIONALE FOR THE SCHEME OF AMALGAMATION:

The reasons and circumstances leading to and justifying the proposed Scheme of Amalgamation, which make it beneficial for all concerned, including the members of both the Companies, are as follows:

a) The Transferor Company and the Transferee Company are operating in complementary/similar lines of business that can be conveniently combined for mutual benefit.

b) The Transferor Company does not have adequate financial strength, qualification criteria etc. for obtaining orders in relation to majority of the defence contracts. It hence relies on the Transferee Company and its license/s for construction of ships, building of warships, submarines, auxiliary vessels/crafts and specialized commercial ships and subcontracting the works to it. This results in multiple layers of contracts, approvals etc. resulting in higher costs for management, administration etc.

c) Transferee Company by virtue of its higher financial strength has the ability and banking facilities to meet large value Bid & Advance Payment Guarantees which are required for high value defence orders. Hence, the merger can enhance the ability to Bid for and issue Guarantees for large value defence orders.

d) The proposed merger hence can facilitate utilization of the shipyard facility in an optimum manner by leveraging superior pre-qualification and financial capability of the Transferee Company and by also achieving better execution through pooling of human capital with diverse skills, talent and vast experience.

e) There has been confusion among customers in understanding the legal status of the Transferor Company and the Transferee Company during prequalification and while awarding contracts. Competition has also been leveraging Transferor Company financials for negative propaganda, despite Transferee Company's strong balance sheet.

f) The proposed merger provides an opportunity to optimize the utilization of the Transferor Company's facilities (including Kattupalli Shipyard) for businesses other than those presently carried on by the Transferor Company.

g) One of the reasons necessitating the merger is that the Transferor Company is a wholly owned subsidiary of the Transferee Company as the complete shareholding of the Transferor Company is held by the Transferee Company and its nominees. It is also relevant to note in this regard that a portion of the equity stake of the Transferor Company was held by Tamil Nadu Industrial Development Corporation Limited (TIDCO) until April 10, 2019 and hence Transferor Company was initially setup as a separate legal entity. With TIDCO's exit and consequently as the Transferor Company is now a wholly owned subsidiary of the Transferee Company, the Transferor Company's operations would roll back into the "Defence" vertical of the Transferee Company, post the merger.

h) The amalgamation will improve organizational capability arising from the pooling of human capital that has diverse skills, talent and vast experience.

i) The Scheme is commercially and economically viable and feasible and is in fact fair and reasonable.

j) The proposed amalgamation will result in administrative and operations rationalization, organizational efficiencies, reduction in overheads, personnel costs, costs of ERP, compliance cost and other administrative expenses.

k) The proposed amalgamation would be beneficial from a revenue generation and cost optimization perspective as the Transferee Company would continue to reap the benefits of qualifications/certifications of the Transferor Company post amalgamation.

l) The proposed amalgamation will prevent cost duplication and will result in synergies in operations. The synergies created by the amalgamation would increase operational efficiency and integrate business functions.

m) The higher financial strength (due to the merger into the Transferee Company) will help in optimizing funding cost for the shipyard and make the business of the Transferor Company more commercially viable.

n) Since the Transferor Company is already a wholly owned subsidiary of the Transferee Company, the management of the two aforementioned companies have evaluated the plan and strategy for both the Companies and feel that merging the two entities will be effective in obtaining synergy in the operations of the Transferor Company and the Transferee Company.

PARTS OF THE SCHEME

The Scheme is divided into the following parts:

1. Part A – deals with Definitions and Interpretations.
2. Part B - deals with Capital Structure of the Transferor and Transferee Companies.
3. Part C - deals with Amalgamation of the Transferor Company with the Transferee Company.
4. Part D - deals with Accounting Treatment for the amalgamation in the books of Transferee Company.
5. Part E - deals with the general terms and conditions that would be applicable to the entire Scheme.
6. Part F – deals with other terms and conditions.

In addition to the above, the Scheme also provides for various other matters consequential or otherwise integral to it.

TREATMENT OF THE SCHEME FOR THE PURPOSES OF INCOME TAX ACT, 1961

The amalgamation of the Transferor Company with the Transferee Company pursuant to this Scheme shall take place with effect from the Appointed Date and shall be in accordance with the provisions of Section 2 (1B) of the Income Tax Act, 1961. If any of the terms or provisions of Part C of the Scheme is/are found or interpreted to be inconsistent with the provisions of Section 2 (1B) of the Income Tax Act, 1961 at a later date including resulting from an amendment of a law or for any other reason whatsoever, the provisions of Section 2 (1B) of the Income Tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with the provisions of Section 2 (1B) of the Income Tax Act, 1961. Such modification/s will however not affect the other parts of the Scheme.

PART A

DEFINITIONS & INTERPRETATIONS

In this Scheme (as defined hereunder), unless inconsistent with the meaning or context thereof, the following expressions shall have the meanings respectively assigned against them:

A-1. **“Act”** means the Companies Act, 2013 and shall include any statutory modification(s), re-enactment(s) or amendment thereof from time to time;

A-2. **“Appointed Date”** means 1st April 2019 or such other date(s) as the National Company Law Tribunal at Chennai, Tamil Nadu and the National Company Law Tribunal at Mumbai, Maharashtra or such other Appropriate Authority may approve;

A-3. **“Appropriate Authority”** means any governmental, statutory, departmental or public body or authority, including the relevant Registrar of Companies and/or the Regional Director.

A-4. **“Board of Directors of the Transferee Company”** shall mean the Board of Directors of L&T, any committee(s) constituted/to be constituted by the board of directors of L&T or any other person authorized/to be authorized by the board of directors of L&T or any committee thereof to exercise its powers including the powers in terms of this Scheme;

A-5. **“Board of Directors of the Transferor Company”** shall mean the Board of Directors of LTSB, any committee(s) constituted/to be constituted by the board of directors of LTSB or any other person authorized/to be authorized by the board of directors of the LTSB or any committee thereof to exercise its powers including the powers in terms of this Scheme;

A-6. **“Effective Date”** means the latter of the dates on which certified copy of the order sanctioning the Scheme passed by the National Company Law Tribunal at Chennai, Tamil Nadu and the National Company Law Tribunal at Mumbai, Maharashtra is filed with the Registrar of Companies, Tamil Nadu and Registrar of Companies, Mumbai. Maharashtra, respectively;

A-7. **“Kattupalli Shipyard”** shall mean the shipyard constructed and operated by the Transferor Company with all lands, relevant portion of the waterfront (including the wharfs and the marine structures comprised therein and the Southern Breakwater), assets and facilities comprised therein as the same is delineated on the map in **Annexure 1** hereto and shall include the Modular Fabrication Facility;

A-8. **“Scheme”** means the Scheme of Amalgamation in its present form as submitted to the National Company Law Tribunal at Chennai, Tamil Nadu and the National Company Law Tribunal at Mumbai, Maharashtra for its sanction with or without any modification(s)/amendment(s) as may be directed by it;

A-9. **“Transferee Company”** shall mean “Larsen & Toubro Limited”, a company incorporated under the Companies Act, 1913 and having its Registered office at L&T House, Narottam Morarji Marg, Ballard Estate, Mumbai- 400001, Maharashtra;

A-10. **“Transferor Company”** shall mean “L&T Shipbuilding Limited”, a company incorporated under the Companies Act, 1956 and having its Registered office at Ground Floor, TC-1 Building, L&T Construction Complex, Mount Poonamallee Road, Manapakkam, Chennai- 600089, Tamil Nadu;

A-11. **“Tribunal”** means the National Company Law Tribunal, Chennai and/or National Company Law Tribunal, Mumbai as constituted by the Central Government under the Companies Act 2013 as amended from time to time and the National Company Law Appellate Tribunal, New Delhi;

A-12. **“Undertaking”** means the entire business and all the undertaking of the Transferor Company and shall include:

a) All the assets, properties, business and commercial rights or any other assets of the Transferor Company, whether appearing in the financial statements or not of the Transferor Company, as on the Appointed Date (hereinafter referred to as **“the Assets”**);

b) All the debts, liabilities, duties and obligations of the Transferor Company, whether appearing in the financial statements of the Transferor Company or not, as on the Appointed Date (hereinafter referred to as **“the Liabilities”**);

c) Without prejudice to the generality of sub-clause (a) above, the undertaking of the Transferor Company shall include (without being limited to all the Transferor Company's reserves and the authorised/ paid-up share capital), movable or immovable, tangible or intangible properties, buildings and structures, offices, residential and other premises, capital work in progress, sundry debtors, furniture, fixtures, office equipment, vehicles, appliances, accessories, power lines, deposits, all stocks, assets, investments of all kinds (including shares, scrips, stocks, bonds, debenture stock, mutual funds), Cash & Bank balances, loans, advances, contingent rights or benefits, receivables (including tax refunds), benefit of any deposits, financial assets, leases, powers, authorities, allotments, approvals, permits and consents, quotas, rights, entitlements, contracts, licenses, municipal permissions, tenancies in relation to the office and/or residential properties for the employees or other persons, guest houses, godowns, warehouses, leases, licenses, fixed and other assets, benefits of assets or properties or other interest held in trust, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, and balances, loans, title, interests, other benefits (including tax benefits) and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Transferor Company, including but without being limited to trade and service names and marks, patents, knowhow, copyrights, and other intellectual property rights of any nature whatsoever (including application for registration of the same and right to use such intellectual rights) authorizations, permits, approvals, rights to use and avail of telephones, telex, facsimile, email, internet, leased line connections and installations, utilities, water, electricity and other services, reserves, provisions, funds, benefits of all agreements, all records, files, papers, computer programs, manuals, data, catalogues, sales and advertising materials, lists and other details of present and former customers and suppliers, customer credit information, customer and supplier pricing information and other records in connection with or relating to the Transferor Company and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Company, whether in India or abroad.

d) All records, files, papers, engineering and process information, computer programmes, software licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form; and;

e) All present and future liabilities including contingent liabilities and shall further include any obligations under any licenses and/or permits.

PART B - CAPITAL STRUCTURE OF THE TRANSFEROR AND TRANSFEREE COMPANIES

The Authorized and the Issued, Subscribed and Paid Up Share Capital of the Transferor Company and Transferee Company as per their respective latest available Audited Balance Sheets as on 31st March, 2019 are as under:

a) The share capital of L&T Shipbuilding Limited, the Transferor Company as of 31st March, 2019 is as under:

Transferor Company	**As at 31st March, 2019**	
	Nos.	**Rs.**
SHARE CAPITAL		
AUTHORIZED – EQUITY		
Equity Shares of Rs. 10/- each	130,00,00,000	1300,00,00,000
Total:	**130,00,00,000**	**1300,00,00,000**
AUTHORIZED – PREFERENCE		
Preference Shares of Rs. 10/- each	340,00,00,000	3400,00,00,000
Total:	**340,00,00,000**	**3400,00,00,000**
ISSUED, SUBSCRIBED AND PAID-UP EQUITY SHARE CAPITAL	44,40,00,000	444,00,00,000
Total:	**44,40,00,000**	**444,00,00,000**

ISSUED, SUBSCRIBED AND PAID-UP PREFERENCE SHARE CAPITAL	Nos.	Rs.
12% Cumulative Redeemable Preference Shares of face value of Rs. 10/- each	25,00,00,000	250,00,00,000
9% Non-Cumulative Redeemable Preference Shares of face value of Rs. 10/- each	222,81,89,988	2228,18,99,880
Total:	**247,81,89,988**	**2478,18,99,880**

b) The share capital of Larsen & Toubro Limited, the Transferee Company as of 31st March, 2019 is as follows:

Transferee Company	**As at 31st March, 2019**	
	Nos.	**Rs.**
SHARE CAPITAL		
AUTHORIZED		
Equity Shares of Rs. 2/- each	162,50,00,000	325,00,00,000
Total:	**162,50,00,000**	**325,00,00,000**
ISSUED, SUBSCRIBED AND PAID-UP		
Equity Shares of Rs. 2/- each	140,27,29,385	280,54,58,770

Subsequent to the latest audited financial statements of the Transferee Company, there has been an increase in the issued, subscribed and paid up share capital of the Transferee Company. Presently the issued, subscribed and paid up capital of the Transferee Company is 140,30,91,278 equity shares of Rs. 2 each aggregating to Rs. 280,61,82,556.

PART C – AMALGAMATION OF THE TRANSFEROR COMPANY WITH THE TRANSFEREE COMPANY

Transfer And Vesting of the Undertaking

C-1. Upon coming into effect of this Scheme and with effect from the Appointed Date, the entire Undertaking of the Transferor Company (including all the estate, assets, investments, rights, claims, title, interest and authorities including accretions and appurtenances) shall, subject to the provisions of Clauses C-2 and C-3 in relation to the mode of vesting and pursuant to the provisions of the Act and without any further act, instrument or deed, be and shall stand transferred to and vested in and/or deemed to be transferred to and vested in the Transferee Company *as a going concern* pursuant to the provisions of Section 232(3) of the Act and other applicable provisions of the said Act so as to become as and from the Appointed Date, the assets, estates, rights, title and interest of the Transferee Company. Without prejudice to the generality of the above, all benefits, concessions, reliefs including but not limited to the benefit/s under income tax (including tax relief under the Income Tax Act, 1961, such as credit for advance tax, taxes deducted at source, carry forward of Minimum Alternate

Tax Credit, carry forward of tax losses including unabsorbed depreciation, continuity of tax holiday/ deduction available, if any, etc.), service tax (including benefits of any unutilized CENVAT/ service tax credits, etc.), credit for Goods and Services Tax, excise, value added tax, sales tax (including deferment of sales tax), the SEZ status and benefits associated therein, such other tax or other benefits under any laws or any other registrations, etc., to which the Transferor Company is entitled to in terms of various statutes and/or schemes of Union, State, and Local Governments/ bodies and/or otherwise, shall be available to and vest in the Transferee Company.

C-2. In respect of such of the assets of the Transferor Company as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and/or delivery, the same may be so transferred by the Transferor Company, and shall, upon such transfer, become the property of the Transferee Company.

C-3. In respect of such of the assets belonging to the Transferor Company other than those referred to in Clause C-2 above, the same shall, as more particularly provided in Clause C-1 above, without any further act, instrument or deed be transferred to and vested in and/or be deemed to have been and stand transferred to and vested in the Transferee Company with effect from the Appointed Date pursuant to the provisions of Section 232 of the Act. The mutation of the title to all such immovable assets belonging to the Transferor Company shall be made and duly recorded by the appropriate authorities pursuant to the Scheme, in accordance with the terms hereof without any further act or deed whatsoever, in favour of the Transferee Company.

C-4. All debts, liabilities outstanding, reserves and receivables of the Transferor Company shall, on and from the Appointed Date, stand transferred to and vested in the Transferee Company without any further notice, acts or deeds and pursuant to provisions of Sections 232 of the Act or intimation to the debtors and the debtors shall be obliged to make payments to the Transferee Company on and after the Effective Date.

C-5. All the licenses (including hardware and software licenses), permits, quotas, approvals, permissions, incentives, loans, subsidies, concessions, grants, rights, no objection certificates claims, leases (including the lease/s entered into with the Tamil Nadu Industrial Development Corporation Limited), liberties, rehabilitation schemes, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by and all rights and benefits that have accrued, which may accrue to the Transferor Company shall, pursuant to the provisions of Section 232(3) of the Act, 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, the licenses, permits, quotas, approvals, permissions, incentives, loans, subsidies, concessions, grants, rights, no objection certificates, claims, leases (including the lease/s entered into with the Tamil Nadu Industrial Development Corporation Limited), liberties, rehabilitation schemes, special status and other benefits or privileges of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible under law. It is hereby clarified that all inter party transactions between the Transferor Company and the Transferee Company shall be considered as intra party transactions for all purposes from the Appointed Date.

C-6. The benefit of all transferable statutory and regulatory permissions, environmental approvals and consents including the statutory licenses, permissions or approvals or consents required to carry on the operations of the Transferor Company shall vest in and become available to the Transferee Company pursuant to the Scheme.

C-7. Without prejudice to the generality of the clauses C-5 and C-6, the approvals, licenses etc. shall stand transferred to the Transferee Company pursuant to the Scheme without any further act, instrument or deed.

C-8. It is clarified that notwithstanding anything to the contrary contained herein, all rights relating to patents, designs and drawings, trademarks, service marks, logos, domain names and utility models, copyrights, inventions and brand names which are possessed and/or owned by the Transferor Company including the right to use the brand name, and business names and any similar rights and the benefit of any of the foregoing shall be available to Transferee Company.

C-9. All assets, estates, rights, title, interest, licenses and authorities acquired by or permits, quotas, approvals, permissions, incentives, loans or benefits, subsidies, concessions, grants, rights, claims, leases, liberties, rehabilitation schemes and other assets, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by and/or all rights and benefits that have accrued or which may accrue to the Transferor Company after the Appointed Date and prior to the Effective Date in connection or in relation to the operation of the Undertaking shall upon coming into effect of this Scheme, pursuant to the applicable provisions of the Act, without any further act, instrument or deed, be and stand transferred to and vested or deemed to have been transferred to and vested in the Transferee Company.

C-10. Upon the coming into effect of this Scheme and with effect from the Appointed Date:

(a) All the secured and unsecured debts, (whether in rupees or in foreign currency), all liabilities, duties and obligations of the Transferor Company along with any charge, encumbrance, lien or security thereon shall, pursuant to the applicable provisions of the Act, without any further act, instrument or deed, be and stand transferred to and vested in or deemed to have been transferred to and vested in, so as to become the debts, liabilities, duties and obligations 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. It is clarified that in so far as the Assets of the Transferor Company are concerned, the security or charge over such Assets or any part thereof, relating to any loans, debentures or borrowing of the Transferor Company, shall, without any further act or deed continue to relate to such Assets or any part thereof, after the Effective Date and shall not relate to or be available as security in relation to any or any part of the assets of the Transferee Company.

(b) All debentures, bonds, notes or other debt securities of the Transferor Company, whether convertible into equity or otherwise, (hereinafter referred to as the **"Transferor Company's Securities"**), shall, pursuant to the applicable provisions of the Act, without any further act, instrument or deed become securities of the Transferee Company and all rights, powers, duties and obligations in relation thereto shall be and stand transferred to and vested in, deemed to have been transferred to and vested and shall be exercised by or against the Transferee Company as if it were the Transferor Company in respect of the Transferor Company's Securities so transferred.

(c) Assets of the Transferee Company shall not relate to or be available as security in relation to the said borrowings of the Transferor Company unless the Transferee Company otherwise agrees.

(d) Where any of the liabilities and obligations of the Transferor Company as on the Appointed Date transferred to the Transferee Company have been discharged by the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company.

(e) All loans raised and utilized and all debts, duties, undertakings, liabilities and obligations incurred or undertaken by the Transferor Company in relation to or in connection with the Undertaking after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used, incurred or undertaken for and on behalf of the Transferee Company and to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme, pursuant to the provisions of Section 232(3) of the Act, without any further act, instrument or deed be and stand transferred to or vested in or be deemed to have been transferred to and vested in the Transferee Company and shall become the debt, duties, undertakings, liabilities and obligations of the Transferee Company which shall meet, discharge and satisfy the same.

(f) The technical qualifications, right to use the accreditations/pre-qualifications, work experience, track record with customers or other parties, contracts with clients and with vendors, of the Transferor Company (acquired by reason of its operations in the past) in relation to or in connection with the Undertaking shall be deemed to be part of and belonging to the Transferee Company and shall for all purposes be regarded as the work experience and technical qualification, of the Transferee Company with effect from the Appointed Date.

C-11. For the removal of doubts it is clarified that to the extent that there are inter-company loans, deposits, obligations, balances or other outstandings including any interest thereon, as between the Transferor Company and the Transferee Company, the obligations in respect thereof shall come to an end and there shall be no liability in that behalf and corresponding effect shall be given in the books of account and records of the Transferee Company for the reduction of such assets or liabilities as the case may be.

C-12. **Legal Proceedings:**

(a) All proceedings of whatsoever nature (legal and others, including any suits, actions, appeals, arbitrations, execution proceedings, revisions, writ petitions, proceedings in respect of registrations of any patent, copyright, trademark, service names or marks, or designs, or any other intellectual property right, if any) by or against the Transferor Company shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer and vesting of the Undertaking of the Transferor Company or anything contained in this Scheme but the said proceedings, shall, till the Effective Date be continued, prosecuted and enforced by or against the Transferor Company, as if this Scheme had not been made.

(b) Upon the coming into effect of this Scheme, all suits, actions, legal, taxation and any other proceedings of whatsoever nature including proceedings in respect of registrations of any patent, copyright, trademark, service names or marks, or designs (the **"Proceedings"**) by or against the Transferor Company pending and/or arising before any judicial, quasi-judicial authority or tribunal on or before the Effective Date shall be continued and be enforced by or against the Transferee Company as effectually as if the same had been pending and/or had arisen by or against the Transferee Company.

(c) The Transferee Company undertakes to have accepted on behalf of itself, all suits, claims, actions and legal proceedings initiated by or against the Transferor Company transferred to its name and to have the same continued, prosecuted and enforced by or against the Transferee Company and any payment and expenses made thereto shall be the liability of the Transferee Company only upon effectiveness of the Scheme and not otherwise.

C-13. **Contracts:**

(a) Upon the coming into effect of this Scheme, and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements, incentives, licenses, engagements, approvals, registrations and assurances and other instruments of whatsoever nature **("Contracts")** to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall be 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 Company, the Transferee Company had been a party or beneficiary or obligee thereto. The Transferee Company may if and wherever necessary, enter into and/or issue and/or execute deeds, writings or confirmations at any time, enter into any tripartite arrangements, confirmations or novations prior to the Effective Date to which the Transferor Company will, if necessary, also be a party in order to give formal effect to the provisions of this Clause.

(b) The Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of any party to any contract or arrangement to which the Transferor Company was a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall, under the provisions of Part C of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of the Transferor Company.

C-14. **Staff, Workmen and Employees:**

Upon the coming into effect of this Scheme:

(a) All the employees of the Transferor Company in service on the Effective Date shall become the employees of the Transferee Company on such date without any break or interruption in service and on terms and conditions as to remuneration not less favourable than those subsisting with reference to the Transferor Company as on the said date. It is clarified that the employees of the Transferor Company who become employees of the Transferee Company by virtue of this Scheme, shall not be entitled to the employment policies, and shall not be entitled to avail of any schemes and benefits that are applicable and available to any of the employees of the Transferee Company, unless otherwise determined by the Transferee Company. The Transferee Company undertakes to continue to abide by any agreement/ settlement, if any, entered into by the Transferor Company with any union/employee of the Transferor Company.

(b) The existing provident fund, gratuity fund, and pension and/or superannuation fund created by the Transferor Company or any other special funds created or existing for the benefit of the employees of the Transferor Company shall at an appropriate stage on case to case basis be transferred to the relevant funds of the Transferee Company and till such time shall be maintained separately.

C-15. **Saving of Concluded Transactions:**

The transfer of the Undertakings, the continuance of Proceedings and the effectiveness of Contracts as mentioned hereinabove, shall not affect any transaction or Proceedings already concluded by the Transferor Company on or after the Appointed Date for Amalgamation till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto, as if done and executed on behalf of the Transferee Company.

C-16. **Re-organization of Share Capital:**

(a) As the entire Issued, Subscribed and Paid-up equity share capital of the Transferor Company is held by the Transferee Company and its nominees, upon the Scheme being effective, notwithstanding anything contrary in this Scheme, the said share capital of the Transferor Company will stand automatically cancelled and there will be no issue and allotment of fresh shares to the Transferee Company as the Transferee Company and its nominees are the only shareholders of the Transferor Company.

(b) As the entire Issued, Subscribed and Paid-up preference share capital of the Transferor Company is held by the Transferee Company, upon the Scheme being effective, notwithstanding anything contrary in this Scheme, the said preference share capital of the Transferor Company will stand automatically cancelled and there will be no issue and allotment of fresh preference shares to the Transferee Company.

PART D – ACCOUNTING TREATMENT FOR THE AMALGAMATION IN THE BOOKS OF TRANSFEREE COMPANY

D-1. General Accounting Treatment:

(a) With effect from the Appointed Date and upon the Scheme becoming effective, the Transferee Company shall follow pooling of interest method in Appendix C of Indian Accounting Standard 103 (Ind AS 103) (Business Combinations of entities under common control) for the purpose of amalgamation..

(b) All assets and liabilities, including reserves, of the Transferor Company shall be recorded in the books of accounts of the Transferee Company at their existing carrying amounts and in the same form. The identity of the reserves shall be preserved and shall appear in the financial statements of the Transferee in the same form in which they appeared in the financial statements of the Transferor.

(c) In case of any difference in accounting policies of the Transferor Company and the Transferee Company, the impact of the same till the Appointed Date will be quantified and adjusted in the "Surplus in Profit & Loss" account of the Transferee Company to ensure that the financial statements of the Transferee Company reflect the financial position of the Transferee Company on the basis of a consistent accounting policy and in conformity with applicable standards including the Indian Accounting Standard 103 (Ind AS 103) "Business Combinations" laid down by the Institute of Chartered Accountants of India.

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

(e) The difference between, the amount of Investment in transferor company, as appearing in books of Transferee Company, and share capital of the Transferor Company shall be transferred to Capital Reserve and will be presented separately from other capital reserves.

PART E – GENERAL TERMS & CONDITIONS APPLICABLE TO THE ENTIRE SCHEME

E-1. **Conduct of Business as and from the Appointed Date till the Effective Date:**

(a) The Transferor Company shall carry on and be deemed to carry on its business and activities and stand possessed of its properties and assets for and on account of and in trust for the Transferee Company and all profits accruing to the Transferor Company or losses arising or incurred by it shall for all purposes be treated as the profits or losses of the Transferee Company as the case may be.

(b) The Transferor Company hereby undertakes to carry on its business until the effective date with reasonable diligence and shall not, without the consent of the Transferee Company, alienate, charge or otherwise deal with the Undertaking or any part thereof except in the ordinary course of its business.

(c) The Transferor Company shall not undertake any new business or any substantial expansion of its existing business or change the general character or nature of its business except with the concurrence of the Transferee Company.

E-2. **Dividend:**

(a) The Transferor Company and the Transferee Company shall be entitled to declare and pay dividends, whether interim or final, to their respective equity shareholders in respect of the accounting period after the Appointed Date and prior to the Effective Date.

(b) The holders of the equity shares of the Transferor Company and the Transferee Company shall, save as expressly provided otherwise in this Scheme continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends.

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

E-3. **Resolutions:**

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

E-4. **Dissolution of Transferor Company:**

Pursuant to the Scheme becoming effective and with effect from the Effective Date, the Transferor Company shall be dissolved without being wound up, without any further act, deed or instrument. On and from the Effective Date, the name of the Transferor Company shall be removed from the records of the Registrar of Companies and records relating to the Transferor Company shall be transferred and merged with the records of the Transferee Company.

E-5. **Application to the Central Government or Tribunal :**

The Transferor Company and the Transferee Company shall with all reasonable dispatch, make all necessary applications and/or petitions under Section 232 and other applicable provisions of the

Act (as maybe necessary) to the Tribunal, for sanctioning the Scheme and for dissolution of the Transferor Company without winding up under the provisions of law and obtain all approvals as may be required under law.

E-6. **Modification or Amendments to the Scheme:**

(a) The Transferor Company and the Transferee Company may assent from time to time on behalf of all persons concerned to any modifications or amendments or additions to this Scheme or to any conditions or limitations which either the Boards of Directors or a committee or committees of the concerned Board or any Director authorised in that behalf by the concerned Board of Directors (hereinafter referred to as the **"Delegates"**) of the Transferor Company and the Transferee Company deem fit, subject to the approval of the Tribunal or any other authorities under law may deem fit to approve of or impose and which the Transferor Company and the Transferee Company may in their discretion deem fit and 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 into effect, or to review the position relating to the satisfaction of the conditions to this Scheme and if necessary, to waive any of those (to the extent permissible under law) for bringing this Scheme into effect. In the event that any of the conditions that may be imposed by the Tribunal or other authorities which the Transferor Company or the Transferee Company may find unacceptable for any reason, then the Transferor Company and the Transferee Company are at liberty to withdraw the Scheme. The aforesaid powers of the Transferor Company and the Transferee Company may be exercised by the Delegates of the respective Companies.

(b) For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the Delegate of the Transferor Company and Transferee Company may give and are authorised to determine and give all such directions as are necessary including directions for settling or removing any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

E-7. **Taxes:**

(a) Any tax liabilities under the Income Tax Act, 1961, Customs Act, 1962, Central Excise Act, 1944, State Sales Tax laws, Central Sales Tax Act, 1956, Services Tax, goods and services tax, applicable State VAT laws or other applicable laws / regulations dealing with taxes / duties / levies (hereinafter in this Clause referred to as "Tax Laws") allocable or related to the business of the Transferor Company to the extent not provided for or covered by the provision for tax in the accounts made as on the date immediately preceding the Appointed Date shall be transferred to the Transferee Company. Any surplus in the provision for taxation / duties / levies account including advance tax and tax deducted at source (TDS) as on the date immediately preceding the Appointed Date will also be transferred to the account of the Transferee Company.

(b) With effect from the Appointed Date and upon the Scheme becoming effective, any tax credits, tax receivables, advance/prepaid taxes, taxes deducted at source, the unabsorbed depreciation and losses of the Transferor Company shall be treated as the tax credits, tax receivables, advance/prepaid taxes, taxes deducted at source, the unabsorbed depreciation and losses of the Transferee Company as on the Appointed Date and the Transferee Company shall be entitled to claim in its tax return or in the statutorily prescribed manner such tax credits, tax receivables, advance, /prepaid taxes, taxes deducted at source, set-off /carry forward the loses and unabsorbed depreciation of the Transferor Company and to revise its tax returns and including any loss, related tax deduction certificates and to claim refund, advance tax credits, tax receivables, etc., accordingly.

(c) Any refund under the Tax Laws due to the Transferor Company consequent to the assessment made on the Transferee Company and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company.

(d) All taxes (including income tax, customs duty, service tax, Goods and Services Tax etc.) paid or payable by the Transferor Company in respect of the operations and/or the profits of the business before the Appointed Date, shall be on account of the Transferor Company and, in so far as it relates to the tax payment (including, without limitation, custom duty, income tax, service tax, VAT, Goods and Services Tax etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operation of 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.

(e) The unabsorbed depreciation and losses of the Transferor Company, if any shall be treated as the unabsorbed depreciation and losses of the Transferee Company as on the Appointed Date. The Transferee Company shall be entitled to tax benefits under Section 72A or any other provision of the Income Tax Act, 1961 towards brought forward losses and unabsorbed depreciation of the Transferor Company, if any from the taxable profits of the Transferee Company with effect from the Appointed Date and the Transferee Company shall be entitled to carry forward such losses and unabsorbed depreciation of the Transferor Company and to revise its tax returns and including any loss, returns, related tax deduction certificates and to claim refund, advance tax credits, etc., accordingly. The Transferee Company shall continue to enjoy the tax benefits / concessions available to the Transferor Company through notifications/Circulars issued by the concerned Authorities from time to time.

(f) All compliances with respect to advance tax, withholding taxes or tax deduction at source, service tax, VAT, other indirect taxes (including Goods and Services tax), etc. to be done or done by the Transferor Company in relation to the Transferred Undertaking shall for all purposes be treated as compliances to be done or done by the Transferee Company.

(g) Upon the coming into effect of the Scheme, the Transferee Company may, if it considers necessary or expedient, revise (with retrospective effect if applicable) its income tax returns, TDS returns, services tax returns, sales tax returns and other tax returns, and claim refunds and/or credits, etc. pertaining to the Transferred Undertaking pursuant to the provisions of the Scheme.

E-8. **Scheme conditional on approval/sanctions:**

This Scheme is conditional upon and subject to:

(a) The requisite order/s of the Tribunal being obtained;

(b) Such other sanctions and approvals, including sanctions of any governmental or regulatory authority, creditor, lessor, or contracting party [including Tamil Nadu Industrial Development Corporation Limited (TIDCO), Tamil Nadu Maritime Board (TNMB) and Special Economic Zones (SEZ)] as may be required by law or by contract in respect of the Scheme, being obtained; and

(c) The certified copy/copies of the order/s referred to in this Scheme being filed with the Registrar of Companies, Chennai, Tamil Nadu and the Registrar of Companies, Mumbai, Maharashtra as applicable.

E-9. **Effect of Non-Receipt of Approvals/Sanctions:**

In the event of any of the said sanctions and approvals referred to in the preceding clause not being obtained and/or the Scheme not being sanctioned by the Tribunal or such other competent authority and/ or the order not being passed as aforesaid before March 31, 2021 or within such further period or periods as may be agreed upon between the Transferor and Transferee Companies by their Board of Directors (and which the Board of Directors of the Transferor Company and the Transferee Company are hereby empowered and authorized to agree to and extend the Scheme from time to time without any limitation), this Scheme shall stand revoked, cancelled and be of no effect

E-10. **Severability:**

(a) If any part or provision of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Board of Directors of the Transferor Company and the Transferee Company, affect the validity or implementation of the other parts and/or provisions of this Scheme. The Transferor Company (by its Board of Directors) and the Transferee Company (by its Board of Directors), (either by themselves or through a committee or authorized officers appointed by them in this behalf), may, in their full and absolute discretion, modify, vary or withdraw this Scheme prior to the Effective Date in any manner at any time.

(b) In the event of non-fulfillment of any or all of the obligations under this Scheme by any party towards any other party inter-se or to third parties and non-performance of which will place the other party under any obligation, then such defaulting party will indemnify all costs and interest to such other affected party.

E-11. **Costs, Charges & Expenses:**

All costs, charges, levies and expenses including any taxes and duties of the Transferor Company and Transferee Company respectively in relation to or in connection with this Scheme and incidental to the completion of the amalgamation of the Transferor Company in pursuance of this Scheme shall be borne and paid by the Transferee Company.

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