

benefits under such Funds prior to the Effective Date. In the event the Transferee Companies have their own funds in respect of any of the benefits to be provided to employees as referred to above, all amounts standing to the credit of the Funds and investments made by the Funds shall be transferred to the relevant funds of the Transferee Company.

- (d) In relation to those employees of the Transferor Companies who are not covered under the provident fund trust of the Transferor Companies or who do not enjoy the benefit of any other provident fund trust, and for whom the Transferor Companies is making contributions to the government provident fund, the Transferee Company shall stand substituted for the Transferor Companies, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such employees, such that all the rights, duties, powers and obligations of the Transferor Companies in relation to such provident fund trust shall become those of the Transferee Company.
- (e) In relation to any other fund created or existing for the benefit of the employees of the Transferor Companies being transferred to the Transferee Company, the Transferee Company shall stand substituted for the Transferor Companies, for all purposes whatsoever, including relating to the obligation to make contributions to the said funds in accordance with the provisions of such funds in respect of such employees of the Transferor Companies, such that all the rights, duties, powers and obligations of the Transferor Companies in relation to such funds shall become those of the Transferee Company.

5.7. Legal, Taxation and other Proceedings

- (a) Upon the coming into effect of this Scheme, all suits, actions, and other proceedings including legal and taxation proceedings, (including before any statutory or quasi-judicial authority or tribunal) by or against the Transferor Companies, pending on the Effective Date shall be continued and / or enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as if the same had been instituted by or against the Transferee Company.
- (b) The Transferee Company shall have all legal, taxation or other proceedings initiated by or against the Transferor Companies referred to in sub-Clause 5.7(a) above transferred to its name as soon as is reasonably possible after the Effective Date and to have the same continued, prosecuted and enforced by or against the Transferee Company.

5.8. Vehicles Transfer

Upon the Scheme coming into effect, all motor vehicles of any nature whatsoever, registered in favour of the Transferor Companies shall vest in the Transferee Company and the appropriate Governmental and registration authorities shall mutate and register the said vehicles in the name of the Transferee Company as if the vehicles had originally been registered in the name of the Transferee Company without levying or imposing any fees, charges, taxes or levy whatsoever.

5.9. Incomplete Transactions

Without prejudice to the provisions of Clauses 5.1 to 5.8, with effect from the Appointed Date, all transactions between the Transferee Company and Transferor Companies, that have not been completed, shall stand cancelled.

6. CONDUCT OF BUSINESS ON ACCOUNT OF THE TRANSFEE COMPANY



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- 6.1. Upon the coming into effect of the Scheme, with effect from the Appointed Date and up to and including the Effective Date:
- (a) the Transferor Companies shall be deemed to have carried on all business and activities and shall hold and stand possessed of and shall be deemed to hold and stand possessed of all its estates, assets, rights, title, interest, authorities, contracts and investments for and on account of, and in trust for, the Transferee Company;
 - (b) all profits and income accruing or arising to the Transferor Companies, and losses and expenditure arising or incurred by it (including taxes, if any, accruing or paid in relation to any profits or income) for the period commencing from the Appointed Date shall, for all purposes, be treated as and be deemed to be the profits, income, losses or expenditure, as the case may be, of the Transferee Company;
 - (c) any of the rights, powers, authorities, benefits or privileges exercised by the Transferor Companies shall be deemed to have been exercised by the Transferor Companies for and on behalf of, and in trust for and as an agent of the Transferee Company. Similarly, any of the obligations, duties and commitments that have been undertaken or discharged by the Transferor Companies shall be deemed to have been undertaken for and on behalf of and as an agent for the Transferee Company; and
 - (d) all taxes (including, without limitation, income tax, wealth tax, sales tax, excise duty, customs duty, service tax, value added tax, goods and service tax, etc.) paid or payable by the Transferor Companies in respect of the operations and/or the profits of the business before the Appointed Date, shall be on account of the Transferor Companies and, insofar as it relates to the tax payment (including, without limitation, income tax, wealth tax, sales tax, excise duty, customs duty, service tax, value added tax, goods and service tax, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Companies in respect of the profits or activities or operation of the business with effect from 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.
- 6.2. Subject to the terms of the Scheme, the transfer and vesting of the Undertaking of the Transferor Companies as per the provisions of the Scheme shall not affect any transactions or proceedings already concluded by the Transferor Companies on or before the Appointed Date or after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things made, done and executed by the Transferor Companies as acts, deeds and things made, done and executed by or on behalf of the Transferee Company.
- 7. DISSOLUTION OF THE TRANSFEROR COMPANIES & CONSIDERATION**
- 7.1. The Transferor Companies shall be dissolved without winding up pursuant to the order passed under Section 230 of the Act, on the Effective Date.
- 7.2. Upon the Scheme coming into effect all equity shares of the Transferor Company 1 and Transferor Company 2, and the corresponding share certificates, held by the Transferee Company (either directly or through nominees) shall without any further application, act, instrument or deed, be deemed to have been automatically cancelled and be of no effect without any necessity of them being surrendered. It is clarified that no new shares shall be issued, or payment made in cash whatsoever by the Transferee Company in lieu of shares of the Transferor Companies.



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- 7.3. Consequent to and as part of the amalgamation of the Transferor Companies with the Transferee Company herein, the authorised share capital of the Transferor Companies shall stand merged into and combined with the authorised share capital of the Transferee Company pursuant to the Scheme, without any further act of deed, and without payment of any registration or filing fee on such combined authorised share capital, the Transferor Companies and the Transferee Company having already paid such fees. Accordingly, the authorised share capital of the Transferee Company resulting from the amalgamation of the Transferor Companies with the Transferee Company shall be a sum of Rs. 16600,00,00,000 (Indian Rupees Sixteen thousand Six Hundred Crore only) divided into 16600000000 (One thousand Six Hundred Sixty Crore only) equity shares of Rs. 10 (Indian Rupees ten only) each and Clause V of the Memorandum of Association of the Transferee Company and Article 5 of the Articles of Association of the Transferee Company shall stand altered accordingly.
- 7.4. It is clarified that for the purposes of Clause 7.2 above, the consent of the members of the Transferee Company to the Scheme shall be deemed to be sufficient for the purposes of effecting the above amendment or increase in authorised share capital of the Transferee Company, and no further resolution under Section 13, Section 14, Section 61 or any other applicable provisions of the Act would be required to be separately passed. The stamp duties and fees (including registration fee) paid on the authorised share capital of the Transferor Companies shall be utilized and applied to the increased authorised 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 authorised share capital to that extent.

8. ACCOUNTING AND TAX TREATMENT

8.1. Accounting

Upon the coming into effect of this Scheme, the amalgamation of the Transferor Companies with the Transferee Company shall be accounted for as per the 'Indian Accounting Standard (Ind AS) 103 for Business Combination' prescribed under section 133 of the Companies Act, 2013, as notified under the Companies (Indian Accounting Standard) Rules, 2015, as may be amended from time to time such that:

- (a) The merger shall be accounted for using the pooling of interests method as it involves entities under common control.
- (b) The assets and liabilities of the combining entities are reflected at their carrying amounts.
- (c) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies.
- (d) The financial information in the financial statements in respect of prior periods should be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, if business combination had occurred after that date, the prior period information shall be restated only from that date.
- (e) The consideration for the business combination may consist of securities, cash or other assets. Securities shall be recorded at nominal value. In determining the value of the consideration, assets other than cash shall be considered at their fair values.
- (f) The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee. Alternatively, it is transferred to General Reserve, if any.



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- (g) 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. Thus, for example, the General Reserve of the transferor entity becomes the General Reserve of the transferee, the Capital Reserve of the transferor becomes the Capital Reserve of the transferee and the Revaluation Reserve of the transferor becomes the Revaluation Reserve of the transferee. As a result of preserving the identity, reserves which are available for distribution as dividend before the business combination would also be available for distribution as dividend after the business combination. The difference, if any, between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor shall be transferred to capital reserve and should be presented separately from other capital reserves with disclosure of its nature and purpose in the notes

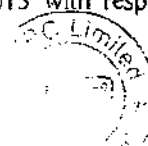
8.2. Tax

The Transferee Company will be the successor of the Transferor Companies. The unutilized credits relating to GST paid on inputs/input services lying to the account of Transferor Companies as well as the unutilized credits relating to service tax paid on input services consumed by the Transferor Companies shall be transferred to the Transferee Company automatically without any specific approval or permission as an integral part of the Scheme. Without limiting the generality of the foregoing Clause, with effect from the Appointed Date:

- (a) all income tax paid (including advance tax and self-assessment tax), income tax refund due or receivable, tax deducted at source, alternative minimum tax, MAT, wealth tax, carried forward losses, depreciation, capital losses, pending balances of amortizations, tax holiday benefits, incentives, credits (including tax credits), MAT credit entitlement, tax losses (if available) etc., under the Income Tax Act, 1961 in respect of any assessment and/or appeal, (whether as per books or as per the Income Tax Act, 1961) and any rights / refunds under Income Tax Act, 1961 including applications for rectification, appeals filed with tax authorities of the Transferor Companies shall also pursuant to Sections 230-232 or other provisions of the Act, without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company and shall be treated as paid by the Transferee Company and it shall be entitled to claim credit, refund or adjustment for the same as may be applicable;
- (b) if the Transferor Companies is entitled to any benefits under incentive schemes and policies, it is declared that the benefits under all such incentive schemes and policies shall be transferred to and vested in the Transferee Company. The Transferee Company shall be entitled to deduction of book losses or depreciation, whichever is lower, (if any) for the purpose of calculation of MAT for the Transferee Company; and
- (c) the Transferee Company is expressly permitted to revise and file its income tax returns and other statutory returns, including tax deducted / collected at source returns, service tax returns, excise tax returns, sales tax / VAT/ GST returns, as may be applicable and has expressly reserved the right to make such provision in its returns and to claim refunds or credits etc. if any. Such returns may be revised and filed notwithstanding that the statutory period for such revision and filing may have expired.

9. APPLICATION

- 9.1. In terms of Ministry of Corporate Affairs Notification No. G.S.R. 582 (E), Dated 13th June, 2017 issued in term of Section 462 of the Companies Act, 2013 read with Rule 3(1) of the Government of India (Allocation of Business) Rules, 1961, the Ministry Of Corporate Affairs has exclusive jurisdiction under the provisions of Companies Act, 2013 with respect of



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'Government Companies'. Since the Transferor Companies and Transferee Company are government companies, MCA has the jurisdiction to hear, consider and sanction this scheme.

- 9.2. Upon this Scheme being approved by the requisite number of the shareholders and creditors of the Transferor Companies and Transferee Company, the Transferor Companies and Transferee Company shall with all reasonable dispatch, file application before the MCA for sanction of this Scheme under Sections 230 - 232 and other applicable provisions of the Act, and for such other order or orders, as the MCA may deem fit for sanctioning the giving effect to this Scheme. Upon this Scheme becoming effective, the shareholders and creditors of the Transferor Companies and Transferee Company, shall be deemed to have also accorded their approval under all the relevant provisions of the Act, for giving effect to the provisions contained in this Scheme.

10. RESOLUTIONS

Upon the coming into effect of the Scheme, the resolutions, if any, of the Transferor Companies relating to any powers to borrow, make investments, give loans, give guarantees, etc. approved under the provisions of the Act or any other applicable statutory provisions, 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 the amounts under such resolutions shall be added to the amounts under like resolutions passed by the Transferee Company or shall become the amounts available to the Transferee Company as if the resolutions were passed by the Transferee Company.

11. LISTING REGULATIONS AND SEBI COMPLIANCES

- 11.1. Since the Transferee Company is a listed company, this Scheme is subject to the compliances of all the requirements under the Listing Regulations and all statutory directives of the Securities Exchange Board of India ("SEBI") insofar as they relate to sanction and implementation of the Scheme.
- 11.2. SEBI vide Notification No. SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 as amended vide SEBI circular dated January 3, 2018 has relaxed the requirement of obtaining prior approval or no objection / observation letter of the Stock Exchanges and SEBI in case of merger of wholly owned subsidiary with its holding company. The draft schemes shall be filed with the Stock Exchange for disclosure purpose in compliance with the above notification.

12. APPROVALS AND MODIFICATIONS

- 12.1. The Transferor Companies and the Transferee Company (by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorise) are empowered and authorised:
- To assent from time to time to any modifications or amendments or substitutions of the Scheme or of any conditions or limitations which the MCA, and / or any authorities under law may deem fit to approve or direct or as may be otherwise deemed expedient or necessary by the respective Board of Directors as being in the best interest of the said companies and their shareholders.
 - To settle all doubts or difficulties that may arise in carrying out the Scheme; to give their approval to all such matters and things as is contemplated or required to be given by them in terms of this Scheme; and to do and execute all other acts, deeds, matters and things necessary, desirable or proper for putting the Scheme into effect. Without prejudice to the generality of the foregoing the Transferor Companies and the Transferee Company (by their respective Board of Directors or such other person or



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persons, as the respective Board of Directors may authorise) shall each be at liberty to withdraw from this Scheme in case any condition or alteration imposed by any authority is unacceptable to them or as may otherwise be deemed expedient or necessary.

13. CONDITIONS TO SCHEME BECOMING EFFECTIVE

The Scheme is conditional upon and subject to:

- (a) the Scheme being agreed to by the requisite number of members and creditors of the Transferor Companies and Transferee Company;
- (b) approval by the Ministry of Power under the DPE O.M. No. 3(2)/2003-DPE(Fin./GL. XVI dated 11th February 2003;
- (c) The Scheme being approved by the Central Government through MCA;
- (d) all certified copies of the order(s) of the MCA sanctioning this Scheme being filed with the RoC; and
- (e) all other sanctions and approvals, as may be required by law, in respect of this Scheme being obtained.

14. SEVERABILITY

If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Transferor Companies and the Transferee Company, affect the validity or implementation of the other parts and/or provisions of this Scheme.

15. ACCOUNTS

Upon this Scheme becoming effective, the accounts of the Transferee Company, as on the Appointed Date shall be reconstructed in accordance with the terms of this Scheme.

16. TAXES

The Transferee Company shall be entitled to file/revise its income tax returns, TDS returns, wealth tax returns and other statutory returns, if required, and shall have the right to claim refunds, advance tax credits, credit of tax under Section 115JB of the Income Tax Act, 1961, credit of tax deducted at source, credit of foreign taxes paid/ withheld etc, if any, as may be required consequent to implementation of this Scheme.

17. COSTS, CHARGES AND EXPENSES:

All costs, charges and expenses, in connection with the Scheme, arising out of or incurred in carrying out and implementing the Scheme and matters incidental thereto, shall be borne and paid by the Transferee Company.

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