

SCHEME OF AMALGAMATION AND ARRANGEMENT

BETWEEN

ASHIMA DYECOT PRIVATE LIMITED (CIN: U17110GJ1995PTC025537)

AND

ASHIMA LIMITED (CIN: L99999GJ1982PLC005253)

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

(UNDER SECTIONS 230 to 232 READ WITH SECTION 66 OF THE COMPANIES

ACT, 2013)

PREAMBLE

This Scheme of Amalgamation and Arrangement (as defined hereinafter) is presented pursuant to the provisions of Sections 230 to 232 of the Act (as defined hereinafter), together with Sections 66 and other relevant provisions of the Act, as may be applicable, and also read with Section 2(1B) and other relevant provision of the Income-tax Act, 1961 in relation to amalgamation of Ashima Dyecot Private Limited with Ashima Limited; and for matters consequential, supplemental and/or otherwise integrally connected therewith.

(A) Description of Companies

1. The Transferor Company was incorporated on 20th day of April 1995 as Ashima Dyecot Limited ("ADPL" or "Transferor Company"), a public limited company, with the Registrar of Companies, Gujarat, under the provisions of the Companies Act, 1956. The Transferor Company had thereafter altered its Articles of Association and consequently, the word "Private" had been added before the word "Limited" under section 21, 31(1), 44 of the Companies Act, 1956 with effect from 04th day of April 2002. Thereafter, the word "Private" was deleted with effect from 21st

February 2006 in terms of section 31, 44 of the Companies Act, 1956. In the year

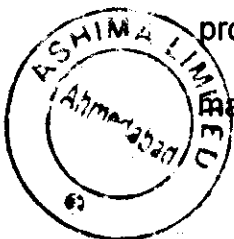
2015, the Transferor Company had again altered its Articles of Association and



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consequently, the word "Private" was again added before the word "Limited" in terms of Section 13 of the Companies Act, 2013 with effect from 21th day of September 2015. The Registered office is currently situated at Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad – 380021, Gujarat. The Transferor Company is holding 58.61% in the Transferee Company, Ashima Limited. The Transferor Company is engaged in the business of processing textile fabrics and manufacture of readymade garments and offers a range of cotton textile products encompassing Khakis, Readymade garments, Interlining fabrics, Garment washing activities (Laundry), etc. On account of its qualitative supremacy, the products command a base of discerning customers in domestic and international markets.

2. The Transferee Company was incorporated on 17th day of June 1982 as Ashima Syntex Private Limited, a private limited company, with the Registrar of Companies, Gujarat, under the provisions of the Companies Act, 1956. The Transferee Company had thereafter altered its Articles of Association and consequently, the word "Private" had been deleted in terms of section 21, 31(1), 44 of the Companies Act, 1956 with effect from 26th day of August 1988. In the year 1999, The Transferee Company's name was changed to Ashima Limited with effect from 27th Day of January 1999. Ashima Limited ('Ashima' or 'Transferee Company'); having CIN: L99999GJ1982PLC005253, is listed on BSE Limited ('BSE') and National Stock Exchange of India Limited ('NSE') and is having its registered office at Texcellence Complex, Near Anupam Cinema, Khokhara, Ahmedabad – 380021, Gujarat. The Transferee Company is a subsidiary of the Transferor Company. The Transferee Company is one of India's leading 100% cotton fabric manufacturers. The Transferee Company offers a range of cotton textile products encompassing Denims, Yarn-dyed Shirting fabrics and also operates into ready-to-stich fabrics. On account of its qualitative supremacy, the products command a base of discerning customers in domestic and international markets.



(B) Rationale and Purpose of the Scheme

The Transferee Company is engaged in manufacturing of "Cotton Fabric Products" while the Transferor Company is engaged in the business of "processing textile fabrics" and manufacturing of "readymade garments". Thus, the business of the Transferor and Transferee Company are complementary to each other.

The proposed amalgamation of Transferor Company into Transferee Company shall result into several advantages to both the companies and their stakeholders.

Some of them, inter *alia*, are:

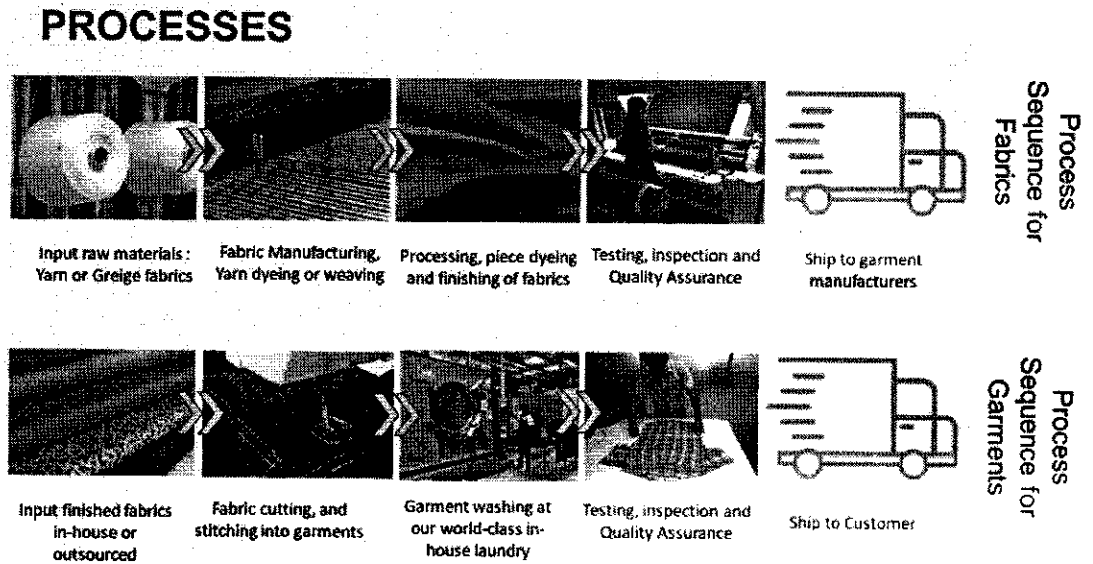
- (i) The proposed amalgamation will offer an immense opportunity to consolidate the portfolio of brands and products that are relevant to the "textile sector" under a single roof;
- (ii) The proposed amalgamation will enable the merged entity to cater to the needs of entire value chain from fabrics to garments. This can have a better reach in terms of various customer base and will provide a stronger market position to the company;
- (iii) The proposed amalgamation will result in operational synergies and efficiency for the merged entity. Accordingly, the Scheme would strengthen and complement the businesses of the Companies;
- (iv) The Scheme would help in achieving synergies in business operations and streamlining the business activities for the Companies, combining the following activities which would result in significant growth in business: –
 - a. logistics;
 - b. material procurement and storage;
 - c. FG storage and dispatches;
 - d. Internal movement of materials;
 - e. Sharing of common utilities;



- f. Re-distribution of marketing portfolios thereby reducing marketing and travelling costs;
 - g. Various administrative costs including courier, stationery, statutory fees, insurance premiums, conveyance expenses, etc.
- (v) The Amalgamation of Transferor Company with the Transferee Company will result into enlarged combined assets base and will also provide an opportunity for the merged entity to leverage on such assets;
- (vi) Greater integration and greater financial strength and flexibility for the Transferee Company, which would result in maximizing overall shareholders value, and will improve the competitive position of the merged entity;
- (vii) The proposed amalgamation would help in enhancing the scale of operations, reduction in overheads, including administrative, statutory compliances, managerial and other expenditure, operational rationalization, organizational efficiency, and optimal utilization of resources by avoiding duplication of efforts;
- (viii) Taking into consideration the above synergies, the merged entity would result in better profitability and EBITDA margins. Accordingly, the stronger financials will provide a better opportunity in terms of better trade credits, financial resources and in negotiations for prices and suppliers credit terms for the merged entity;

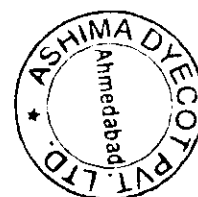
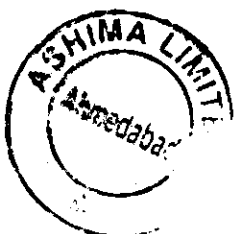


- (ix) The merged entity will have a seamless flow of forward and backward integration of operations, from yarn till garments as depicted by the following chart:



- (x) Both companies have currently limited international presence. The proposed amalgamation would help both the companies consolidate their international business and scale up and diversify presence in various international territories;
- (xi) The proposed merger shall not be prejudicial to the interest of the shareholders and shall not have any adverse impact on creditors and other stakeholders of the Transferor and Transferee Company.

In view of the aforesaid, the Board of Directors of Transferor Company and Transferee Company have considered and proposed the Scheme, in nature of amalgamation for consolidation of operations carried by Transferor Company into Transferee Company, under Sections 232 to 232 read with Section 66 and other relevant provisions of the Companies Act, 2013.



(C) OPERATIONS OF THE SCHEME

This Scheme provides for:

- (i) Amalgamation of the Transferor Company on a going concern basis, with the Transferee Company and the consequent issue of shares by the Transferee Company to the shareholders of Transferor Company in the manner set out in this Scheme (*as defined hereinafter*) and other applicable provisions of Applicable Law;
- (ii) Cancellation of part of share capital of Transferee Company in the manner set out in this Scheme, and in accordance with Sections 230 to 232 read with Section 66, and other applicable provisions of the Act.

(D) Treatment of Scheme for the purpose of the Income Tax Act, 1961

This Scheme has been drawn up to comply with the conditions relating to "Amalgamation" as specified under Section 2(1B) and other applicable provisions of the Income-tax Act, 1961. If any of the terms or provisions of this 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 a retrospective amendment of 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.



DEFINITION, DATE OF TAKING EFFECT & SHARE CAPITAL

1. DEFINITIONS

In this Scheme (as defined hereinafter), unless inconsistent with the subject, the following expressions shall have the meaning respectively assigned against them below:

1.1 **“Act” or “The Act”** means the Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other applicable provisions, for time being in force, including any statutory modifications, re-enactments or amendments thereof.

1.2 **“Accounting Standards”** means the Indian Accounting Standards as notified under Section 133 of the Act read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, issued by the Ministry of Corporate Affairs and the other accounting principles generally accepted in India.

1.3 **“Applicable Laws”** means any applicable central, provincial, local or other law including all applicable provisions of all (a) constitutions, decrees, treaties, statutes, laws (including the common law), codes, notifications, rules, regulations, policies, guidelines, circulars, directions, directives, ordinances or orders of any Appropriate Authority, statutory authority, court, tribunal having jurisdiction over the Companies; (b) permits; and (c) orders, decisions, injunctions, judgments, awards and decrees of or agreements with any Appropriate Authority having jurisdiction over the Companies.

1.4 **“Appointed Date”** shall mean the opening of business hours on 1st April 2019.

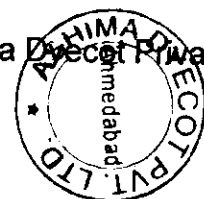
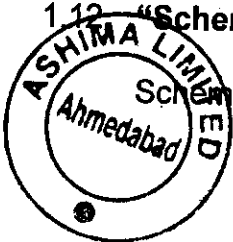


“Appropriate Authority” means any government, statutory, departmental or public body or authority in India including NCLT.



- 1.6 **“Board of Directors” or “Board” or “Management”** in relation to Transferor Company and Transferee Company, as the case may be, means the board of directors of such company, and shall include a committee of directors or any person authorized by the board of directors or such committee of directors duly constituted and authorized for the purposes of matters pertaining of the Scheme.
- 1.7 **“Effective Date”** means the last of the date on which the conditions specified in Clause 20 of this Scheme are fulfilled with respect to the Scheme. References in this Scheme to the date of “coming into effect of this Scheme” or “upon the Scheme being effective” shall mean the Effective Date.
- 1.8 **“National Company Law Tribunal” or “NCLT”** means the National Company Law Tribunal, Ahmedabad Bench at Ahmedabad, Gujarat.
- 1.9 **“Record Date”** means such date after the Effective Date fixed by the Board of the Transferee Company for the purpose of determining the shareholders of the Transferor Company to whom shares of the Transferee Company shall be allotted pursuant to amalgamation under this Scheme.
- 1.10 **“RoC”** means the Registrar of Companies having jurisdiction over the Transferor Company and Transferee Company as the case may be.
- 1.11 **“SAST Regulations”** means the Securities and Exchange of Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time;

1.12 **“Scheme of Amalgamation” or “this Scheme” or “the Scheme”** means this Scheme of Amalgamation and Arrangement of Ashima Decot Private Limited



with Ashima Limited in its present form or with any modification(s) as approved by the NCLT.

1.13 **“SEBI”** means the Securities Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.

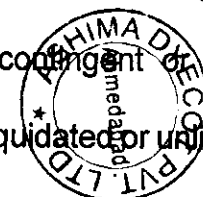
1.14 **“Transferor Company”** shall have the meaning assigned to it in paragraph A (1) of the Preamble of the Scheme.

1.15 **“Transferee Company”** shall have the meaning assigned to it in paragraph A (2) of the Preamble of the Scheme.

1.16 **“Undertaking”** shall mean and include all the businesses, undertakings, properties, investments, liabilities of whatsoever nature, kind and wheresoever situated, of the Transferor Company, on a going concern basis, together with all their assets and liabilities and shall mean and include (without limitation):

a) All the assets (including intangible assets) and properties of the Transferor Company including, without limitation, offices, plant and machineries, equipment, interest, capital work in progress, installations, appliances, tools, accessories, freehold land, leasehold land and any other title, interests or right in such immovable assets, buildings and structures, offices, furniture, fixtures, office equipment, computers, goodwill and other intangibles assets and all stocks on the Appointed Date;

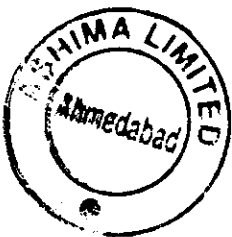
b) All the debts, liabilities, duties and obligations of the Transferor Company as on the Appointed Date both present and future, whether provided for or not in the books of accounts or disclosed in the balance sheet, whether secured or unsecured, all guarantees, assurances, commitments and obligations of any kind, nature or description, whether fixed, contingent or absolute, asserted or not asserted, matured or not matured, liquidated or unliquidated,



accrued or not accrued, known or unknown, due to become due, whenever or however arising pertaining to the Transferor Company;

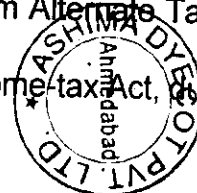
c) Without prejudice to the generality of sub-clause (a) and (b) above, the Undertaking of the Transferor Company shall include –

- i. All movable and immovable properties, assets, including leasehold rights, tenancy rights, industrial and other licenses, registrations, permits, authorizations, trademarks, copyrights, patents and other industrial and intellectual properties, electrical connections, telephones, telex, facsimile and other communications facilities and equipment, rights and benefits of all agreements, pending applications and all other interest, rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals of the Transferor Company;
- ii. All current assets including inventories; sundry debtors; receivables; cash and bank accounts (including bank balances), fixed deposits, loans and advances, actionable claims, bills of exchanges and debit notes of the Transferor Company;
- iii. All agreements, contracts, arrangements, understandings, engagements, deeds and instruments including lease/ license agreements, tenancy rights, equipment purchase agreement and other agreements with the customers, purchase and other agreements / contracts with the supplier/ manufacturer of goods / service provider and all rights, title, interest, claims and benefits there under of the Transferor Company;
- iv. All application monies, advance monies, earnest monies and security deposits paid or deemed to have been paid and payments against other entitlements of the Transferor Company;
- v. It is clarified that all debts, loans and liabilities, duties and obligations of the Transferor Company as on the Appointed Date and all other liabilities which may accrue or arise after the Appointed Date but which



relate to the period on or up to the date of the Appointed Date shall be debts , loans and liabilities, duties and obligations of the Transferee Company including any encumbrances on the assets of the Transferor Company or any income earned from those assets.

- vi. All intellectual property rights (including applications for registrations of the same and the right to use such intellectual property rights), trade and service names and marks, patents, copyrights, brand names, trademarks and other intellectual property rights of any nature whatsoever, trade secrets, confidential information, domain names, books, records, files, papers, software licenses (whether proprietary or otherwise), data and all other records and documents whether in physical or electronic form relating to the business activities and operations of the Transferor Company;
 - vii. all staff, workmen and employees of the Transferor Company engaged in or in relation to the business of the Transferor Company at respective offices and all provisions and benefits made in relation to such employees including but not limited to provident funds, registrations and reserves;
 - viii. All books, records, files, papers, engineering and process information, computer programs, software licenses (whether proprietary or otherwise), 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 of the Transferor Company;
 - ix. all investments held the Transferor Company whether listed / unlisted company shares, units of mutual funds and rights, privileges and obligations attaching to such investments;
- all taxes including (but not limited to) Minimum Alternate Tax ("MAT") paid under Section 115JAA/ 115JB of the Income-tax Act, duties, cess



of whatsoever nature refundable / receivable to the Transferor Company from any statutory / governmental authority. Also, including but not limited to the benefit(s) under Income-tax Act, 1961 (including tax relief under the Income-tax Act, 1961 such as credit for advance tax, TDS, etc.), Goods and Service Tax (GST), service tax (including benefit of any unutilized GST/ CENVAT / service tax credits etc.) permits, approvals, concessions, reliefs, rights to use and avail of assets shall, without any further act, instrument or deed stand transferred to and vested in and/or deemed to be transferred to and vested in the Transferee Company, free from all encumbrances, but subject to subsisting charges and pledges, if any.

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

2. **DATE OF TAKING EFFECT AND OPERATIVE DATE** The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the NCLT shall be effective from the Appointed Date but shall be operative from the Effective Date.

3. **SHARE CAPITAL**

- 3.1 The Share Capital of the Transferor Company as on date is as follows:



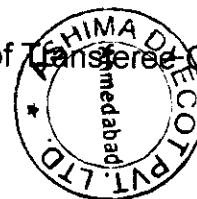
Particulars	Amount (INR)
Authorized Capital	
4,39,80,000 equity shares of INR 10/- each	43,98,00,000/-
15,00,000 preference shares of INR 100/- each	15,00,00,000/-
Total	58,98,00,000/-
Issued, Subscribed and Paid-up	
3,97,95,448 equity shares of INR 10/- each as fully paid-up	39,79,54,480/-
Total	39,79,54,480/-

Subsequent to 31st March 2019, the effect of the change in Authorized capital and issued, subscribed and paid-up capital of Transferor Company has already been given and reflected in above table.

3.2 The Share Capital of Transferee Company as on 31st March 2019 is as follows:

Particulars	Amount (INR)
Authorized Capital	
12,95,00,000 equity shares of INR 10/- each	129,50,00,000/-
20,50,000 preference shares of INR 100/- each	20,50,00,000/-
Total	150,00,00,000/-
Issued, Subscribed and Paid-up	
12,84,53,876 equity shares of INR 10/- each fully paid up	128,45,38,760/-
20,50,000 1% redeemable non-cumulative preference shares of INR 100/- each as fully paid-up	20,50,00,000/-
Total	148,95,38,760/-

Subsequent to 31st March 2019, there has been no change in the Authorized capital and issued, subscribed and paid-up capital of Transferee Company.



4. TRANSFER AND VESTING OF UNDERTAKING OF TRANSFEROR COMPANY

4.1 Upon the coming into effect of this Scheme, and with effect from the Appointed Date, and subject to the provisions of the Scheme in relation to mode of transfer and vesting, the Undertaking of Transferor Company shall 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 Transferee Company as a going concern so as to become on and from the Appointed Date the estate, assets, rights, title, interests and authorities of Transferee Company, pursuant to the provisions of Section 230 to 232 of the Act.

4.2 Without prejudice to generality of the aforesaid clause 4.1 above –

(a) All assets (including intangible assets) and properties of Transferor Company as are movable in nature or incorporeal property or otherwise capable of transfer by delivery of possession or by endorsement and / or delivery, the same shall stand so transferred by the Transferor Company upon the coming into effect of the Scheme, to the end and intent that the rights, titles, interest and property therein passes to Transferee Company and shall, become the assets and property of Transferee Company with effect from the Appointed Date pursuant to the provisions of Section 232 of the Act, without requiring any deed or instrument of conveyance for transfer of the same. No additional stamp duty shall be payable on the transfer of such movable properties (including shares and other investments) upon its transfer and vesting in Transferee Company.

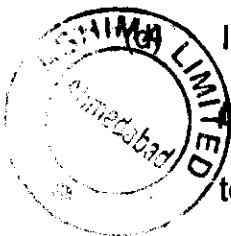
(b) In respect of other assets pertaining to the Transferor Company including actionable claims, sundry debtors, outstanding loans, advances, recoverable in cash or kind or for value to be received and deposits / bonds with the government, semi-government, local and other



authorities and bodies, customers or any other person, the same shall, without any further act, instrument or deed, be transferred and vested in Transferee Company on the Effective Date pursuant to the provisions of Section 230 to Section 232 and all other applicable provisions, if any, of the Act, with effect from the Appointed Date. It is hereby clarified that all the investments made by Transferor Company and all the rights, title and interests of Transferor Company in any leasehold properties in relation to the Undertaking of the Transferor Company shall, pursuant to Section 230 to 232 and all other applicable provisions, if any, of the Act and the provisions of this Scheme, without any further act or deed, be transferred to and vested in or be deemed to have been transferred to and vested in Transferee Company.

- (c) Any and all immovable properties (including land together with the building and structures standing thereon) of Transferor Company, whether freehold or leasehold and any documents of title, rights and easements in relation thereto shall stand transferred to and be vested in Transferee Company, without any act or deed done by the Transferor Company or Transferee Company. With effect from the Appointed Date, Transferee Company shall be entitled to exercise all rights and privileges and be liable to pay ground rent, municipal taxes and fulfill all obligations, in relation to or applicable to such immovable properties. The mutation of title to the immovable properties in the name of Transferee Company shall be made and duly recorded upon this Scheme being effective in accordance with the terms hereof without any further act or deed on part of the Transferee Company except the payment of stamp duty, as may be applicable for such Scheme..

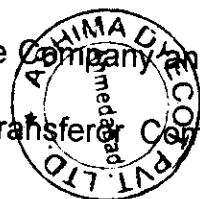
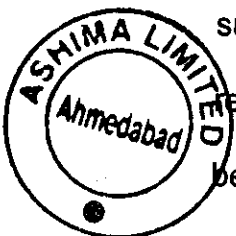
In respect of such of the assets belonging to Transferor Company other than referred to in clause (a) to (c) above, the same shall be transferred to and vested in and / or deemed to be transferred to and vested in



Transferee Company on the Appointed Date pursuant to the provisions of Section 232 of the Act.

- (e) All debts, loans and liabilities, duties and obligations of the Transferor Company as on the Appointed Date and all other liabilities which may accrue or arise after the Appointed Date but which relate to the period on or up to the day of the Appointed Date shall be the debts, loans and liabilities, duties and obligations of the Transferee Company including any encumbrance on the assets of the Transferor Company or any income earned on those assets.
- (f) It is hereby clarified that if any Assets (freehold or leasehold, fixed or current, tangible or intangible) or any contract, deeds, bond, agreements, schemes, arrangements or other instruments of whatsoever nature in which the Transferor Company owns or the Transferor Company is a party and which cannot be transferred to the Transferee Company for any reason whatsoever, the Transferor Company shall hold such Assets or contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Transferee Company in so far as it is permissible so to do, till such time as the transfer is effected.

4.3 All permits, approvals, consents, quotas, rights, authorizations, entitlements, registrations, no-objection certificates and licenses including those relating to tenancies, privileges, powers and facilities of every kind and description of whatsoever nature, to which the Transferor Company is a party or to the benefit of which the Transferor Company may be entitled to use or which may be required to carry on the operations of the Transferor Company, and which is subsisting or in effect immediately prior to the Effective Date, shall be, and remain, in full force and effect in favour of the Transferee Company and may be enforced as fully and effectually as if, instead of Transferor Company,

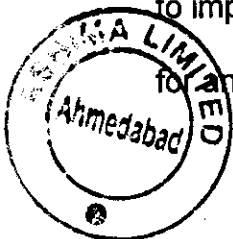


Transferee Company had been a party, a beneficiary or an obligee thereto and shall be appropriately mutated by the relevant statutory authorities in favour of the Transferee Company in accordance in law.

4.4 The entitlement to various benefits under exemption schemes, incentive schemes, subsidies / grant, tax holiday, any privileges enjoyed / conferred upon/ held/ availed of by the Transferor Company and insurance policies in relation to the Undertaking of Transferor Company shall stand transferred to and be vested in and/ or deemed to have been transferred to and vested in Transferee Company together with all benefits, entitlements and incentives of any nature whatsoever. Such entitlements shall include incentives available under Applicable Laws in relation to the Undertaking of Transferor Company to be claimed by the Transferee Company with effect from the Appointed Date as if the Transferee Company was originally entitled to all such benefits under such incentive schemes and / or policies, subject to continued compliance by the Transferee Company of all the terms and conditions based on which the benefits under such incentive schemes were made available to Transferor Company.

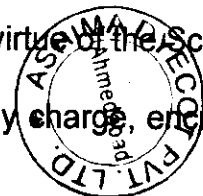
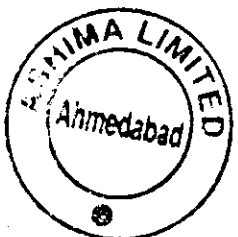
4.5 Transferee Company, at any time after coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, execute deeds, writings, confirmations or notices with, or in favour of, any other party to any contract or arrangement to which Transferor Company is the party or any writings as may be necessary to be executed in order to give formal effect to the provisions of the Scheme. Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of Transferor Company and to implement and carry out all such formalities or compliance referred to above

for and on behalf of the Transferor Company.



4.6 Upon the coming into effect of this Scheme and with effect from the Appointed Date, all liabilities, including, without limitation, all secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, contingent liabilities, duties, obligations of every kind, nature and description whatsoever and howsoever arising, raised, incurred or utilized for their business activities and operations in relation to the Undertaking of the Transferor Company, shall, pursuant to the sanction of this Scheme by the NCLT and under the provisions of Section 230 to Section 232 of the Act and other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing being made, done or executed, be transferred to, and vested in, or be deemed to have been transferred to, and vested in, Transferee Company, and such liabilities shall be assumed by the Transferee Company to the extent they are outstanding as on the Effective Date so as to become, as on and from the Appointed Date, the liabilities, debts, duties and obligations of Transferee Company on the same terms and conditions as were applicable to Transferor Company, and Transferee Company shall meet, discharge and satisfy the liabilities and it shall not be necessary to obtain the consent of any third party or any other person who is a party to any contract or arrangement by virtue of such liabilities have arisen in order to give effect to the provisions of this Clause.

4.7 All debts, liabilities along with any charge, encumbrance, lien or security created by the Transferor Company, duties and obligations of Transferor Company shall, as on the Appointed Date, whether or not provided in the books of Transferor Company, and all debts and loans raised and used, and duties, liabilities and obligations incurred or which arise or accrue to Transferor Company on or after the Appointed Date till the Effective Date shall be deemed to be and shall become the debts, loans raised and used, duties, liabilities and obligations incurred by the Transferee Company by virtue of the Scheme. It is hereby clarified that the debt, liabilities along with any charge, encumbrance,



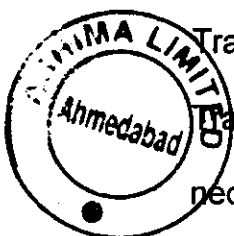
lien or security shall be taken over by the Transferee Company at the same terms and conditions as applicable to Transferor Company and there shall no change in the charge/ encumbrances/ security provided to the end and intent that in no case, such charge, lien, encumbrance or security shall extend or be deemed to extend to any assets of the Transferee Company.

4.8 Where any such debts, liabilities, duties and obligations of Transferor Company as on the Appointed Date have been discharged by the Transferor Company on or after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to be for and on account of the Transferee Company upon coming into effect of this Scheme.

4.9 All loans raised and utilized and all liabilities duties and obligations incurred or undertaken by Transferor Company on or 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 and under the provisions of Sections 230 to 232 of the Act, without any further act, instrument or deed be and shall be transferred to and vested in Transferee Company and shall become the loans and liabilities, duties and obligations of the Transferee Company which shall meet, discharge and satisfy the same.

4.10 For avoidance of doubt and without prejudice to generality of the applicable provisions of the Scheme, it is clarified that with effect from the Effective Date and till such time that the name in the bank accounts of the Transferor Company have been replaced with that of the Transferee Company, the

Transferee Company shall be entitled to operate the bank accounts of the Transferor Company in the name of Transferor Company in so far as may be necessary. All cheques and other negotiable instruments, payment orders



received or presented for encashment which are in the name of Transferor Company after the Effective Date shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company, if presented by the Transferee Company. The Transferee Company shall be allowed to maintain bank accounts in the name of the Transferor Company for such time as may be determined to be necessary by the Transferee Company for presentation of deposition of cheques and pay orders that have been issued in the name of the Transferor Company. It is hereby expressly clarified that any legal proceedings by or against the Transferor Company in relation to the cheques and other negotiable instruments, payments order received or presented for encashment which are in the name of Transferor Company shall be instituted, or as the case may be, continued by or against the Transferee Company after the coming into effect of the Scheme. With effect from the Effective Date and till the time any regulatory registrations of the Transferor Company are expired or suspended and if any regulatory filings are required to be done on such registrations, the Transferee Company shall be entitled to do so to comply with the relevant regulations.

4.11 Any amount including refund under the Tax laws due to Transferor Company consequent to the assessment proceedings or otherwise and which may not have been received by the Transferor Company as on the date immediately preceding the Appointed date shall also belong to and be receivable by Transferee Company upon the Scheme being effective.

4.12 If and to the extent there are investments, loans, deposits or balances inter-se between Transferor Company, the obligations in respect thereof shall, on and from the Appointed Date, come to an end and suitable effect from the Effective Date shall be given. There would be no accrual of interest or other charges in respect of any such investments, loans, deposits or balances inter-se between the Transferor Company and Transferee Company from the Appointed Date.

