

Annexure 2

---

**SCHEME OF ARRANGEMENT**

**BETWEEN**

**HATHWAY CABLE & DATACOM LIMITED**

**AND**

**HATHWAY BROADBAND PRIVATE LIMITED**

**AND**

**THEIR RESPECTIVE SHAREHOLDERS**

**UNDER SECTIONS 391 TO 394 OF THE COMPANIES ACT, 1956**

---

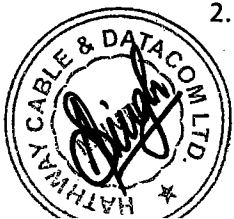


## PART I – GENERAL

### 1. GENERAL

- 1.1 Hathway Cable & Datacom Limited (**Transferor Company**) is a public limited company incorporated under the Companies Act, 1956 on 7 August 1959, having its registered office at 'Rahejas', 4th Floor, Corner of Main Avenue & V.P Road, Santacruz (West), Mumbai – 400 054. The Transferor Company is listed on the National Stock Exchange of India Limited and the BSE Limited.
- 1.2 The Transferor Company is a Multi System Operator (**MSO**) engaged in the business of distribution of television channels through analog and digital cable distribution networks under a MSO license issued by the Ministry of Information and Broadcasting, Government of India on 30 July 2012 and provides internet services, operating previously under an internet services license dated 3 May 2002 and presently under a unified license dated 27 March 2015, both licenses issued to the Transferor Company by the Department of Telecommunications, Ministry of Communications & Information Technology, Government of India (**DOT**).
- 1.3 Hathway Broadband Private Limited (**Resulting Company**) is a private limited company incorporated under the Companies Act, 2013 on 21 August 2014, having its registered office at 'Rahejas', 4th Floor, Corner of Main Avenue & V.P Road, Santacruz (West), Mumbai – 400 054. The Resulting Company is a wholly owned subsidiary of the Transferor Company, proposed to be engaged in the business of, *inter alia*, providing internet and other related services, software development services and products, and other value added services.
- 1.4 The Transferor Company proposes to demerge the ISP Business (defined below) from the Transferor Company and transfer it to vest in the Resulting Company. This Scheme (defined below) is pursuant to a decision of the board of directors of the Transferor Company to, *inter alia*, enable a focused attention on the ISP Business and achieve structural and operational efficiency, enhanced competitiveness, and greater accountability.
- 1.5 This Scheme provides for the demerger of the ISP Business from the Transferor Company to the Resulting Company and the consequent payment of Rs. 98,05,00,000 (Rupees Ninety Eight Crores and Five Lakhs only) by the Resulting Company to the Transferor Company in consideration for the demerger of the ISP Business, pursuant to the relevant provisions of the Act (defined below) and in accordance with this Scheme.
- 1.6 This Scheme also makes provision for various other matters consequential or related thereto and otherwise integrally connected therewith.

### 2. DEFINITIONS



- 2.1 In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meanings:
- 2.1.1 **Act** means the Companies Act, 2013 (as may be notified from time to time) and the Companies Act, 1956 (to the extent not repealed/ replaced by the Companies Act, 2013).
- 2.1.2 **Appointed Date** means 1 April 2015 or such other date as the High Court may direct or approve under the relevant provisions of the Act.
- 2.1.3 **Court or High Court** means the High Court of Judicature at Bombay and/ or the National Company Law Tribunal, as the case may be, under the relevant provisions of the Act.
- 2.1.4 **Transferor Company** means Hathway Cable & Datacom Limited, a public limited company incorporated under the Companies Act, 1956 on 7 August 1959, having its registered office at 'Rahejas', 4th Floor, Corner of Main Avenue & V.P Road, Santacruz (West), Mumbai – 400 054.
- 2.1.5 **Demerged Undertaking or ISP Business** means the business of the Transferor Company as an internet service provider, operating previously under an internet services license dated 3 May 2002 and presently under a unified license dated 27 March 2015, both licenses issued to the Transferor Company by the DOT, comprising, *inter alia*, all of the properties, assets and liabilities which are directly and exclusively relatable to the Demerged Undertaking which shall mean and include:
- (i) all assets and movable properties wherever situated, whether tangible or intangible, including all plant and machinery, vehicles, offices, investments, interest, capital, work-in-progress, furniture, fixtures, office equipment, appliances, computers (software as well as hardware), accessories, licenses, permits, quotas, approvals, registrations, leases, leasehold improvements, tenancy rights in relation to office and residential properties, incentives (if any), municipal permissions, regulatory permissions, consents, or powers of every kind, nature and description whatsoever in connection with operating or relatable to the ISP Business and all other permissions, rights (including rights under any contracts, government contracts, memoranda of understanding, etc.), entitlements, copyrights, patents, trademarks, trade names, domain names and other industrial designs, trade secrets, or intellectual property rights of any nature and all other interest exclusively relating to the services being dealt with by the Demerged Undertaking, and all deposits, advances and or moneys paid or received by the Demerged Undertaking, all statutory licenses and/ or permissions to carry on the operations of the Demerged Undertaking and any financial



assets, corporate guarantees issued by the Transferor Company and the benefits of any bank guarantees issued in relation to and for the benefit of the Demerged Undertaking, deferred tax benefits, privileges, exemptions, all other claims, rights and benefits, power and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and other services, provisions, funds, benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Demerged Undertaking together with all present and future liabilities (including contingent liabilities), etc. relating to the Demerged Undertaking;

- (ii) without prejudice to the provisions of sub-clause 2.1.5(i) above, the Demerged Undertaking shall also include all the debts, liabilities, duties and obligations which arise out of the activities or operations of the ISP Business and which is directly and exclusively relating to the ISP Business;
- (iii) all deposits and balances with government, semi-government, local and other authorities and bodies, customers and other persons, earnest moneys and/ or security deposits paid or received by the Transferor Company directly or indirectly in connection with or relating to the ISP Business;
- (iv) all necessary books, records, files, papers, products, specifications, engineering and process information, records of standard operating procedures, computer programs along with their 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 in connection with or relating to the ISP Business; and
- (v) all permanent and/ or temporary employees of the Transferor Company engaged in directly or exclusively for the ISP Business and those permanent and/ or temporary employees that are determined by the board of directors of the Transferor Company to be engaged in or relating to the ISP Business.

Any question that may arise as to whether a specific asset or liability pertains or does not pertain to the Demerged Undertaking or whether it arises out of the activities or operations of the Demerged Undertaking shall be decided by mutual agreement between the board of directors of the Transferor Company and the Resulting Company or committee(s) thereof authorized by the respective

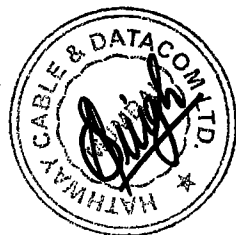


board of directors, or in such other manner as agreed between the Transferor Company and the Resulting Company.

- 2.1.6 **Demerger** means the demerger, transfer and vesting of the ISP Business of the Transferor Company from the Transferor Company to the Resulting Company on the terms and conditions as set out in this Scheme and in accordance with Sections 391 to 394 of the Companies Act, 1956 and other relevant provisions of the Act.
- 2.1.7 **Effective Date** means the date on which the certified copy of the order of the High Court sanctioning this Scheme is filed with the Registrar of Companies, Mumbai, it being clarified that this Scheme will only be effective upon approval of this Scheme by the DOT. Any references in this Scheme to "upon the coming into effect of this Scheme" shall mean the "Effective Date".
- 2.1.8 **Proceedings** shall have the meaning ascribed to it in Clause 6.1 hereof.
- 2.1.9 **Remaining Business** means all the businesses, divisions, assets and liabilities of the Transferor Company other than the Demerged Undertaking as defined in Clause 2.1.5 of this Scheme, including but not limited to the cable networking business of the Transferor Company operating under the MSO license issued by the Ministry of Information and Broadcasting, Government of India on 30 July 2012.
- 2.1.10 **Resulting Company** means Hathway Broadband Private Limited, a private limited company incorporated under the Companies Act, 2013 on 21 August 2014, having its registered office at 'Rahejas', 4th Floor, Corner of Main Avenue & V.P Road, Santacruz (West), Mumbai – 400 054.
- 2.1.11 **Scheme** means this Scheme of Arrangement in its present form submitted to the High Court and with any modification(s) made under Clause 15 of this Scheme or with such other modifications/ amendments as the High Court may direct.

### 3. SHARE CAPITAL

- 3.1 The share capital structure of the Transferor Company as per its financial statements for the financial year ended 31 March 2015, being the latest audited financial statements of the Transferor Company, is as follows:



PARTICULARS	AMT. IN RUPEES
<b>Authorized Capital</b>	
99,90,00,000 equity shares of Rs. 2/- each and 2,00,000 preference shares of Rs. 10/- each	<b>2,00,00,00,000</b>
<b>Issued, Subscribed and Paid-up Capital</b>	
83,04,94,500 equity shares of Rs. 2/- each	<b>1,66,09,89,000</b>

Subsequent to the latest audited financial statements of the Transferor Company as on 31 March 2015, there has been no change in the share capital structure of the Transferor Company.

- 3.2 The share capital structure of the Resulting Company as per its financial statements for the financial year ended 31 March 2015, being the latest audited financial statements of the Resulting Company, is as follows:

PARTICULARS	AMT. IN RUPEES
<b>Authorized Capital</b>	
30,00,000 equity shares of Rs. 10/- each	<b>3,00,00,000</b>
<b>Issued, Subscribed and Paid-up Capital</b>	
25,00,000 equity Shares of Rs.10/- each	<b>2,50,00,000</b>

Subsequent to the latest audited financial statements of the Resulting Company as on 31 March 2015, there has been no change in the share capital structure of the Resulting Company.

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

This Scheme set out herein shall be effective from the Appointed Date but shall be operative from the Effective Date.

### PART II – DEMERGER OF THE DEMERGED UNDERTAKING

#### 5. TRANSFER AND VESTING OF DEMERGED UNDERTAKING

- 5.1 Upon the coming into effect of this Scheme and with effect from the opening hours of the Appointed Date and subject to the provisions of this Scheme, the Demerged Undertaking shall, pursuant to the provisions of Sections 391 to 394 of the Companies Act, 1956 and other relevant provisions of the Act, without any further act, instrument or deed, be transferred to and vest in, or be deemed to be transferred to and vested in the Resulting Company, as a going concern, so as to vest



in the Resulting Company all the rights, liabilities, properties, title and interest of the Demerged Undertaking therein subject to subsisting charges and pledges, if any.

- 5.2 All assets acquired by the Transferor Company after the Appointed Date and prior to the Effective Date for operation of the Demerged Undertaking or pertaining to the Demerged Undertaking shall be deemed to have been acquired in trust for and on behalf of the Resulting Company, and shall also stand transferred to and vested in the Resulting Company upon the coming into effect of this Scheme.
- 5.3 In respect of the assets of the Demerged Undertaking, the same shall, without any further act, instrument or deed, be transferred to and vested in and/ or be deemed to be transferred to and vested in the Resulting Company on the Appointed Date, pursuant to the provisions of Sections 391 to 394 of the Companies Act, 1956, or other provisions of law as applicable.
- 5.4 In so far as the assets of the Demerged Undertaking are concerned, the security, existing charges, mortgages and encumbrances in respect of any of the assets or any part thereof, in relation to any loans or borrowings of the Remaining Business of the Transferor Company shall, without any further act, instrument or deed, be released and stand discharged from the same and shall no longer be available as security in relation to those liabilities of the Transferor Company which are not transferred to the Resulting Company.
- 5.5 In so far as the assets of the Remaining Business of the Transferor Company are concerned, the security over such assets, to the extent they relate to the Demerged Undertaking shall, without any further act, instrument or deed be released and discharged from such security that relate to the Demerged Undertaking. Without prejudice to the foregoing and with effect from the Effective Date, the Transferor Company and the Resulting Company shall execute any instruments or documents and do all the acts and deeds as may be required, including the filing of necessary particulars and/ or modification(s) of charge, with the Registrar of Companies, Mumbai, to give formal effect to these provisions, if required.
- 5.6 Upon the coming into effect of this Scheme and with effect from the Appointed Date, in so far as the security in respect of the liabilities of the Transferor Company as on the Appointed Date is concerned, it is hereby clarified that the Transferor Company and the Resulting Company shall, subject to confirmation by the concerned creditor(s), mutually agree upon and arrange for such security as may be considered necessary to secure such liabilities, and obtain such consents under law as may be prescribed.
- 5.7 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, in accordance with the provisions of relevant laws and the Act, all the consents, permissions, licenses, certificates, authorities (including for the operation of bank accounts), powers of attorneys given by, issued to or executed in favour of the Transferor Company, and



the rights and benefits under the same shall, insofar as they relate to the Demerged Undertaking and all quality certifications and approvals, trademarks, patents and domain names, copyrights, industrial designs, trade secrets, product registrations and other intellectual property and all other interests relating to the goods, services or any other assets being directly and exclusively dealt with by the Demerged Undertaking, be transferred to and vested in the Resulting Company.

- 5.8 Upon the coming into effect of this Scheme and with effect from the Appointed Date, all the various incentives, service tax benefits, subsidies (including applications for subsidies), rehabilitation schemes, grants, special status, income tax holiday/benefit and other benefits or privileges enjoyed, granted by any governmental body, local authority or by any other person, or availed of by the Transferor Company are concerned, the same shall, without any further act or deed, in so far as they relate to the Demerged Undertaking, vest with and be available to the Resulting Company on the same terms and conditions.
- 5.9 From the Effective Date, the Resulting Company alone shall be liable to perform all obligations in respect of the liabilities of the Demerged Undertaking which have accrued subsequent to the Appointed Date as the borrower/ issuer thereof, and the Transferor Company shall not have any obligations in respect of the said liabilities.
- 5.10 Where any of the liabilities and obligations of the Transferor Company as on the Appointed Date deemed to be transferred to the Resulting 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 Resulting Company, and all loans raised and used and all liabilities and obligations incurred by the Transferor Company for the operations of the Demerged Undertaking after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used or incurred for and on behalf of the Resulting Company, and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to the Resulting Company and shall become the liabilities and obligations of the Resulting Company, which shall be liable to meet, discharge and satisfy the same.
- 5.11 It is hereby clarified that the rest of the assets and liabilities (other than those forming part of the Demerged Undertaking or otherwise specified in this Scheme), if any, of the Transferor Company shall continue to vest in the Transferor Company.
- 5.12 The provisions of this Clause insofar as they relate to the transfer of liabilities to the Resulting Company shall operate notwithstanding anything to the contrary contained in any deed or writing or the terms of sanction or issue or any security document, all of which instruments shall stand modified and/ or superseded by the foregoing provisions.
- 5.13 All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company





pertaining to the Demerged Undertaking after the Effective Date shall be accepted by the bankers of the Resulting Company and credited to the account of the Resulting Company, if presented by the Resulting Company. Similarly, the banker of the Resulting Company shall honour all cheques issued by the Transferor Company pertaining to the Demerged Undertaking for payment after the Effective Date. If required, the Transferor Company shall allow maintaining of bank accounts in its name by the Resulting Company for such time as may be determined to be necessary by the Transferor Company and the Resulting Company for presentation and deposition of cheques and pay orders that have been issued in the name of Transferor Company in connection with the business of Demerged Undertaking.

## 6. LEGAL PROCEEDINGS

6.1 With effect from the Effective Date, all legal or other proceedings (including before any statutory or quasi-judicial authority or tribunal) (**Proceedings**) by or against the Transferor Company under any statute, whether pending on the Appointed Date, or which may be instituted any time in the future and in each case relating to the Demerged Undertaking, shall be continued and enforced by or against the Resulting Company after the Effective Date, to the extent legally permissible. To the extent such Proceedings cannot be taken over by the Resulting Company, the Proceedings shall be pursued by the Transferor Company as per the instructions of and entirely at the costs and expenses of the Resulting Company.

6.2 Any Proceedings by or against the Transferor Company under any statute, whether pending on the Appointed Date or which may be instituted in future, whether or not in respect of any matter arising before the Effective Date and relating to the Remaining Business (including those relating to any property, right, power, liability, obligation or duties of the Transferor Company in respect of the Remaining Business) shall be continued and enforced by or against the Transferor Company. The Resulting Company shall in no event be responsible or liable for or in relation to any such Proceeding by or against the Transferor Company.

## 7. CONTRACTS, LICENSES, APPROVALS AND PERMITS

7.1 With effect from the Effective Date and subject to the provisions of this Scheme, all licenses, approvals or permits, whether governmental or otherwise, contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Demerged Undertaking 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 on or against or in favour of, as the case may be, and shall with the approval of the concerned authority, vest in the Resulting Company, and may be enforced as fully and effectually as if, instead of the Transferor Company, the Resulting Company had been a party or beneficiary or obligee thereto.



7.2 Without prejudice to the other provisions of this Scheme and notwithstanding that the vesting of the Demerged Undertaking with the Resulting Company occurs by virtue of this Scheme itself, the Resulting 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, execute deeds, confirmations or other writings or tripartite arrangements with any party to any contract or arrangement, to which the Transferor Company is a party, or any writings as may be necessary, to be executed merely in order to give formal effect to the above provisions. The Transferor Company shall, if necessary, also be a party to the above. The Resulting Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company to be carried out or performed.

7.3 It is hereby clarified that if any licenses, approvals, permits, contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Demerged Undertaking to which the Transferor Company is a party to, cannot be transferred to the Resulting Company for any reason whatsoever, the Transferor Company shall hold such contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Resulting Company.

7.4 Any and all transactions between the Transferor Company and the Resulting Company between the Appointed Date and Effective Date which have the effect of being consummated only upon the Scheme coming into effect, shall accrue with effect from the Effective Date and any and all compliances including but not limited to the Act and the Income-tax Act, 1961 with respect to such transactions shall be applicable from the Effective Date.

## 8. EMPLOYEES

8.1 With effect from the Effective Date:

8.1.1 All the employees of the Transferor Company who are exclusively part of the Demerged Undertaking shall stand transferred to the Resulting Company on terms and conditions which shall not be less favourable than the terms and conditions of employment offered by the Transferor Company and existing till the Appointed Date (including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident plans, superannuation plans and/ or any other retirement benefits) without any interruption in service as a result of transfer of the Demerged Undertaking of the Transferor Company to the Resulting Company.

8.1.2 The Resulting Company agrees that the services of all such employees (as mentioned in Clause 8.1.1 above) with the Transferor Company prior to the



transfer, as aforesaid, shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident plans, superannuation plans and any other retirement benefits and accordingly, shall be reckoned therefore from the date of their respective appointment in the Transferor Company who were part of the Demerged Undertaking.

- 8.1.3 The existing provident fund, superannuation and gratuity fund, bonus – fixed and variable if any, of which the aforesaid employees of the Transferor Company who are part of the Demerged Undertaking (being transferred under Clause 8.1.1 above to the Resulting Company), are members or beneficiaries, along with all accumulated contributions therein till the Effective Date, shall, with the approval of the concerned authorities, be transferred to and continued without any break, to be administered by the Resulting Company for the benefit of such employees on the same terms and conditions. Accordingly, the provident fund, superannuation fund and gratuity fund dues, if any, of the said employees of the Transferor Company, would be continued to be deposited in the transferred provident fund, superannuation fund and gratuity fund account by the Resulting Company. In case necessary approvals are not received by the Effective Date and there is delay, all such amounts shall continue to be administered by the Transferor Company as a trustee from the Effective Date till the date of actual transfer and on receiving the approvals, all the accumulated amounts till such date, shall be transferred to the respective funds of the Resulting Company in accordance with the approvals that have been obtained.

## 9. **SAVING OF CONCLUDED TRANSACTIONS**

The transfer and vesting of the assets, liabilities and obligations of the Demerged Undertaking as per this Scheme, and the continuance of the Proceedings by or against the Resulting Company under Clause 6 hereof shall not affect any transaction or proceedings already completed by the Demerged Undertaking on or after the Appointed Date but before the Effective Date, to the end and intent that the Resulting Company accepts all acts, deeds and things done and executed by and/or on behalf of the Transferor Company as acts, deeds and things done and executed by and on behalf of the Resulting Company.

## 10. **CONDUCT OF BUSINESS TILL EFFECTIVE DATE**

- 10.1 With effect from the Appointed Date and up to and including the Effective Date, the Transferor Company shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Demerged Undertaking for and on account of and in trust for the Resulting Company.



- 10.2 All profits accruing to the Transferor Company or losses including tax losses, arising or incurred by the Transferor Company in relation to the Demerged Undertaking for the period commencing from the Appointed Date to the Effective Date shall, for all purposes, be treated as the profits or losses, as the case may be, of the Resulting Company.
- 10.3 The Transferor Company hereby confirms that it has and shall continue up to the Effective Date, to preserve and carry on the Demerged Undertaking with due diligence and prudence, and that it will not, without prior consultation with the Resulting Company, alienate, charge or otherwise deal with or dispose off the Demerged Undertaking or any part thereof or recruit any new employees (in each case except in the ordinary course of business) or conclude settlements with unions or employees or undertake substantial expansion of the Demerged Undertaking, other than expansions which have already commenced prior to the Appointed Date.

**11. CONSIDERATION**

Subject to Clause 16 below, in consideration of the transfer of the Demerged Undertaking by the Transferor Company to the Resulting Company in terms of this Scheme, the Resulting Company shall pay to the Transferor Company an aggregate all-inclusive lump sum cash consideration of Rs. 98,05,00,000 (Rupees Ninety Eight Crores and Five Lakhs only) without values being assigned to individual assets and liabilities.

**12. TREATMENT OF TAXES**

- 12.1 All taxes (including income tax, sales tax, excise duty, customs duty, service tax, Local Body Tax (LBT), Value Added Tax (VAT), octroi duty, etc.) paid or payable by the Transferor Company, in respect of the operations and/ or the profits of the Demerged Undertaking before the Appointed Date, shall be on account of the Transferor Company, and insofar as it relates to the tax payment (including, without limitation, sales tax, excise duty, custom duty, income tax, service tax, LBT, VAT, octroi duty, 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 Demerged Undertaking after the Appointed Date, the same shall be deemed to be the corresponding item paid by the Resulting Company, and shall, in all proceedings, be dealt with accordingly.
- 12.2 Without prejudice to the generality of the foregoing on and from the Appointed Date, if any certificate for tax deducted at source or any other tax credit certificate relating to the Demerged Undertaking is received in the name of the Transferor Company, it shall be deemed to have been received by the Resulting Company which alone shall be entitled to claim credit for such tax deducted or paid.
- 12.3 Upon the coming into effect of this Scheme, the Transferor Company and the Resulting Company are expressly permitted to revise their respective tax returns and



related withholding tax certificates, including withholding tax certificates relating to transactions between the Transferor Company and the Resulting Company, to the extent required and to claim refunds, advance tax and withholding tax credits, and benefit of credit for minimum alternate tax, or any other tax related compliances or filings of forms.

- 12.4 The service tax paid by the Transferor Company under the Finance Act, 1994 in respect of services provided by the Demerged Undertaking for the period commencing from the Appointed Date shall be deemed to be the service tax paid by the Resulting Company, and credit for such service tax shall be allowed to the Resulting Company notwithstanding that challans for service tax payments are in the name of the Transferor Company and not in the name of the Resulting Company.

It is clarified that CENVAT credit balance will not be transferred to the Resulting Company.

### 13. ACCOUNTING TREATMENT

#### 13.1 Treatment in the books of Transferor Company:

Upon the coming into effect of this Scheme, the difference between the amount of consideration stated hereinabove and the net book value of assets and liabilities of the Demerged Undertaking shall be recognized as profit or loss in the books of the Transferor Company.

#### 13.2 Treatment in the books of the Resulting Company:

Upon the coming into effect of this Scheme, the Resulting Company shall allocate the amount of consideration stated hereinabove on fair basis considering fair value of respective assets and liabilities, over all the assets and liabilities of the Demerged Undertaking as of the Appointed Date transferred to it in pursuance of this Scheme.

- 13.3 It is hereby clarified that all transactions during the period between the Appointed Date and Effective Date relating to the Demerged Undertaking would be duly reflected in the financial statements of the Resulting Company at their respective transaction value upon this Scheme coming into effect, as may be decided by the Board of Directors (including committee(s) thereof) of the Resulting Company.

### 14. APPLICATIONS TO THE HIGH COURT

The Transferor Company and the Resulting Company shall, with all reasonable dispatch, make applications to the High Court, for sanctioning this Scheme under Sections 391 to 394 of the Companies Act, 1956 and other relevant provisions of the Act, for an order or orders thereof for carrying this Scheme into effect.



**15. MODIFICATIONS/ AMENDMENTS TO THIS SCHEME**

15.1 The Transferor Company and the Resulting Company, by their respective board of directors, or such other person or persons as the respective board of directors may authorize, including any committee or sub-committee thereof, may make and/ or consent to any modifications/ amendments to this Scheme or to any conditions or limitations that the High Court or any other authority may deem fit to direct or impose, or which may otherwise be considered necessary, desirable or appropriate by them, provided that any such modifications/ amendment to this Scheme after the approval of this Scheme by the High Court shall be subject to the prior approval of the High Court. The Transferor Company and the Resulting Company, by their respective board of directors, or such other person or persons as the respective board of directors may authorize, including any committee or sub-committee thereof, shall be authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of this Scheme and/ or any matter concerned or connected therewith.

15.2 For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the delegate of the Resulting Company may give and are hereby authorized 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.

**16. SCHEME CONDITIONAL ON APPROVALS/ SANCTIONS**

This Scheme is conditional upon and subject to:

- (i) Approval of this Scheme by the concerned regulatory and governmental authorities as applicable, including the DOT;
- (ii) Approval of this Scheme by the shareholders and creditors of the Transferor Company and the Resulting Company as directed by High Court;
- (iii) The certified copies of the High Court's orders sanctioning this Scheme being filed with the Registrar of Companies, Mumbai; and
- (iv) All other sanctions and approvals as may be required by law in respect of this Scheme being obtained.



**17. COSTS**

All costs, charges and expenses including stamp duty and registration fee of any deed, document, instrument or High Court's order including this Scheme or in relation to or in connection with negotiations leading up to this Scheme and of carrying out and implementing the terms and provisions of this Scheme and incidental to the completion of arrangement in pursuance of this Scheme shall be borne and paid by the Transferor Company.

**18. REVOCATION OF THIS SCHEME**

In the event of any of the said sanctions and approvals referred to in Clause 16 above not being obtained and/ or complied with and/ or satisfied and/ or this Scheme not being sanctioned by the High Court and/ or order or orders not being passed as aforesaid , this Scheme shall stand revoked, cancelled and be of no effect and in that event, no rights and liabilities whatsoever shall accrue to or be incurred *inter se* between the Transferor Company and the Resulting Company or their respective shareholders or creditors or employees or any other person save and except in respect of any act or deed done prior thereto, as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with the applicable law and in such case, each party shall bear its own costs unless otherwise mutually agreed.

