



**NATIONAL COMPANY LAW TRIBUNAL,
COURT 5, MUMBAI BENCH**

C.P.(CAA)/245(MB-V)/2022

Connected with

C.A.(CAA)/255(MB-V)/2022

In the matter of
Companies Act, 2013

AND

In the matter of

Companies Act, 2013 (18 of 2013) and
Section 230-232 of the Companies Act,
2013 along with other applicable
provisions of the Companies Act, 2013
read with the Companies
(Compromises, Arrangements and
Amalgamations) Rules, 2016;

In the matter of

Scheme of Amalgamation of
TELESMART SCS LIMITED, the
Transferor Company and DIGISOL
SYSTEMS LIMITED, the Transferee
Company and their respective
shareholders and creditors

TELESMART SCS LIMITED

U31900GA2016PLC013046

... Petitioner Company No. 1/Transferor Company

DIGISOL SYSTEMS LIMITED

U31909GA2016PLC012970

... Petitioner Company No. 2/ Transferee Company





Order delivered on **3rd March, 2023**

Coram:

Hon'ble Shri. Kuldip Kumar Kareer, Member (Judicial)

Hon'ble Smt. Anuradha Sanjay Bhatia, Member (Technical)

Appearances (via videoconferencing):

For the Petitioners : Mr Ahmed M Chunawala, i/b
Rajesh Shah & Co, Advocates

For the Regional Director (WR) : Ms. Rupa Sutar, Authorized
Representative of Regional
Director, MCA (WR), Mumbai

ORDER

Per: Anuradha Sanjay Bhatia, Member (Technical)

1. The Bench is convened by videoconference today. (03.03.2023).
2. Heard the Learned Counsel for the Petitioner Companies. No objector has come before this Tribunal to oppose the Scheme of Amalgamation and nor has any party controverted any averments made in the Petitions to the said Scheme.
3. The sanction of the Tribunal is sought under Sections 230 to 232 of the Companies Act, 2013 and other relevant provisions of the Companies Act, 2013 and the rules framed there under for the Scheme of Amalgamation between **TELESMART SCS LIMITED**, the Transferor Company and **DIGISOL SYSTEMS LIMITED**, the Transferee Company and their respective shareholders and creditors.
4. The Petitioner Companies have approved the said Scheme of Amalgamation by passing the Board Resolutions dated 17th August 2022 which are annexed to the Company Scheme Petition.





5. The Learned Advocate appearing on behalf of the Petitioner Companies states that the Company Scheme Petition have been filed in consonance with the Order passed in the Company Scheme Application No. 255 of 2022 of the Hon'ble Tribunal.
6. The Learned Advocate appearing on behalf of the Petitioner Companies further states that the Petitioner Companies have complied with all requirements as per directions of the National Company Law Tribunal, Mumbai Bench and they have filed necessary affidavits of compliance in the National Company Law Tribunal, Mumbai Bench.
7. The Learned Counsel for the Petitioner Companies states that the First Petitioner Company/ Transferor Company presently is engaged is business of manufacturing wide range of passive networking (SCS) products and is in the business of developing and manufacturing of copper and fiber range of cabling products and that the Second Petitioner Company/ Transferee Company presently is a brand product company that caters to sales, marketing, service and support of the 'Digisol' brand of active and passive (structured cabling) products and solutions.
8. The rationale and benefits for the Scheme of Amalgamation of the Petitioner Companies is:

Smartlink Holdings Limited holds 80% of Transferor Company and Mr. Ray Chang and Telebox Industries Corp hold 10% each. The Transferee Company is wholly owned subsidiary company of Smartlink Holdings Limited. With a view to consolidate group entities, the management of Transferor and Transferee Company are proposing to merge, which would derive the following benefits for the stakeholders

- a) *The amalgamation will enable consolidation of the business and operations of the Transferor and the Transferee Company which*





will provide significant impetus to growth by permitting pooling of resources, enable synergies, reduce operational costs, achieve economies of scale, increase operational efficiencies and greater focus and provide expansion opportunities in a consolidated and compliant manner.

- b) *The amalgamation will enable optimum utilisation of various resources to the amalgamated company.*
- c) *The proposed amalgamation will lead to a significant reduction in the multiplicity of legal and regulatory compliances required at present to be carried out by Transferor and Transferee Company and also avoid duplication of administrative functions and eliminate multiple record-keeping.*

9. The Regional Director has filed his Report dated 21st February 2023 *inter-alia* making the following observations in Paragraphs 2 (a) to (h) which are reproduced hereunder:

Para	Observation by the Regional Director	Undertaking of the Petitioner Company/ Rejoinder
2 (a)	That on examination of the report of the Registrar of Companies, Goa dated 11.01.2023 for Petitioner Companies (Annexed as Annexure A-1) that the Petitioner Companies falls within the jurisdiction of ROC, Goa. It is submitted that no complaint and /or representation regarding the proposed scheme of Amalgamation has been received against the Petitioner	So far as the observation in paragraph 2 (a) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies submits that the Transferee Company have created the charge to take limits from HDFC Bank for working capital. The said charge will be continued by the Transferee Company post amalgamation. Further, all the compliance as per Companies Act, 2013 have





<p>Companies. Further, the Transferor Company (Telesmart SCS Limited) has filed Annual Return and Financial Statements as on 31.03.2022, Transferee Company (Digisol Systems Limited) has filed Annual Return and Financial Statements as on 31.03.2022. The ROC has further submitted that in his report dated 11.01.2023, which are as under: -</p> <p>i) That the ROC Pune in his report dated 11.01.2023 has also stated that no Inquiry, inspection, investigation, technical scrutiny & prosecution is pending against the subject applicant company.</p> <p>ii) Further ROC has mentioned as follows: As per MCA records Transferee company shows Active charges as as mentioned below:</p> <table border="1" style="width: 100%;"><thead><tr><th>Date Of Creation</th><th>Date Of last Modification</th><th>Date Of satisfaction</th><th>Amount Secured</th></tr></thead><tbody><tr><td> </td><td> </td><td> </td><td> </td></tr></tbody></table>	Date Of Creation	Date Of last Modification	Date Of satisfaction	Amount Secured					<p>been complied by the Transferee Company.</p>
Date Of Creation	Date Of last Modification	Date Of satisfaction	Amount Secured						





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May be decided on merits.
Hence, the Petitioner Company shall undertake to submit detail reply against observations mentioned above.

2 (b) Transferee company should undertake to comply with the provisions of section 232(3)(i) of the Companies Act, 2013 through appropriate affirmation in respect of fees payable by Transferee Company for increase of share capital on account of merger of transfer of companies.

So far as the observation in paragraph 2 (b) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies undertakes that Transferee company shall pay applicable fees, if any, for increase in authorised share capital on account of merger of the Transferor Company in accordance with provisions of section 232(3)(i) of the Companies Act, 2013.

2 (c) In compliance of Accounting Standard-14 or IND-AS 103, as may be applicable, the transferee company shall pass such accounting entries which are necessary in connection with the scheme to comply with other applicable Accounting Standards

So far as the observation in paragraph 2 (c) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies submits that the Transferee Company undertakes that in addition to compliance of AS-14 for accounting treatment, the





	including AS-5 or IND AS-8 etc	Transferee Company shall pass such accounting entries as may be necessary in connection with the Scheme to comply with other applicable Accounting Standards including AS-5 or IND AS-8, etc. as may be applicable.
2 (d)	The Hon'ble Tribunal may kindly direct the Petitioner Companies to file an affidavit to the extent that the Scheme enclosed to the Company Application and Company Petition are one and same and there is no discrepancy, or no change is made.	So far as the observation in paragraph 2 (d) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies undertakes that the Scheme enclosed to the Company Application and Company Petition are one and same and there is no discrepancy, or no change is made.
2 (e)	The Petitioner Companies under provisions of section 230(5) of the Companies Act 2013 have to serve notices to concerned authorities which are likely to be affected by the Amalgamation or arrangement. Further, the approval of the scheme by the Hon'ble Tribunal may not deter such authorities to deal with any of the issues arising after giving	So far as the observation in paragraph 2 (e) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies submits that the Petitioner companies have complied with the provisions of section 230(5) of the Companies Act 2013 and notice to all the concerned authorities was served as per the order of Hon'ble National





	<p>effect to the scheme. The decision of such authorities shall be binding on the petitioner companies concerned.</p>	<p>Company Law Tribunal, Mumbai Bench. Affidavit of service for serving notice to all the concerned authorities was also filed with the Hon'ble National Company Law Tribunal, Mumbai Bench. The Counsel for the Petitioner Companies further submits that the approval of the scheme by the Hon'ble Tribunal may not deter such authorities to deal with any of the issues arising after giving effect to the scheme. The decision of such authorities shall be binding on the Petitioner Companies concerned.</p>
2 (f)	<p>As per the Definition of the Scheme.</p> <p>"Appointed Date "means 1st April, 2022 or such other date directed by or stipulated by the Tribunal, as may be applicable.</p> <p>"Effective Date" means the last dates on which the sanctions/approvals or orders as mentioned in Clause 18 of the Scheme is obtained and /or filed by TSL and DSL with the ROC and other</p>	<p>So far as the observation in paragraph 2 (f) of the Report of the Regional Director is concerned, the Petitioner Companies through their Counsel submits that the Appointed Date is 1st April, 2022 or such other date directed by or stipulated by the Tribunal, as may be applicable. The Counsel for the Petitioner further submits that the Petitioner will comply with the requirements as clarified vide</p>





	<p>Governmental Authorities, as may be required. Any references in this Scheme to the "date of coming into effect of this Scheme" or "effectiveness of the Scheme" or "Scheme taking effect" shall mean the Effective Date.</p> <p>It is submitted that the Petitioners may be asked to comply with the requirements as canted vide circular no F. No. 7/12/2019/CL-I dard 21.08.2019 issued by the Ministry of Corporate Affair</p>	<p>circular no. F. No.7/12/2019/CL-1 dated 21.08.2019 issued by the Ministry of Corporate Affairs.</p>
2(g)	<p>Petitioner Companies shall undertake to comply with the directions of Income tax department, if any</p>	<p>So far as the observation in paragraph 2 (g) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies submits that the Petitioner Company shall ensure compliance with the directions of Income Tax Department, if any.</p>
2(h)	<p>Petitioner Companies shall undertake to comply with the directions of the concerned sectoral Regulatory, at so required.</p>	<p>So far as the observation in paragraph 2 (h) of the Report of the Regional Director is concerned, the Learned Counsel for the Petitioner Companies submits that the Petitioner</p>





		Company shall ensure compliance with the directions of the concerned sectoral Regulatory, if so required.
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10. The observations made by the Regional Director have been explained by the Petitioner Companies in Para 9 above.
11. Ms. Rupa Sutar, Authorised representative of the Regional Director, MCA (WR), Mumbai who is present at the time of Final hearing has submitted that the clarifications, submissions and undertakings given by the Petitioner Companies are hereby accepted and that they have no objection for approving the scheme by the Tribunal.
12. The Official Liquidator has filed his report on 22nd February, 2023 in the Company Scheme Petition No. 245 of 2022, inter alia, stating therein that the affairs of the Transferor Company have been conducted in a proper manner not prejudicial to the interest of the shareholders of the Transferor Company and that the Transferor Company may be ordered to be dissolved by this Tribunal.
13. From the material on record, the Scheme of Amalgamation appears to be fair and reasonable and is not violative of any provisions of law and is not contrary to public policy.
14. Since all the requisite statutory compliances have been fulfilled, Company Scheme Petition No. 245 of 2022 is made absolute in terms of Point 26 clauses (a) to (f) of the said Company Scheme Petition.
15. The First Company be dissolved without winding up.
16. Petitioner Companies are directed to file a copy of this Order along with a copy of the Scheme of Amalgamation and Arrangement with the concerned Registrar of Companies, electronically along with E-





Form INC-28, in addition to physical copy within 30 days from the date of receipt of the Order from the Registry.

17. The Petitioner Companies to lodge a copy of this Order and the Scheme duly authenticated by the Deputy Registrar or Assistant Registrar, National Company Law Tribunal, Mumbai Bench, with the concerned Superintendent of Stamps, for the purpose of adjudication of stamp duty payable within 60 days from the date of receipt of the Order, if any.
18. All authorities concerned to act on a copy of this Order along with the Scheme of Amalgamation duly authenticated by the Deputy Director or Assistant Registrar, National Company Law Tribunal, Mumbai.
19. The Appointed Date is 1st April 2022.
20. Ordered Accordingly. C.P.(CAA)/245(MB-V)/2022 Connected with C.A.(CAA)/255(MB-V)/2022 is **allowed** and disposed of.


SD/-

Anuradha Sanjay Bhatia
Member (Technical)

SD/-

Kuldip Kumar Kareer
Member (Judicial)

Certified True Copy _____
Date of Application 03/03/2023
Number of Pages 11
Fee Paid Rs. 55/-
Applicant called for collection copy on 21/04/2023
Copy prepared on 21-4-2023
Copy Issued on 21/04/2023


Deputy Registrar 21-4-2023
National Company Law Tribunal, Mumbai Bench



SCHEME OF AMALGAMATION
OF
TELESMART SCS LIMITED
WITH
DIGISOL SYSTEMS LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

UNDER SECTIONS 230 TO 232 READ AND OTHER APPLICABLE PROVISIONS OF THE
COMPANIES ACT, 2013



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A. PREAMBLE

This Scheme of Amalgamation ("the Scheme") is presented pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 as may be applicable, for the amalgamation of Telesmart SCS Limited with Digisol Systems Limited.

B. BACKGROUND & DESCRIPTION OF THE COMPANIES

1. Telesmart SCS Limited (the "Transferor Company" or "TSL"), a public limited company, having CIN U31900GA2016PLC013046, incorporated under the provisions of the Companies Act, 2013 on 17 November 2016, has its registered office at L-5, V.I.E, Verna Industrial Estate, Verna Salcette, South Goa, Goa - 403722. TSL is engaged in the business of manufacturing wide range of passive networking (SCS) products and manufacturing of copper and fiber range of cabling products.
2. Digisol Systems Limited (the "Transferee Company" or "DSL"), an unlisted public company, having CIN U31909GA2016PLC012970, incorporated under the provisions of the Companies Act, 2013 on 17 August 2016, has its registered office at Plot no. L-7 Verna Industrial Estate, Verna Salcette, Goa - 403722. DSL is a brand product company that caters to sales, marketing, service and support of the 'Digisol' brand of active and passive (structured cabling) products and solutions.

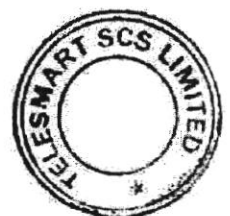
C. RATIONALE AND PURPOSE OF THE SCHEME

Smartlink Holdings Limited holds 80% of TSL and Mr. Ray Chang and Telebox Industries Corp hold 10% each. DSL is a wholly owned subsidiary company of Smartlink Holdings Limited. With a view to consolidate group entities, the management of TSL and DSL are proposing to merge TSL and DSL, which would derive the following benefits for the stakeholders:

Benefits of amalgamation:

- a) The amalgamation will enable consolidation of the business and operations of TSL and DSL which will provide significant impetus to growth by permitting pooling of resources, enable synergies, reduce operational costs, achieve economies of scale, increase operational efficiencies and greater focus and provide expansion opportunities in a consolidated and compliant manner.
- b) The amalgamation will enable optimum utilisation of various resources to the amalgamated company (i.e. DSL).
- c) The proposed amalgamation will lead to a reduction in the multiplicity of legal and regulatory

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compliances required at present to be carried out by TSL and DSL and also avoid duplication of administrative functions and eliminate multiple record-keeping.

Accordingly, the Board of Directors of TSL and DSL have decided to make requisite applications and/or petitions before the Tribunal (hereinafter defined), as applicable under Sections 230 to 232 and other applicable provisions of the Act, for sanction of this Scheme, and the rules enacted thereunder.

D. PARTS OF THE SCHEME

The Scheme is divided into following parts

PART I deals with definitions and share capital

PART II deals with the amalgamation of TSL with DSL and matters incidental thereto

PART III deals with general terms and conditions that would be applicable to the Scheme

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

The provisions of this Scheme have been drawn up to comply with the conditions relating to "Amalgamation" as defined under Section 2(1B) of the Income Tax Act, 1961. If, at a later date, any of the terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of Section 2(1B) of the Income Tax Act, 1961, including as a result of an amendment of law or enactment of new legislation or any other reason whatsoever, the provisions of Section 2(1B) of the Income Tax Act, 1961, or a corresponding provision of any amended or newly enacted law, shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the Income Tax Act, 1961.

PART I- DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meanings:

- 1.1. "Act" or "the Act" means the Companies Act, 2013 and any rules, regulations, circulars or guidelines issued thereunder and shall, if the context so requires and as may be applicable, mean the Companies



Act, 1956 and any rules, regulations, circulars or guidelines issued thereunder, as amended from time to time and shall include any statutory replacement or re-enactment thereof.

- 1.2. "Applicable Laws" means any statute, notification, bye-laws, rules, regulations, guidelines, policy, code, directives, ordinance, orders or instructions having the force of law enacted or issued by the Appropriate Authority including any statutory modification or re-enactment thereof for the time being in force.
- 1.3. "Appointed Date" means 1 April, 2022 or such other date directed by or stipulated by the Tribunal, as may be applicable.
- 1.4. "Board" or "Board of Directors" in relation to TSL and DSL, 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 any person authorized by such Committee of Directors for the purposes of matters pertaining to the amalgamation, under this Scheme or any other matter relating thereto.
- 1.5. "DSL" or "Transferee Company" means Digisol Systems Limited, an unlisted public limited company, having CIN U31909GA2016PLC012970, incorporated under the provisions of the Companies Act, 2013 on 17 August 2016, with its registered office at Plot no. L-7 Verna Industrial Estate, Verna Salcette, South Goa, Goa - 403722.
- 1.6. "Effective Date" means the last of the dates on which the sanctions /approvals or orders as mentioned in Clause 18 of the Scheme is obtained and / or filed by TSL and DSL with the ROC and other Governmental Authorities, as may be required. Any references in this Scheme to the "date of coming into effect of this Scheme" or "effectiveness of the Scheme" or "Scheme taking effect" shall mean the Effective Date.
- 1.7. "Governmental Authority" means any applicable Central, State or local Government, legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction over the territory of India and shall include any other authority which supersedes the existing authority.
- 1.8. "IT Act" means the Income-tax Act, 1961 including any statutory modifications, re-enactments or amendments thereto.
- 1.9. "National Company Law Tribunal" or "NCLT" or "Tribunal" means the National Company Law Tribunal, Mumbai Bench as constituted under the provisions of the Act.
- 1.10. "ROC" means the Registrar of Companies, Goa.



1.11. "Scheme" or "the Scheme" or "this Scheme" means this Scheme of Amalgamation in its present form or with any modification(s) approved or directed under Clause 17 of this Scheme or any modifications approved or directed by National Company Law Tribunal pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Act.

1.12. "SHL" means Smartlink Holdings Limited, a public limited company, having CIN L67100GA1993PLC001341, incorporated under the provisions of the Companies Act, 1956 on 31 March 1993, has its registered office at L-7, Verna Industrial Estate, Verna Salcette, South Goa, Goa - 403722.

1.13. "TSL" or "Transferor Company" means Telesmart SCS Limited, a public limited company, having CIN U31900GA2016PLC013046, incorporated under the provisions of the Companies Act, 2013 on 17 November 2016, with its registered office at L-5, V.I.E, Verna Industrial Estate, Verna Salcette, South Goa, Goa 403722.

2. DATE OF TAKING EFFECT AND OPERATIVE DATE

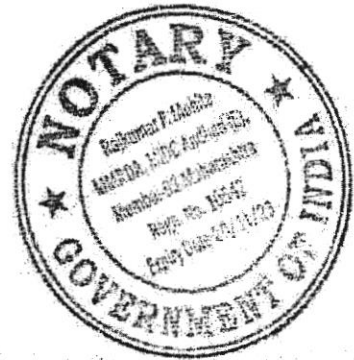
The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the Tribunal, unless otherwise specified in the Scheme, shall be operative from the Appointed Date but shall be effective from the Effective Date.

3. CAPITAL STRUCTURE

3.1. The authorised, issued, subscribed and paid-up share capital of TSL as per the audited financial statements for the year ended 31 March 2022 is as under:

Particulars	Amount (INR)
<u>AUTHORISED SHARE CAPITAL</u>	
36,00,000 Equity Shares of INR 10/- each	3,60,00,000
Total	3,60,00,000
<u>ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL</u>	
36,00,000 Equity Shares of INR 10/- each	3,60,00,000
Total	3,60,00,000

Subsequent to 31 March 2022, there has been no change in authorised, issued, subscribed and paid-up share capital of TSL till the date of approval of this Scheme by the Board of TSL.



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3.2. The authorised, issued, subscribed and paid-up share capital of DSL as per the audited financial statements for the year ended 31 March 2022 is as under:

Particulars	Amount (INR)
AUTHORISED SHARE CAPITAL	
41,00,00,000 Equity Shares of INR 1/- each	41,00,00,000
Total	41,00,00,000
ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL	
4,10,00,000 Equity Shares of INR 1/- each	4,10,00,000
Total	4,10,00,000

Subsequent to 31 March 2022, there has been no change in authorised, issued, subscribed and paid-up share capital of DSL till the date of approval of this Scheme by the Board of DSL.

3.3. The shares and / or other securities of TSL and DSL are not listed on any stock exchanges.

PART II- AMALGAMATION OF TSL WITH DSL

4. AMALGAMATION AND VESTING OF ASSETS AND LIABILITIES OF TSL WITH DSL

4.1. With effect from the opening of business hours of the Appointed Date and subject to the provisions of this Scheme, the entire business of TSL shall under the provisions of Sections 230 to 232 and other applicable provisions of the Act and pursuant to the order of the Tribunal sanctioning this Scheme, be amalgamated with DSL as a going concern and all assets and liabilities, trademarks, contracts, arrangements, etc. of TSL shall, without any further act, instrument or deed, stand transferred to and vested in or be deemed to have been transferred to and vested in DSL, so as to become as and from the Appointed Date, the assets and liabilities contracts, arrangements, etc. of DSL by virtue of and in the manner provided in this Scheme.

4.2. On and from the Appointed Date, all the profits, income, taxes (including advance tax, tax deducted at source and minimum alternate tax credit), costs, charges, expenditure or losses incurred, accruing or arising to TSL shall, for all purposes, be treated and be deemed to be and accrued as the profits, income, taxes, minimum alternate tax credit, costs, charges, expenditure, as the case may be, of DSL.

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- 4.3. DSL shall make applications to and obtain relevant approvals from the concerned Governmental Authorities and / or parties as may be necessary in this behalf and TSL shall co-operate and provide the required support wherever required.
- 4.4. Without prejudice to Clause 4.1 above, in respect of the assets and properties of TSL which are movable in nature or incorporeal property or are otherwise capable of being transferred by delivery or possession, by endorsement and/or delivery, the effectiveness of the Scheme shall be deemed to constitute delivery or deemed delivery or constructive delivery, as the case may be, of such property and shall, become the assets and property of DSL with effect from the Appointed Date pursuant to the provisions of Sections 230-232 of the Act.
- 4.5. In relation to the assets, if any, belonging to TSL, which require separate documents of transfer, TSL and DSL will execute necessary documents, as and when required.
- 4.6. In respect of such of the assets belonging to TSL, other than those referred to in Clause 4.4 and Clause 4.5, the same shall, without any further act, instrument or deed, be transferred to and stand vested in and / or be deemed to be transferred to and stand vested in DSL pursuant to Sections 230 to 232 and other applicable provisions of the Act.
- 4.7. The transfer and vesting as provided in this Scheme shall not require consents of any third party or other person who is a party to any contract or arrangement in order to give effect to the provision of this clause.
- 4.8. On and from the Effective Date and till such time that the name of the bank accounts of TSL has been replaced with that of DSL, DSL shall be entitled to maintain and operate the bank accounts of TSL in the name of TSL and for such time as may be determined to be necessary by DSL. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of TSL after the Effective Date shall be accepted by the bankers of DSL and credited to the account of DSL, if presented by DSL.
- 4.9. Without prejudice to the foregoing provisions of Clause 4.1, TSL and DSL shall be entitled to execute any and all instruments or documents and do all the acts and deeds as may be required, including filing of necessary particulars and/ or modification(s) of charge, with the concerned ROC or filing of necessary applications, notices, intimations or letters with any appropriate authority or person, to give effect to the above provisions.



4.10. The resolutions, if any, as approved and passed from time to time, under the Act, by the Board of Directors or shareholders of TSL, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of DSL until the Board of Directors or the shareholders of DSL, as applicable, passes resolution(s) which has the effect of modifying or changing aforesaid resolutions of TSL.

5. CONSIDERATION

5.1. Upon the Scheme coming into effect and upon the entire business including the assets and liabilities of TSL being transferred to and vested in DSL,

- DSL shall without any further application or deed, issue, allot and credit as fully paid-up, 19,59,857 (Nineteen Lakh Fifty Nine Thousand Eight Fifty Seven only) Equity Shares of Re.1/- (Rupee One only) each fully paid up of DSL, for 28,80,000 (Twenty Eight Lakh Eighty Thousand only) Equity Shares of Rs.10/- (Rupees Ten only) each fully paid up and held in TSL ("New Equity Shares"), by SHL; and
- Pay cash consideration of INR 8.41 per share to shareholders, other than SHL.

5.2. All fractional entitlements, if any, arising due to the issue of New Equity Shares to the equity shareholders of TSL as aforesaid, shall be rounded off to the next integer.

5.3. The New Equity Shares in DSL to be issued to the equity shareholders of TSL shall be subject to the provisions of the Memorandum and Articles of Association of DSL and the New Equity Shares shall rank pari passu in all respects with the existing equity shares in DSL.

5.4. Consideration payable to shareholders other than SHL would be credited to the respective bank accounts of such shareholders, net of applicable taxes, if any.

5.5. The approval of this Scheme by the shareholders of DSL under Sections 230 to 232 of the Act shall be deemed to have the approval under Section 42 and Section 62(1)(c) of the Act as applicable and any other provisions of the Act and any other consents and approvals required in this regard.

6. ACCOUNTING TREATMENT IN THE BOOKS OF DSL

6.1. Upon the Scheme becoming effective and with effect from the Appointed Date, DSL shall account for the amalgamation of TSL in its books of account in compliance with the Indian Accounting Standard - 103 on Business Combinations as a common control business combination under the pooling of interest method and other relevant Indian Accounting Standard prescribed under Section 133 of the Act, as under:

- a) With effect from the Appointed Date, all the assets and liabilities appearing in the books of

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accounts of TSL shall stand transferred to and vested in DSL pursuant to the Scheme and shall be recorded by DSL at their respective book values

- b) All reserves and surplus of TSL, as on the Appointed Date, shall be transferred to and vested in DSL at their existing carrying amounts and in the same form in which they appear in the books of TSL
- c) All inter-party transactions and balances including advances, amount receivable or payable inter-se between TSL and DSL as appearing in their books of accounts, if any, shall stand cancelled without any further act, instrument or deed
- d) The difference, if any, of the value of assets over the value of liabilities and reserves transferred to DSL as stated above and the face value of New Equity Shares issued by DSL shall be adjusted in the Capital Reserve Account of DSL
- e) If considered appropriate for the purpose of application of uniform accounting policies and method or for compliance with the applicable accounting standards, DSL may make suitable adjustments to the accounting treatment and adjust the effect thereof in the manner determined by the Board of DSL

7. LEGAL PROCEEDINGS

7.1. If any suit, appeal, petition, complaint, application or other legal proceedings of whatsoever nature (hereinafter referred to as the "Proceedings") by or against TSL is pending as on the Effective Date, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of the amalgamation of TSL with DSL or by anything contained in this Scheme, but the Proceedings may be continued, prosecuted and enforced by or against DSL in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against TSL in the absence of this Scheme.

7.2. On and from the Effective Date, DSL shall, if required, initiate any legal proceedings in relation to the present and past business, undertakings, properties and assets of TSL.

8. CONTRACTS, DEEDS, ETC.

8.1. For avoidance of doubt and without prejudice to the generality of Clause 4 above, it is clarified that upon the coming into effect of this Scheme and with effect from the Appointed Date, subject to the provisions hereof, without any further act of the parties, all contracts, agreements, insurance policies



or other similar rights or entitlements whatsoever, and other instruments, in relation to TSL, or to the benefit of which TSL may be eligible and which are subsisting or having effect immediately before this Scheme coming into effect, shall by endorsement, delivery or by operation of law pursuant to the order of the appropriate authority sanctioning the Scheme, and on this Scheme becoming effective be deemed to be contracts, agreements, or other similar rights or entitlements whatsoever, of DSL.

8.2. Upon this Scheme becoming effective, the rights, benefits, privileges, duties, liabilities, obligations and interest whatsoever, arising from or pertaining to contracts and properties, shall be deemed to have been entered into and stand assigned, vested and novated to DSL by operation of law and DSL shall be deemed to be substituted party or beneficiary or obligor thereto. It being always understood that DSL shall be the successor in interest of TSL. In relation to the same, any procedural requirements required to be fulfilled solely by TSL, shall be fulfilled by DSL as if it were the duly constituted attorney of TSL.

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

9. SAVING OF CONCLUDED TRANSACTION

The transfer of entire business, properties, assets and liabilities of TSL to DSL and the continuance of all contracts or proceedings by or against TSL shall not affect any transaction, contracts or proceedings already concluded by TSL on or after the Appointed Date till the Effective Date, to the end and intent that DSL accepts and adopts all acts, deeds, matters and things done and / or executed by TSL in regard thereto, as if done or executed on behalf of DSL.

10. EMPLOYEES

10.1. On the Scheme becoming effective, respective employees, whether temporary or permanent employees and including all employees on probation, trainees and interns of TSL in service on the Effective Date, shall be deemed to have become employees of DSL with effect from the Appointed Date or their respective joining date, whichever is later, without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with DSL shall not be less favorable than those applicable to them with reference to TSL on the Effective Date. It is hereby clarified that the accumulated balances, if any, standing to the credit of the employees in the existing provident



fund, gratuity fund and superannuation fund of which the employees of TSL are members shall be transferred to such provident fund, gratuity fund and superannuation fund of DSL or to be established and caused to be recognized by the Appropriate Authorities, by DSL.

10.2. Pending the transfer as aforesaid, the provident fund, gratuity fund and superannuation fund dues of the employees of TSL would be continued to be deposited in the existing provident fund, gratuity fund and superannuation fund of TSL.

10.3. Upon transfer of the aforesaid funds to the respective funds of DSL, the existing trusts created for such funds by TSL shall stand dissolved and no further act or deed shall be required to this effect. It is further clarified that the services of the employees of TSL will be treated as having been continuous, uninterrupted and taken into account for the purpose of the said fund or funds.

11. CONDUCT OF BUSINESS BY TSL TILL EFFECTIVE DATE

11.1. Unless otherwise stated herein, from the Appointed Date till the Effective Date:

- (a) TSL shall carry on and be deemed to have carried on its business and activities and shall be deemed to have held and stood possessed of and shall continue to hold and stand possessed of all the assets, properties and liabilities for and on account of and in trust for DSL. TSL hereby undertakes to hold the assets, properties and liabilities with utmost prudence until the Effective Date.
- (b) Any assets realized by TSL during the period between Appointed Date and upto the Effective Date shall be held in trust and shall be transferred to or taken over, as the case may be, by DSL upon coming into effect of this Scheme.
- (c) TSL shall carry on its businesses and activities with reasonable diligence, business prudence and in the same manner as carried before and shall not, without the prior written consent of DSL, alienate charge, mortgage, encumber or otherwise deal with or dispose-off its business or any part thereof in any manner whatsoever.
- (d) TSL shall be entitled, pending the sanction of the Scheme, to apply to the Central Government and all other agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which DSL may require to carry on the business of TSL and to give effect to the Scheme.

12. TAXES/ DUTIES/ CESS ETC.

12.1. Upon the Scheme becoming effective, DSL is expressly permitted to revise, its financial statements and

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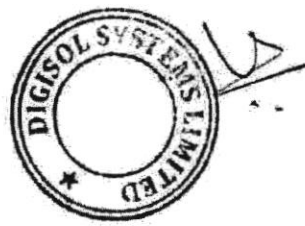
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returns along with prescribed forms, filings and annexures under the IT Act, Good and Service tax laws and other tax laws and to claim refunds and/or credit for taxes paid (including minimum alternate tax, tax deducted at source, wealth tax, etc.) and for matters incidental thereto, if required to give effect to the provisions of the Scheme.

- 12.2. All tax assessment proceedings/ appeals of whatsoever nature by or against TSL pending and/or arising at the Appointed Date and relating to TSL shall be continued and/or enforced until the Effective Date by TSL. In the event of TSL failing to continue or enforce any proceeding/appeal, the same may be continued or enforced by DSL, at the cost of DSL. As and from the Effective Date, the tax proceedings shall be continued and enforced by or against DSL in the same manner and to the same extent as would or might have been continued and enforced by or against TSL.
- 12.3. Further, the aforementioned proceedings shall not abate or be discontinued nor be in any way prejudicially affected by reason of the amalgamation of TSL with DSL or anything contained in the Scheme.
- 12.4. Any tax liabilities under the IT Act, Goods and Service Tax, or other Applicable Laws/ regulations dealing with taxes/ duties/ levies of TSL to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date, shall be transferred to DSL.
- 12.5. Any refund, under the IT Act, Goods and Service Tax, or other Applicable Laws/ regulations dealing with taxes/ duties/ levies due to TSL consequent to the assessment made on TSL and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by DSL upon this Scheme becoming effective.
- 12.6. The tax payments (including, without limitation, income tax, Goods and Service Tax etc.) whether by way of tax deducted at source, advance tax, all earnest monies, security deposits provisional payments, payment under protest, or otherwise howsoever, by TSL after the Appointed Date, shall be deemed to be paid by DSL and shall, in all proceedings, be dealt with accordingly.
- 12.7. Further, any tax deducted at source by TSL/ DSL on transactions inter-se, if any (from Appointed Date to Effective Date), shall be deemed to be advance tax paid by DSL and shall, in all proceedings, be dealt with accordingly.
- 12.8. With effect from the Appointed Date, obligation for deduction of tax at source on any payment made by or to be made by TSL shall be made or deemed to have been made and duly complied with by DSL, as

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12.9. Without prejudice to the generality of the above, all benefits, entitlements, incentives, losses, credits (including, without limitation income tax, Minimum Alternate Tax Credit entitlement ('MAT Credit'), tax deducted at source, Goods and Service Tax, registrations, etc.) to which TSL is entitled to in terms of Applicable Laws, shall be available to and vest in DSL, upon this Scheme coming into effect.

12.10. Upon coming into effect of this Scheme, all tax compliances under any tax laws by TSL on or after Appointed Date shall be deemed to be made by DSL.

13. DISSOLUTION OF TSL

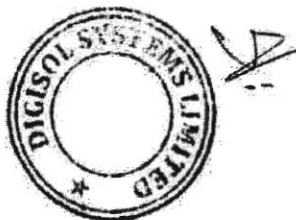
Upon the effectiveness of this Scheme, TSL shall be dissolved without winding up, and the Board and any committees thereof, if any, of TSL shall without any further act, instrument or deed be and stand discharged.

PART III- GENERAL TERMS AND CONDITIONS

14. COMBINATION AND ENHANCEMENT OF AUTHORISED SHARE CAPITAL

14.1. Upon this Scheme becoming effective, the authorised share capital of DSL shall automatically stand increased without any further act, instrument or deed on the part of DSL including payment of stamp duty and fees payable to ROC, by the authorised share capital of TSL as on the Effective Date. The Authorised Share Capital of DSL stands increased to INR 44,60,00,000 (Rupees Forty four crore sixty lakhs Only) divided into 44,60,00,000 (Forty four crore sixty lakhs) equity shares of INR 1/- each and the Memorandum of Association and Articles of Association of DSL (relating to the authorised share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, and the consent of the shareholders of DSL to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under Sections 13, 14 and 61 of the Act and Sections 230 to 232 of the Act and other applicable provisions of the Act would be required to be separately passed, as the case may be and for this purpose the stamp duties and fees paid on the authorised capital of TSL shall be utilized and applied to the increased authorised share capital of DSL and there would be no requirement for any further payment of stamp duty and / or fee by DSL for increase in the authorised share capital to that extent.

14.2. It is clarified that the approval of the shareholders of DSL to the Scheme shall be deemed to be their consent / approval also to the alteration of the Memorandum of Association of DSL as may be required under the Act, and Clause V of the Memorandum of Association of DSL shall stand substituted by virtue



of the Scheme to read as follows:

"The Authorized Share Capital of the Company is INR 44,60,00,000 (Rupees Forty four crore sixty lakhs Only) divided into 44,60,00,000 (Forty four crore sixty lakhs) equity shares of INR 1/-."

15. APPLICATION TO THE NCLT

TSL and DSL shall, with all reasonable dispatch, make and file all applications / petitions to the NCLT where the registered office of TSL and DSL are situated or with any other appropriate authority, under Sections 230 to 232 and other applicable provisions of the Act for sanctioning this Scheme and for dissolution of TSL without being wound up.

16. MODIFICATIONS / AMENDMENTS TO THE SCHEME

16.1. Subject to the approval of Tribunal, TSL and DSL 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 consent, on behalf of all persons concerned, from time to time, to any modifications or amendments of the Scheme or to any conditions or limitations that the Tribunal or any other Government Authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by the Tribunal or such other Government Authority, whether in pursuance of a change in law or otherwise. TSL and DSL 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 the Scheme and/or any matter concerned or connected therewith.

16.2. For the purpose of giving effect to this Scheme or to any modification or amendments thereof or additions thereto, the delegate(s) and/ or Directors of TSL and DSL may give and are hereby authorised to determine and give all such directions as are necessary including directions for settling 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.

17. CONDITIONALITY OF THE SCHEME

17.1. The Scheme is conditional upon and subject to the following:

- (a) Approval of the Scheme by the requisite majority in number and value of such class of persons including the respective members and/or creditors of TSL and DSL as may be directed by NCLT.
- (b) Sanction of the NCLT under the provisions of Sections 230 to 232 and other applicable provisions

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of the Act in favour of TSL and DSL and to the necessary order under Section 232 of the Act being obtained.

- (c) All other regulatory sanctions and approvals deemed necessary or expedient in respect of the Scheme being obtained.
- (d) Certified / authenticated copies of order of the NCLT, sanctioning this Scheme being filed with the ROC by TSL and DSL.

18. EFFECT OF NON-RECEIPT OF APPROVALS

18.1. In the event of any of the said sanctions and approvals referred to in the preceding Clause 18 not being obtained and/ or the Scheme not being sanctioned by the NCLT or such other competent authority this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law. Each party shall bear and pay its respective costs, charges and expenses for and or in connection with the Scheme.

18.2. In the event of revocation under Clause 19.1 of this Scheme, no rights and liabilities whatsoever shall accrue to or be incurred inter se to TSL and DSL 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 as is specifically provided in the Scheme or in accordance with the applicable law and in such case, each company shall bear its own costs unless otherwise mutually agreed.

18.3. The Board of Directors of TSL and DSL shall be entitled to withdraw this Scheme prior to the Effective Date. The Board of Directors of TSL and DSL shall be entitled to revoke, cancel and declare the Scheme of no effect if they are of the view that the coming into effect of the Scheme with effect from the Appointed Date could have adverse implications on TSL and DSL.

19. COSTS, CHARGES AND EXPENSES

All costs, charges, taxes including duties (including the stamp duty, if any, applicable in relation to this Scheme), levies and all other expenses, if any (save as expressly otherwise agreed) arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne by DSL.

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