
MEMORANDUM

AND

ARTICLES OF ASSOCIATION

OF

HFCL LIMITED



**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

Registrar of Companies

3rd Floor, Corporate Bhawan, Plot No.4-B, Sector 27-B, Chandigarh, 160019

Corporate Identity Number: **L64200HR1987PLC148689**

SECTION 13(5) OF THE COMPANIES ACT, 2013

Certificate of Registration of Regional Director order for Change of State

M/s HFCL LIMITED having by special resolution altered the provisions of its Memorandum of Association with respect to the place of the Registered Office by changing it from the state of Himachal Pradesh to the Haryana outside the jurisdiction of existing RoC ROC Himachal Pradesh to the ROC Haryana and such alteration having been confirmed by an order of Regional Director bearing the date 07/07/2026

I hereby certify that a certified copy of the said order has this day been registered.

Given under my hand at Chandigarh this THIRTY FIRST day of JULY TWO THOUSAND TWENTY SIX

Document certified by DS MINISTRY OF CORPORATE
AFFAIRS, ROC HARYANA <harsha.reddy@mca.gov.in>.

Digitally signed by
DS MINISTRY OF CORPORATE
AFFAIRS, ROC HARYANA
Date: 2026.07.31 17:13:11 IST

Vijay Choudhary

Assistant Registrar of Companies/ Deputy Registrar of Companies/ Registrar of Companies Registrar of Companies

Registrar of Companies

ROC Haryana

Mailing Address as per record available in Registrar of Companies office:

HFCL LIMITED

PLOT NO. 38, INSTITUTIONAL AREA, SECTOR 32, Gurgaon, Sadar Bazar, Gurgaon- 122001, Haryana, India





सत्यमेव जयते
GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS

Office of the Registrar of Companies

Corporate Bhawan, Plot No.-4, IInd Floor Sec.-27B, Chandigarh, Chandigarh, India, 160019

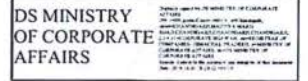
Certificate of Incorporation pursuant to change of name
[Pursuant to rule 29 of the Companies (Incorporation) Rules, 2014]

Corporate Identification Number (CIN): L64200HP1987PLC007466

I hereby certify that the name of the company has been changed from HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED to HFCL LIMITED with effect from the date of this certificate and that the company is limited by shares.

Company was originally incorporated with the name Himachal Futuristic Communications Limited.

Given under my hand at Chandigarh this First day of October two thousand nineteen.



SHYAM SUNDER

Registrar of Companies
RoC - Himachal Pradesh

Mailing Address as per record available in Registrar of Companies office:

HFCL LIMITED

8 ELECTRONICS COMPLEX, CHAMBAGHAT, SOLAN, HIMACHAL PRADESH, Himachal Pradesh, India, 173213





सत्यमेव जयते

कारोबार प्रारम्भ करने के लिए प्रमाण-पत्र

CERTIFICATE FOR COMMENCEMENT OF BUSINESS

कम्पनी अधिनियम 1956 की धारा 149(3) के अनुसरण में

Pursuant to Section 149(3) of the Companies Act, 1956

Company No.7466

मैं एतद्वारा प्रमाणित करता हूँ कि हिमाचल फ्यूचरिस्टिक कम्युनिकेशन्स लिमिटेड जो कम्पनी अधिनियम, 1956 के अधीन तारीख 11 मई, 1987 को निगमित की गई थी और जिस ने आज विहित प्रारूप में सम्यक् रूप से सत्यापित घोषणा फाइल कर दी है कि उक्त अधिनियम की धारा 149(1)(क) से लेकर (घ) तक/149(2)(क) से लेकर (ग) तक की शर्तों का अनुपालन किया गया है, कारोबार प्रारम्भ करने की हकदार है।

I hereby certify that **HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED** which was incorporated under the Companies Act, 1956, on the 11th day of May, 1987, and which has this day filed a duly verified declaration in the prescribed form that the conditions of Section 149(1) (a) to (d)/149(2) (a) to (c) of the said Act, have been complied with is entitled to Commence business.

मेरे हस्ताक्षर से आज तारीख को में दिया गया।

Given under my hand at **JALANDHAR** this 13th day of **July** One Thousand nine hundred and **EIGHTY SEVEN**.

(22nd ASADHA, SAKA, 1909)



Sd/-

(सत्येन्द्र सिंह)

(SATYENDRA SINGH)

कम्पनियों का रजिस्ट्रार

Registrar of Companies

Punjab, Himachal Pradesh &
Chandigarh.



सत्यमेव जयते

प्रारूप० आई० आर०

Form I.R.

निगमन का प्रमाण-पत्र

CERTIFICATE OF INCORPORATION

ता..... का स.....

No. **7466** of **1987**

मैं एतद्वारा प्रमाणित करता हूँ कि हिमाचल फ्यूचरिस्टिक कम्यूनीकेशन्स लिमिटेड कम्पनी अधिनियम 1956 (1956 का 1) के अधीन निगमित की गई है और यह कम्पनी परिसीमित है।

I hereby certify that **HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED** is this day incorporated under the Companies Act, 1956 (No 1 of 1956) and that the Company is Limited

मेरे हस्ताक्षर से आज तारीख को में दिया गया।

Given under my hand at **JALANDHAR** this 11th day of **MAY** One Thousand nine hundred and **EIGHTY SEVEN**.

(21 VAISAKHA, 1909)



Sd/-

(सत्येन्द्र सिंह)

(SATYENDRA SINGH)

कम्पनियों का रजिस्ट्रार
Registrar of Companies
Punjab, Himachal Pradesh &
Chandigarh



GOVERNMENT OF INDIA

MINISTRY OF CORPORATE AFFAIRS

Registrar of Companies, Himachal Pradesh

Corporate Bhawan, Plot No.-4, IInd Floor, Sec.-27B, Madhya Marg, Chandigarh , Chandigarh,

Corporate Identity Number : L64200HP1987PLC007466.

SECTION 13(1) OF THE COMPANIES ACT, 2013

Certificate of Registration of the Special Resolution Confirming Alteration of Object Clause(s)

The share holders of M/s HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED having passed Special Resolution in the Annual/Extra Ordinary General Meeting held on 20/01/2015 altered the provisions of its Memorandum of Association with respect to its objects and complied with the Section 13(1) of the Companies Act, 2013.

I hereby certify that the said Special Resolution together with the copy of the Memorandum of Association as altered has this day been registered.

Given under my hand at Himachal Pradesh this Twenty Third day of January Two Thousand Fifteen.

SHYAM NARAYAN TIWARY
Assistant Registrar of Companies
Registrar of Companies
Himachal Pradesh

Mailing Address as per record available in Registrar of Companies office:

HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED
8 ELECTRONICS COMPLEX, CHAMBAGHAT,SOLAN,
HIMACHAL PRADESH - 173213,
Himachal Pradesh, INDIA



(The Companies Act, 2013) and (The Companies Act, 1956)
(COMPANY LIMITED BY SHARES)

MEMORANDUM OF ASSOCIATION
OF
HFCL LIMITED

- I The Name of the Company is **HFCL Limited ***.
- II The Registered Office of the Company will be situated in the State of Haryana**.
- III The objects for which the Company is established are as follows:-

(A) MAIN OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE:-

1. To carry on the business of designers, manufacturers, assemblers, sellers, buyers, importers, exporters, stockists and distributors of or otherwise dealers in Telecommunication equipments like ELECTRONICS RURAL AUTOMATIC (ERAX), electronic private automatic branch exchange (EPABX), Transmission equipment, modems, integrate digital network systems (ISDN) component sub-system, wireless telephone, cellular radios, multi-access rural radio telephone system with their accessories and associated equipments, all type of speech secrecy equipment using various techniques suitable for telephones and radio communication equipment, facsimile systems, teleprinters, teletext and videotex systems, electronic typewriters and copying machines and subscriber carrier systems.
2. To carry on business in and relating to research, development, pilot production, manufacture, assembly, fitting up, fabricating, assembling, converting, overhauling, altering, hiring, letting on hire, improving, repairing and dealing in any or all descriptions of electrical and electronics appliances, apparatus, equipments, instruments, components as required in industrial/defence control applications, electronic circuits, computers, entertainment equipments, space research and allied industries, telecommunications and security services.
3. To manufacture, store, sell or distribute and/or deal in all sorts of products, electronic/electrical/mechanical appliances, instruments, equipments or products whether industrial, domestic, scientific, commercial, professional, research or other types capable of marketing in India or abroad.
4. To import, export, buy, sell, invent, improve, hire, franchise and act as agents to Indian and foreign principals in all branches of electronics/electrical equipments, machinery and appliances including spare parts, components and accessories thereof.

** The Name of the Company was changed from Himachal Futuristic Communications Limited to HFCL Limited, pursuant to the special resolution passed at the 32nd Annual General Meeting of the members of the Company held on September 28, 2019 and accordingly, Clause I relating to the Name of the Company is substituted as stated above.*

***The Board of Directors and the Shareholders of the Company, at their respective meetings held on July 25, 2025 and September 15, 2025, subject to the approval of the Hon'ble Regional Directorate-II, Northern Region-II, Ministry of Corporate Affairs, Chandigarh, have approved the shifting of the Registered Office of the Company from the State of Himachal Pradesh to the State of Haryana.*

5. To carry on the business of manufacturers, suppliers and dealers in all types of plant, machineries, accessories and components, used in production of electronic equipments.
6. To carry on the business of manufacturers, operators and service providers in India or abroad of fibre optic transmission equipment, fibre optic cables, video conference equipments, digital cross connect equipment, SDH or PDH equipment, cellular telephony, radio paging, E-mail, Videotex, voice mail and allied telecommunication equipment whether directly or by franchise, lease or in association or in collaboration with other party or parties, company or companies whether Indian or foreign. (Incorporated vide CLB order dated 5.4.94).
7. To carry on the business of advising, rendering consultancy, training, developing, designing, improving, upgrading, integrating, importing, exporting, distributing, buying, selling, operating, maintaining or otherwise dealing in all types of Electronic Commerce and related applications products, services including hardware and all types of software to all types of establishments and dealing in and setting up, operating and maintaining the infrastructure, network computer system and related equipment and to take on lease or rent or otherwise network/gateways for the purpose of providing Electronic Commerce services and internet related services.
- *8. To carry on in India or elsewhere, either individually or jointly with other undertaking(s) and companies or persons, subject to the laws in force, the business to manufacture, produce, assemble, dismantle, design, develop, equip, fabricate, modify, mould, machine, press, prepare, renovate, recondition, remodel, repair, service, and to act as, stockists, distributors, licensors, manufacturers, importers, exporters, buyers, sellers, suppliers, vendors or otherwise to deal in all shapes, sizes, varieties, capacities, descriptions, specifications of all kinds of equipments and products (electronic or otherwise) including but not limited to electronic sensor systems, security systems, power systems, satellite and radio communication systems, computer systems, combat vehicles, air combat training systems, tactical communication solution systems, homeland protection systems, radar systems, electronic warfare systems, sonar systems, network centric warfare enablers, opto-electronics, military engineering systems, life sciences, advanced materials, composites and underwater sensors /weapons, warship technology, etc., in the field of defence, aeronautics, armaments, advanced computing and networking, electronic systems and to do all incidental acts and things necessary for the attainment of the above objects.
- *9. To carry on in India or elsewhere, either individually or jointly with other undertaking(s) and companies or persons, subject to the laws in force, the business to design, produce, manufacture, fabricate, develop, process, import, export, purchase, sell, supply, exchange, distribute and to act as, stockists, distributors, licensors, manufacturers, importers, exporters, buyers, sellers, suppliers, vendors or otherwise deal in all kinds of equipments required for railways including but not limited to engineering equipments, electrical and electronic communication equipments, signalling equipments, security and surveillance equipments, network equipments, and transport vehicle components, products, goods, rolling stock, locomotives, components and spare parts used in railways, undertake infrastructure projects including ICT projects in railways and to do all incidental acts and things necessary for the attainment of the above objects.
- * [Inserted after passing the Special Resolution through Postal Ballot; result of which was declared on 20th January, 2015.]

(B) THE OBJECTS INCIDENTAL OR ANCILLARY TO THE ATTAINMENT OF THE MAIN OBJECTS ARE :-

1. To carry on business akin to or connected with any of the business mentioned herein these presents.
2. To acquire and undertake the whole or any part of the business property assets and liabilities of any person, firm, association, company, institution or undertaking carrying on business which the Company is authorized to carry on and which is suitable for the purpose of the Company.
3. To manufacture, buy, sell, exchange, install, work, alter, improve, manipulate, prepare for market, import or export and otherwise deal in all kinds of plant, machinery, apparatus, tools, utensils, substances, materials and things necessary or convenient or carrying on any of the business which the Company is authorized to carry on or usually dealt in by persons engaged in such business.
4. To search for and to purchase or otherwise acquire from any government, state or authority licenses, concessions, grants, decrees, rights, powers and privileges whatsoever which may seem to be capable of being turned to account and to work, develop, carry out, exercise and turn to account the same.
5. To apply for, tender, purchase or otherwise acquire, any contract and concessions for or in relation to the construction, execution, improvement, management, administration or control of work and conveniences and to undertake, execute, carry out, dispose off, or otherwise turn to account the same.
6. To enter into any contract or arrangement for the efficient conduct of the business of the Company or any part thereof and to sub-let any contracts from time to time.
7. To establish, provide, maintain and conduct or otherwise subsidize research laboratories and experimental workshops for scientific and technical research and experiments, to undertake and carry on scientific and technical researches experiments and tests of all kinds, to promote studies and researches both scientific and technical, investigations and inventions by providing, subsidising, endowing or assisting laboratories, workshops, libraries, lectures, meetings and conference and by providing or contributing to the remunerations of scientific or technical professors or teachers and by providing or contributing to the award to scholarship, prizes, grants to students or otherwise and generally to encourage, promote and reward studies, researches, investigations, experiments, tests and inventions of any kind that may be considered likely to assist any business which the Company is authorised to carry on.
8. To purchase or by any other means acquire, and protect, prolong and renew any patents, patent rights, brevets-de-invention, licences, protections and concessions which may appear likely to be advantageous or useful to the Company and to use and turn to account and manufacture under or grant licences of privileges in respect of the same and to spend money in experimenting upon and testing and improving or seeking to improve any patents, inventions or rights which the Company may acquire or propose to acquire.

9. Subject to provisions of the Companies Act, 1956, to take or otherwise acquire and hold shares in any other company having objects altogether or in part, similar to those of this Company and to take otherwise acquire shares in any other company if the acquisition of such shares seems likely to promote further or benefit the business or interests of this Company.
10. To sell, let out on hire or otherwise deal with, all or any of the property of the Company whether immovable or movable including all and every description of apparatus or appliances on such terms and conditions as the Company may think fit.
11. To enter into partnership, into any arrangement for sharing or pooling profits, amalgamation, union of interests, co-operations, joint adventure, reciprocal concession or otherwise or amalgamate with any person or company carrying on or engaged in or about to carry on or engage in any business or transaction which this Company is authorised to carry on or engage in any business undertaking or transaction which may seem capable of being carried on or conducted so as directly or indirectly to benefit this Company.
12. To sell, let, exchange or otherwise deal with the undertaking of the Company or any part thereof for such consideration as the Company may think fit and in particular for shares, debentures, or securities of any other company having objects altogether or in part similar to those of this Company.
13. To pay for any properties, rights or privileges acquired by the Company either in shares of this Company or partly in shares and partly in cash, or otherwise.
14. (a) To promote and undertake the formation of any institution or company for the purpose of acquiring all or any of the property and liabilities of another company or for any other lawful purpose whatsoever and to give guarantee for the security of any loan or advance to such company, given by any financial institution or any person or to give assurance or indemnity to any such financial institution or person as aforesaid for meeting the over run in the project cost of any such other undertakings for the institution or company so promoted. (Amended vide CLB order dated 5-4-94).
- (b) To give or make loan to any person natural or legal or to any institution against mortgage of immovable property or hypothecation or pledge of any movable property or without any security or to give guarantee, in connection with any loan made or to be made by any other person to any person whether natural or legal or otherwise and to provide security of any kind for creating such a guarantee and to invest and deal with the money of the Company not immediately required in such manner as may from time to time be determined. (Amended vide CLB order dated 5-4-94).
15. To obtain order or Act of any legislature in India for enabling the Company to obtain all powers and authorities necessary or expedient to carry out or extend any of the objects of the Company or for any other purpose which may seem expedient and to oppose any proceedings on applications which may seem calculated directly or indirectly to prejudice the Company's interests.

16. To provide for the welfare of employees or ex-employees of the Company and the wives and families or the dependents or connections of such persons by building or contributing to the building of houses and dwellings or by grants of money, pensions, allowance, bonus, or other payments or by creating and from time to time subscribing or contributing to provident fund and other associations, institutions, funds and trusts and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as Company shall think fit and to subscribe or otherwise to assist to grant money to charitable, benevolent, religious, scientific, national, public or other institutions or objects or purposes.
17. To send to foreign countries, directors, employees/consultants, experts for investigating possibilities of business or trade or for procuring and buying any machinery or establishing any trade or research connection or for promoting the interest of the Company and to pay all expenses incurred in that connection.
18. To make, draw, accept, endorse, execute and issue Cheques, Promissory notes, Bills of Exchange, Bills of Lading, Debentures and other negotiable or transferable instruments.
19. To invest and deal with moneys of the Company in any securities, shares, investments and properties, movable or immovable and in such manner as may from time to time be determined to sell, transfer or deal with the same.
20. To borrow or raise money or to receive money on deposit at interest or otherwise for purpose of financing the business of the Company in such manner as the Company may think fit and in particular by the issue of debentures or debenture stock, perpetual or otherwise, including debentures or debenture stock convertible into shares of this Company or perpetual annuities; and in security of any such money so borrowed, raised or received, to mortgage, pledge or charge the whole or any part of the property, assets or revenue of the Company present or future, including its uncalled capital by assignment or otherwise or to transfer or convey the same absolutely or in trust and to purchase, redeem or pay off any such securities. To receive grants, loans, advances or other moneys on deposit or otherwise from State or Central Government, Banks, Companies, Trust or individuals with or without allowance of interest thereon but the Company shall not carry on banking business within the meaning of the Banking Regulation Act, 1949.
21. To pay all the cost, charges and expenses, if any, incidental to the promotion, formation, registration and establishment to the Company and to remunerate or make donations to any person or persons or company for services rendered or introducing any property or business to the Company or for any other reason which the Company may think proper.
22. To employ or pay experts, foreign consultants, etc., in connection with the planning and development of all business connected with the Company's operations.
23. To create any depreciation fund, reserve fund, sinking fund, insurance fund or any special or other fund whether for depreciation or for repairing, improving, extending, maintaining any of the property of the Company or for redemption of debentures or redeemable preference shares for special dividends or equalizing dividends or for any other purpose whatsoever and to transfer any

such fund or part thereof to any of the other funds herein mentioned.

24. To establish branches and agencies anywhere and to regulate and discontinue the same, to adopt such means of making known the business of the Company or of Company in which this Company is interested as may seem expedient and in particular by advertising in the press by circulars, by purchase and exhibition of the works, by publication of books and periodicals and by establishing competitions and granting prizes, rewards, premia and donations.
25. To amalgamate with any other company having objects altogether or in part similar to those of this Company.
26. To purchase, take on lease or in exchange or under amalgamation, license or concession or otherwise absolutely or conditionally, solely or jointly with others and make, construct, maintain, work, hire, hold, improve, alter, manage, let, sell, dispose off or exchange roads, canals, watercourses, ferries, piers, aerodromes, lands, buildings, warehouses, works, factories, mills, workshops, railways sidings, tramways, engines, machinery and apparatus, water rights, way leaves, trade marks, patents and designs, privileges or rights.
27. To construct, execute, carry out, improve, work, develop, administer, manage or control works and conveniences of all kinds which expression in this Memorandum includes railways, tramways, ropeways, docks, harbours, piers, wharves, canals, reservoirs embankments, irrigation, reclamation, improvement, sewage, drainage, sanitary, water, gas, electric light, telephonic, telegraphic and power supply works and hotels, warehouses, markets and buildings, private or public and all other works or conveniences whatsoever required for the purpose of carrying on the business of the Company.
28. To acquire or take over with or without consideration and carry on the business by themselves or in partnership with others or companies or partnerships or concerns whose objects may be similar in part or in whole, to those of the Company.
29. To carry on any other trade or business which may seem to the Company capable of being conveniently carried on in connection with any of the Company's objects or calculated directly or indirectly to enhance the value of or render profitably any of the Company's property or rights.

(C) OTHER OBJECTS:-

1. To carry on the business of contractors, merchants, importers and exporters in all its respective branches.
2. To carry on the business of carriers by land, sea or air.
3. To purchase, take on lease, under licence or concession or otherwise, lands buildings, works and any rights and privileges or interest therein and to explore, work, exercise, develop and to turn to account the same.
4. To carry on the business of manufacturers and dealers of electrical goods and machinery including rotary connectors, transformers, rectifiers etc.

5. To construct, maintain, lay down, carry out, work, sells, let on hire and deal in telephonic and all kinds of works, machinery, apparatus, conveniences and things capable or being used in connection with any of objects of the Company and in particular cables, wires, lines, stations, exchange, reservoirs, accumulators, lamps, meters and engines.
 6. To carry on agency business of all kinds.
 7. To render managerial and staff services to any bodies corporate, firm(s), person(s) and be paid for the same and to get similar services from others and to pay for the same (Incorporated vide CLB order dated 5-4-94).
 8. To do the business of finance, investment, hire purchase and leasing in all its branches except banking business as defined under Banking Regulation Act, 1949 (Incorporated vide CLB order dated 5.4.94).
- IV. The Liabilities of the members is Limited.
- V. The authorised Share Capital of the Company is Rs. 760,00,00,000 (Rupees Seven Hundred Sixty Crores Only) which shall consist of:-
- (i) 510,00,00,000 (Five Hundred Ten Crores) Equity Shares of face value of Re. 1/- each aggregating to Rs. 510,00,00,000 (Rupees Five Hundred Ten Crores Only); and
 - (ii) 2,50,00,000 (Two Crores Fifty Lacs) Redeemable Cumulative Preference Shares of Rs. 100/- each aggregating to Rs. 250,00,00,000 (Rupees Two Hundred Fifty Crores Only) with such rights privileges and conditions attached thereto as may be determined by the Board of Directors of the Company at the time of issue of these Shares. The Company has and shall always have power to divide the Share Capital for the time being into several classes and increase or reduce its capital from time to time and vary, modify or abrogate any rights, privileges or conditions attached to any class of Shares in such manner as may for the time being provided in the Companies Act, 1956 and regulations of the Company.

We, the several persons, whose names and addresses are subscribed, are desirous of being formed into a company in pursuance of this Memorandum of Association, and we respectively agree to take the number of shares in the Capital of the Company set opposite our respective names:-

Name, Address and Occupation of Subscribers	No. of Shares taken by each Subscriber	Signature of each Subscriber	Name, Address, Occupation & signature of the witness
Suneeta Mukherjee IAS MD HPSEDC W/o Sudipto Mukherjee 6, Brockhurst Cottage Chota Shimla	10	Sd/-	Signature of all the Subscribers are attested. (Roop Singh Verma) S/o. Sh. Jagat Ram Verma Manager C/o Lamba Vij & Co. Chartered Accountants 70/1, The Mall, Shimla – 171 001 H.P.
Surendra Mohan Kanwar S/o Late Sh. Manmohan Nath Aberfoyle Cottage Shimla -171001 Govt. Service	10	Sd/-	
Harish Gupta S/o Late Dr. Anand Swarup Gupta A-12, Type V, Kusumpti Shimla H.P Govt. Service	10	Sd/-	
Deepak Malhotra S/o Sh. Om Prakash Malhotra 34, Kusum Apartments 11, Gurusaday Road Calcutta -700019 Business	16	Sd/-	
Mahendra Nahata S/o. Sh. Manik Lal Nahata 274, Green Avenue, Amritsar Business	17	Sd/-	
Vinay Maloo S/o. Sh. Bane Chand Maloo 5-B, “Shree Niket” Calcutta-700027	16	Sd/-	
Mohindra Lal S/o Late Sh. H. L. Gupta 1, Brockhurst Shimla	21	Sd/-	
Total	100		

Dated: this 5th day of May, 1987

ARTICLES OF ASSOCIATION

OF

HFCL LIMITED

THE COMPANIES ACT, 2013
COMPANY LIMITED BY SHARES
(Incorporated under the Companies Act, 1956)

**ARTICLES OF ASSOCIATION OF
HFCL LIMITED**

The following regulations comprised in these Articles of Association were adopted pursuant to members' resolution passed at the 28th Annual General Meeting of the Company held on September 30, 2015 in substitution for, and to the entire exclusion of, the earlier regulations comprised in the extant Articles of Association of the Company.

1.	PRELIMINARY	
1.1	The regulations contained in the Table marked 'F' in Schedule I to the Companies Act, 2013 shall not apply to the Company, except in so far as the same are repeated, contained or expressly made applicable in these Articles or by the said Act.	Table 'F' not to apply
1.2	The regulations for the management of the Company and for the observance by the members thereto and their representatives, shall, subject to any exercise of the statutory powers of the Company with reference to the deletion or alteration of or addition to its regulations by resolution as prescribed or permitted by the Companies Act, 2013, be such as are contained in these Articles	Company to be governed by these Articles
2.	INTERPRETATION	
2.1	In these Articles, unless the context otherwise requires, the following words and expressions shall have the following meaning:	
	(a) "Act" means the Companies Act, 2013 or any statutory modification or re-enactment thereof for the time being in force and the term shall be deemed to refer to the applicable section thereof which is relatable to the relevant Article in which the said term appears in these Articles and any previous company law, so far as may be applicable.	"Act"
	(b) "Articles" means these articles of association of the Company as altered or varied from time to time in accordance with the provisions of the Act (and "Article" means any provision of these Articles).	"Articles"
	(c) "Board of Directors" or "Board", means the collective body of the directors of the Company or the directors of the Company present at a duly convened meeting of the directors at which a quorum is present in accordance with these Articles and the Act, and unless the context otherwise requires, shall be deemed to include a duly constituted committee of the board.	"Board of Directors" or "Board"
	(d) "Company" means HFCL Limited.	"Company"
	(e) "Rules" means the applicable rules for the time being in force as prescribed under relevant sections of the Act.	"Rules"
	(f) "seal" means the common seal of the Company.	"Seal"
2.2	Words importing the singular number shall include the plural number and	"Number" and

	words importing the masculine gender shall, where the context admits, include the feminine and neuter gender.	“Gender”
2.3	Unless the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Act or the Rules, as the case may be.	Expressions in the Articles to bear the same meaning as in the Act
3.	SHARE CAPITAL AND VARIATION OF RIGHTS	
3.1	Subject to the provisions of the Act and these Articles, the shares in the capital of the Company shall be under the control of the Board which may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as it may from time to time think fit.	Shares under control of the Board
3.2	Subject to the provisions of the Act and these Articles, the Board may issue and allot shares in the capital of the Company on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than for cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares, as the case may be.	Directors may allot shares otherwise than for cash
3.3	The Company may issue the following kinds of shares in accordance with these Articles, the Act, the Rules and other applicable laws: (a) Equity share capital: (i) with voting rights; and / or (ii) with differential rights as to dividend, voting or otherwise in accordance with the Rules; and (b) Preference share capital	Kinds of Share Capital
3.4	Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after allotment or within one month from the date of receipt by the Company of the application for the registration of transfer or transmission or within such other period as the conditions of issue shall provide - (a) one certificate for all his shares without payment of any charges; or (b) several certificates, each for one or more of his shares, upon payment of such charges as may be fixed by the Board for each certificate after the first. Provided that where the shares of the Company are dealt with in a depository, the Company shall intimate the details of allotment of shares to the said depository immediately on allotment of such shares.	Issue of certificate
3.5	Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.	Certificate to bear seal
3.6	In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.	One certificate for shares held jointly

3.7	A person subscribing to shares offered by the Company shall have the option either to receive certificates for such shares or hold the shares in a dematerialised state with a depository. Where a person opts to hold any share with the depository, the Company shall intimate such depository the details of allotment of the share to enable the depository to enter in its records the name of such person as the beneficial owner of that share.	Option to receive share certificate or hold shares with depository
3.8	If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Board deems adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of fees for each certificate as may be fixed by the Board.	Issue of new certificate in place of one defaced, lost or destroyed
3.9	The provisions of the foregoing Articles relating to issue of certificates shall <i>mutatis mutandis</i> apply to issue of certificates for any other securities including debentures (except where the Act otherwise requires) of the Company.	Provisions as to issue of certificates to apply <i>mutatis mutandis</i> to debentures, etc.
3.10	The Company may exercise the powers of paying commissions conferred by the Act, to any person in connection with the subscription to its securities, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act and the Rules.	Power to pay commission in connection with securities issued
3.11	The rate or amount of the commission shall not exceed the rate or amount prescribed in the Rules.	Rate of commission in accordance with Rules
3.12	The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.	Mode of payment of commission
3.13	If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, and whether or not the Company is being wound up, be varied with the consent in writing, of such number of the holders of the issued shares of that class, or with the sanction of a resolution passed at a separate meeting of the holders of the shares of that class, as prescribed by the Act.	Variation of members' rights
3.14	To every such separate meeting, the provisions of these Articles relating to general meetings shall <i>mutatis mutandis</i> apply.	Provisions as to general meetings to apply <i>mutatis mutandis</i> to each meeting
3.15	The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking <i>pari passu</i> therewith.	Issue of further shares not to affect rights of existing members
3.16	Subject to the provisions of the Act, the Board shall have the power to issue or re-issue preference shares of one or more classes which are liable to be redeemed, or converted to equity shares, on such terms and conditions and in	Power to issue redeemable preference shares

	such manner as determined by the Board in accordance with the Act.	
3.17	The Board or the Company, as the case may be, may, in accordance with the Act and the Rules, issue further shares to - (a) persons who, at the date of offer, are holders of equity shares of the Company; such offer shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person; or (b) employees under any scheme of employees' stock option; or (c) any persons, whether or not those persons include the persons referred to in clause (a) or clause (b) above.	Further issue of share capital
3.18	A further issue of shares may be made in any manner whatsoever as the Board may determine including by way of preferential offer or private placement, subject to and in accordance with the Act and the Rules.	Mode of further issue of shares
3.19	Subject to the provisions of the Act, the Company shall have the power to undertake a consolidation, merger, demerger or amalgamation.	Consolidation, merger, demerger or amalgamation
4.	LIEN	
4.1	The Company shall have a first and paramount lien - (a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and (b) on all shares (not being fully paid shares) standing registered in the name of a member, for all monies presently payable by him or his estate to the Company: Provided that the Board may at any time declare any share to be wholly or in part exempt from the provisions of this clause.	Company's lien on shares
4.2	The Company's lien, if any, on a share shall extend to all dividends or interest, as the case may be, payable and bonuses, if any, declared from time to time in respect of such shares for any money owing to the Company.	Lien to extend to dividends, etc
4.3	Unless otherwise agreed by the Board, the registration of a transfer of shares shall operate as a waiver of the Company's lien.	Waiver of lien in case of registration
4.4	The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien, <i>provided</i> that no sale shall be made— (a) unless a sum in respect of which the lien exists is presently payable; or (b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or to the person entitled thereto by reason of his death or insolvency or otherwise.	As to enforcing lien by sale
4.5	To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.	Validity of sale
4.6	The purchaser shall be registered as the holder of the shares comprised in any such transfer.	Purchaser to be registered holder

4.7	The receipt of the Company for the consideration (if any) given for the share on the sale thereof shall (subject, if necessary, to execution of an instrument of transfer or a transfer by relevant system, as the case may be) constitute a good title to the share and the purchaser shall be registered as the holder of the share.	Validity of Company's receipt
4.8	The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings with reference to the sale.	Purchaser not affected
4.9	The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.	Application of proceeds of sale
4.10	The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.	Payment of residual money
4.11	In exercising its lien, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or unless required by any statute) be bound to recognize any equitable or other claim to, or interest in, such share on the part of any other person, whether a creditor of the registered holder or otherwise. The Company's lien shall prevail notwithstanding that it has received notice of any such claim.	Outsider's lien not to affect Company's lien
4.12	The provisions of these Articles relating to lien shall <i>mutatis mutandis</i> apply to any other securities including debentures of the Company.	Provisions as to lien to apply <i>mutatis mutandis</i> to debentures, etc.
5.	CALLS ON SHARES	
5.1	The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times	Board may make calls
5.2	Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his shares	Notice of call
5.3	The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call in respect of one or more members as the Board may deem appropriate in any circumstances.	Board may extend time for payment
5.4	A call may be revoked or postponed at the discretion of the Board.	Revocation or postponement of call
5.5	A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid by instalments.	Call to take effect from date of resolution
5.6	The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.	Liability of joint holders of shares

5.7	If a sum called in respect of a share is not paid before or on the day appointed for payment thereof (the “due date”), the person from whom the sum is due shall pay interest thereon from the due date to the time of actual payment at such rate as may be fixed by the Board.	When interest on call or instalment payable
5.8	The Board shall be at liberty to waive payment of any such interest wholly or in part.	Board may waive interest
5.9	Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these Articles, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable	Sums deemed to be calls
5.10	In case of non-payment of such sum, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.	Effect of non-payment of sums
5.11	The Board - (a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and (b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate as may be fixed by the Board. Nothing contained in this clause shall confer on the member (a) any right to participate in profits or dividends or (b) any voting rights in respect of the moneys so paid by him until the same would, but for such payment, become presently payable by him.	Payment in anticipation of calls may carry interest
5.12	If by the conditions of allotment of any shares, the whole or part of the amount of issue price thereof shall be payable by instalments, then every such instalment shall, when due, be paid to the Company by the person who, for the time being and from time to time, is or shall be the registered holder of the share or the legal representative of a deceased registered holder.	Instalments on shares to be duly paid
5.13	All calls shall be made on a uniform basis on all shares falling under the same class. Explanation: Shares of the same nominal value on which different amounts have been paid-up shall not be deemed to fall under the same class.	Calls on shares of same class to be on uniform basis
5.14	Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereof nor the receipt by the Company of a portion of any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the forfeiture of such shares as herein provided.	Partial payment not to preclude forfeiture
5.15	The provisions of these Articles relating to calls shall <i>mutatis mutandis</i> apply to any other securities including debentures of the Company.	Provisions as to calls to apply <i>mutatis mutandis</i> to debentures, etc

6.	TRANSFER OF SHARES	
6.1	The instrument of transfer of any share in the Company shall be duly executed by or on behalf of both the transferor and transferee.	Instrument of transfer to be executed by transferor and transferee
6.2	The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.	
6.3	The Board may, subject to the right of appeal conferred by the Act decline to register - (a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or (b) any transfer of shares on which the Company has a lien; or (c) the transfer of a share is in violation of the provisions of the Act or these Articles.	Board may refuse to register transfer
6.4	In case of shares held in physical form, the Board may decline to recognise any instrument of transfer unless – (a) the instrument of transfer is duly executed and is in the form as prescribed in the Rules made under the Act; (b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and (c) the instrument of transfer is in respect of only one class of shares.	Board may decline to recognise instrument of transfer
6.5	On giving of previous notice of at least seven days or such lesser period in accordance with the Act and Rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine: Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty- five days in the aggregate in any year.	Transfer of shares when suspended
6.6	The provisions of these Articles relating to transfer of shares shall <i>mutatis mutandis</i> apply to any other securities including debentures of the Company.	Provisions as to transfer of shares to apply <i>mutatis mutandis</i> to debentures, etc
7.	TRANSMISSION OF SHARES	
7.1	On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognized by the Company as having any title to his interest in the shares.	Title to shares on death of a member
7.2	Nothing in clause (1) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.	Estate of deceased member liable

7.3	Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either - (a) to be registered himself as holder of the share; or (b) to make such transfer of the share as the deceased or insolvent member could have made.	Transmission Clause
7.4	The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.	Board's right unaffected
7.5	The Company shall be fully indemnified by such person from all liability, if any, by actions taken by the Board to give effect to such registration or transfer.	Indemnity to the Company
7.6	If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.	Right to election of holder of share
7.7	If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.	Manner of testifying election
7.8	All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.	Limitations applicable to notice
7.9	A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company: Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.	Claimant to be entitled to same advantage
7.10	The provisions of these Articles relating to transmission by operation of law shall <i>mutatis mutandis</i> apply to any other securities including debentures of the Company.	Provisions as to transmission to apply <i>mutatis mutandis</i> to debentures, etc.
8.	FORFEITURE OF SHARES	
8.1	If a member fails to pay any call, or instalment of a call or any money due in respect of any share, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid or a judgement or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on him requiring payment of so much of the	If call or instalment not paid notice must be given

	call or instalment or other money as is unpaid, together with any interest which may have accrued and all expenses that may have been incurred by the Company by reason of non-payment.	
8.2	The notice aforesaid shall: (a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and (b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.	Form of notice
8.3	If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.	In default of payment of shares to be forfeited
8.4	Neither the receipt by the Company for a portion of any money which may from time to time be due from any member in respect of his shares, nor any indulgence that may be granted by the Company in respect of payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture in respect of such shares as herein provided. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited shares and not actually paid before the forfeiture.	Receipt of part amount or grant of indulgence not to affect forfeiture
8.5	When any share shall have been so forfeited, notice of the forfeiture shall be given to the defaulting member and an entry of the forfeiture with the date thereof, shall forthwith be made in the register of members but no forfeiture shall be invalidated by any omission or neglect or any failure to give such notice or make such entry as aforesaid.	Entry of forfeiture in register of members
8.6	The forfeiture of a share shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share.	Effect of forfeiture
8.7	A forfeited share shall be deemed to be the property of the Company and may be sold or re-allotted or otherwise disposed of either to the person who was before such forfeiture the holder thereof or entitled thereto or to any other person on such terms and in such manner as the Board thinks fit.	Forfeited shares may be sold, etc.
8.8	At any time before a sale, re-allotment or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.	Cancellation of forfeiture
8.9	A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay, and shall pay, to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares.	Members still liable to pay money owing at the time of forfeiture
8.10	All such monies payable shall be paid together with interest thereon at such rate as the Board may determine, from the time of forfeiture until payment or realisation. The Board may, if it thinks fit, but without being under any obligation to do so, enforce the payment of the whole or any portion of the monies due, without any allowance for the value of the shares at the time of	Member still liable to pay money owing at time of forfeiture and interest

	forfeiture or waive payment in whole or in part.	
8.11	The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the shares.	Cesser of liability
8.12	A duly verified declaration in writing that the declarant is a director, the manager or the secretary of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.	Certificate of forfeiture
8.13	The Company may receive the consideration, if any, given for the share on any sale, re-allotment or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of.	Title of purchaser and transferee of forfeited shares
8.14	The transferee shall thereupon be registered as the holder of the share; and	Transferee to be registered as holder
8.15	The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or disposal of the share.	Transferee not affected
8.16	Upon any sale after forfeiture or for enforcing a lien in exercise of the powers hereinabove given, the Board may, if necessary, appoint some person to execute an instrument for transfer of the shares sold and cause the purchaser's name to be entered in the register of members in respect of the shares sold and after his name has been entered in the register of members in respect of such shares the validity of the sale shall not be impeached by any person.	Validity of sales
8.17	Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate(s), if any, originally issued in respect of the relative shares shall (unless the same shall on demand by the Company has been previously surrendered to it by the defaulting member) stand cancelled and become null and void and be of no effect, and the Board shall be entitled to issue a duplicate certificate(s) in respect of the said shares to the person(s) entitled thereto.	Cancellation of share certificate in respect of forfeited shares
8.18	The Board may, subject to the provisions of the Act, accept a surrender of any share from or by any member desirous of surrendering them on such terms as they think fit.	Surrender of share certificates
8.19	The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.	Sums deemed to be calls
8.20	The provisions of these Articles relating to forfeiture of shares shall <i>mutatis mutandis</i> apply to any other securities including debentures of the Company.	Provisions as to forfeiture of shares to apply <i>mutatis mutandis</i> to debentures, etc.

9.	ALTERATION OF CAPITAL	
9.1	Subject to the provisions of the Act, the Company may, by ordinary resolution - (a) increase the authorised share capital by such sum, to be divided into shares of such amount as it thinks expedient; (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares: Provided that any consolidation and division which results in changes in the voting percentage of members shall require applicable approvals under the Act; (c) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination; (d) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum; (e) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.	Power to alter share capital
9.2	Where shares are converted into stock: (a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same Articles under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit: Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose;	Shares may be converted into stock
	(b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage;	Right of stockholders
	(c) such of these Articles of the Company as are applicable to paid-up shares shall apply to stock and the words “share” and “shareholder”/“member” shall include “stock” and “stock-holder” respectively.	
9.3	The Company may, by resolution as prescribed by the Act, reduce in any manner and in accordance with the provisions of the Act and the Rules, - (a) its share capital; and/or (b) any capital redemption reserve account; and/or (c) any securities premium account; and/or (d) any other reserve in the nature of share capital.	Reduction of capital

10.	JOINT HOLDERS	
10.1	Where two or more persons are registered as joint holders (not more than three) of any share, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship, subject to the following and other provisions contained in these Articles:	Joint-holders
	(a) The joint-holders of any share shall be liable severally as well as jointly for and in respect of all calls or instalments and other payments which ought to be made in respect of such share.	Liability of Joint-holders
	(b) On the death of any one or more of such joint-holders, the survivor or survivors shall be the only person or persons recognized by the Company as having any title to the share but the Directors may require such evidence of death as they may deem fit, and nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.	Death of one or more joint-holders
	(c) Any one of such joint holders may give effectual receipts of any dividends, interests or other moneys payable in respect of such share.	Receipt of one sufficient
	(d) Only the person whose name stands first in the register of members as one of the joint-holders of any share shall be entitled to the delivery of certificate, if any, relating to such share or to receive notice (which term shall be deemed to include all relevant documents) and any notice served on or sent to such person shall be deemed service on all the joint-holders.	Delivery of certificate and giving of notice to first named holder
	(e) (i) Any one of two or more joint-holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint-holders be present at any meeting personally or by proxy or by attorney then that one of such persons so present whose name stands first or higher (as the case may be) on the register in respect of such shares shall alone be entitled to vote in respect thereof.	Vote of joint-holders
	(ii) Several executors or administrators of a deceased member in whose (deceased member) sole name any share stands, shall for the purpose of this clause be deemed joint-holders.	Executors or administrators as joint holders
	(f) The provisions of these Articles relating to joint holders of shares shall <i>mutatis mutandis</i> apply to any other securities including debentures of the Company registered in joint names.	Provisions as to joint holders as to shares to apply <i>mutatis mutandis</i> to debentures, etc.
11.	CAPITALISATION OF PROFITS	
11.1	The Company by ordinary resolution in general meeting may, upon the recommendation of the Board, resolve —	Capitalisation
	(a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and	

	(b) that such sum be accordingly set free for distribution in the manner specified in clause (11.2) below amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.	
11.2	The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (11.3) below, either in or towards : (a) paying up any amounts for the time being unpaid on any shares held by such members respectively; (b) paying up in full, unissued shares or other securities of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid; (c) partly in the way specified in sub-clause (a) and partly in that specified in sub-clause (b).	Sum how applied
11.3	A securities premium account and a capital redemption reserve account or any other permissible reserve account may, for the purposes of this Article, be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.	
11.4	The Board shall give effect to the resolution passed by the Company in pursuance of this Article.	
11.5	Whenever such a resolution as aforesaid shall have been passed, the Board shall - (a) make all appropriations and applications of the amounts resolved to be capitalised thereby, and all allotments and issues of fully paid shares or other securities, if any; and (b) generally do all acts and things required to give effect thereto.	Powers of the Board for capitalisation
11.6	The Board shall have power— (a) to make such provisions, by the issue of fractional certificates/coupons or by payment in cash or otherwise as it thinks fit, for the case of shares or other securities becoming distributable in fractions; and (b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further shares or other securities to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the Company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares.	Board's power to issue fractional certificate/coupon etc.
11.7	Any agreement made under such authority shall be effective and binding on such members.	Agreement binding on members
12.	BUY-BACK OF SHARES	
12.1	Notwithstanding anything contained in these Articles but subject to all applicable provisions of the Act or any other law for the time being in force, the Company may purchase its own shares or other specified securities.	Buy-back of shares

13.	GENERAL MEETINGS	
13.1	All general meetings other than annual general meeting shall be called extraordinary general meeting.	Extraordinary general meeting
13.2	The Board may, whenever it thinks fit, call an extraordinary general meeting.	Powers of Board to call extraordinary general meeting
14.	PROCEEDINGS AT GENERAL MEETINGS	
14.1	No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.	Presence of Quorum
14.2	No business shall be discussed or transacted at any general meeting except election of Chairperson whilst the chair is vacant.	Business confined to election of Chairperson whilst chair vacant
14.3	The quorum for a general meeting shall be as provided in the Act.	Quorum for general meeting
14.4	The Chairperson of the Company shall preside as Chairperson at every general meeting of the Company.	Chairperson of the meetings
14.5	If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.	Directors to elect a Chairperson
14.6	If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall, by poll or electronically, choose one of their members to be Chairperson of the meeting.	Members to elect a Chairperson
14.7	On any business at any general meeting, in case of an equality of votes, whether on a show of hands or electronically or on a poll, the Chairperson shall have a second or casting vote.	Casting vote of Chairperson at general meeting
14.8	The Company shall cause minutes of the proceedings of every general meeting of any class of members or creditors and every resolution passed by postal ballot to be prepared and signed in such manner as may be prescribed by the Rules and kept by making within thirty days of the conclusion of every such meeting concerned or passing of resolution by postal ballot entries thereof in books kept for that purpose with their pages consecutively numbered.	Minutes of proceedings of meetings and resolutions passed by postal ballot
14.9	There shall not be included in the minutes any matter which, in the opinion of the Chairperson of the meeting – (a) is, or could reasonably be regarded, as defamatory of any person; or (b) is irrelevant or immaterial to the proceedings; or (c) is detrimental to the interests of the Company.	Certain matters not to be included in Minutes

14.10	The Chairperson shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in the aforesaid clause.	Discretion of Chairperson in relation to Minutes
14.11	The minutes of the meeting kept in accordance with the provisions of the Act shall be evidence of the proceedings recorded therein.	Minutes to be evidence
14.12	The books containing the minutes of the proceedings of any general meeting of the Company or a resolution passed by postal ballot shall: (a) be kept at the registered office of the Company; and (b) be open to inspection of any member without charge, during 11.00 a.m. to 1.00 p.m. on all working days other than Saturdays.	Inspection of minute books of general meeting
14.13	Any member shall be entitled to be furnished, within the time prescribed by the Act, after he has made a request in writing in that behalf to the Company and on payment of such fees as may be fixed by the Board, with a copy of any minutes referred to in clause (14.12) above: Provided that a member who has made a request for provision of a soft copy of the minutes of any previous general meeting held during the period immediately preceding three financial years, shall be entitled to be furnished with the same free of cost.	Members may obtain copy of minutes
14.14	The Board, and also any person(s) authorised by it, may take any action before the commencement of any general meeting, or any meeting of a class of members in the Company, which they may think fit to ensure the security of the meeting, the safety of people attending the meeting, and the future orderly conduct of the meeting. Any decision made in good faith under this Article shall be final, and rights to attend and participate in the meeting concerned shall be subject to such decision.	Powers to arrange security at meetings
15.	ADJOURNMENT OF MEETING	
15.1	The chairperson may adjourn the general meeting from time to time and from place to place in accordance with the provisions of the Act.	Chairperson may adjourn the meeting
15.2	No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.	Business at adjourned meeting
15.3	When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.	Notice of adjourned meeting
15.4	Save as aforesaid, and save as provided in the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.	Notice of adjourned meeting not required
16.	VOTING RIGHTS	
16.1	Subject to any rights or restrictions for the time being attached to any class or classes of shares - (a) on a show of hands, every member present in person shall have one vote; and (b) on a poll, the voting rights of members shall be in proportion to his share	Entitlement to vote on show of hands and on poll

	in the paid-up equity share capital of the company.	
16.2	A member may exercise his vote at a meeting by electronic means in accordance with the Act and shall vote only once.	Voting through electronic means
16.3	In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.	Vote of joint-holders
16.4	For this purpose, seniority shall be determined by the order in which the names stand in the register of members.	Seniority of names
16.5	A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy. If any member be a minor, the vote in respect of his share or shares shall be by his guardian or any one of his guardians.	How members non compos mentis and minor may vote
16.6	Subject to the provisions of the Act and other provisions of these Articles, any person entitled under the Transmission Clause to any shares may vote at any general meeting in respect thereof as if he was the registered holder of such shares, provided that at least 48 (forty eight) hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall duly satisfy the Board of his right to such shares unless the Board shall have previously admitted his right to vote at such meeting in respect thereof.	Votes in respect of shares of deceased or insolvent members, etc.
16.7	Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.	Business may proceed pending poll
16.8	No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid or in regard to which the Company has exercised any right of lien.	Restriction on voting rights
16.9	A member is not prohibited from exercising his voting on the ground that he has not held his share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not being a ground set out in the preceding Article.	Restriction on exercise of voting rights in other cases to be void
16.10	Any member whose name is entered in the register of members of the Company shall enjoy the same rights and be subject to the same liabilities as all other members of the same class.	Equal rights of members
17.	PROXY	
17.1	Any member entitled to attend and vote at a general meeting may do so either personally or through his constituted attorney or through another person as a proxy on his behalf, for that meeting.	Member may vote in person or otherwise
17.2	The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, and in default the	Proxies when to be deposited

	instrument of proxy shall not be treated as valid.	
17.3	An instrument appointing a proxy shall be in the form as prescribed in the Rules.	Form of proxy
17.4	A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given: Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.	Proxy to be valid notwithstanding death of the principal
18.	BOARD OF DIRECTORS	
18.1	Unless otherwise determined by the Company in general meeting, the number of directors shall not be less than 3 (three) and shall not be more than 14 (fourteen).	Board of Directors
18.2	Shri Mahendra Nahata, a director of the Company, shall not be liable to retire by rotation. The Board shall have the power to determine the directors whose period of office is or is not liable to determination by retirement of directors by rotation.	Directors not liable to retire by rotation
18.3	The same individual may, at the same time, be appointed as the Chairperson of the Company as well as the Managing Director or Chief Executive Officer of the Company.	Same individual may be Chairperson and Managing Director/Chief Executive Officer
18.4	The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.	Remuneration of directors
18.5	The remuneration payable to the directors, including any managing or whole-time director or manager, if any, shall be determined in accordance with and subject to the provisions of the Act by an ordinary or a special resolution, as the case may be passed by the Company in general meeting.	Remuneration to require members' consent
18.6	In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them— (a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the Company; or (b) in connection with the business of the Company.	Travelling and other expenses
18.7	All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.	Execution of negotiable instruments
18.8	Subject to the provisions of the Act, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any	Appointment of additional directors

	time exceed the maximum strength fixed for the Board by the Articles.	
18.9	Such person shall hold office only up to the date of the next annual general meeting of the Company but shall be eligible for appointment by the Company as a director at that meeting subject to the provisions of the Act.	Duration of office of additional director
18.10	The Board may appoint an alternate director to act for a director (hereinafter in this Article called “the Original Director”) during his absence for a period of not less than three months from India. No person shall be appointed as an alternate director for an independent director unless he is qualified to be appointed as an independent director under the provisions of the Act.	Appointment of alternate director
18.11	An alternate director shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate the office if and when the Original Director returns to India.	Duration of office of alternate director
18.12	If the term of office of the Original Director is determined before he returns to India the automatic reappointment of retiring directors in default of another appointment shall apply to the Original Director and not to the alternate director.	Re-appointment provisions applicable to Original Director
18.13	If the office of any director appointed by the Company in general meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may, be filled by the Board of Directors at a meeting of the Board.	Appointment of director to fill a casual vacancy
18.14	The director so appointed shall hold office only upto the date upto which the director in whose place he is appointed would have held office if it had not been vacated.	Duration of office of Director appointed to fill casual vacancy
19.	POWERS OF BOARD	
19.1	The management of the business of the Company shall be vested in the Board and the Board may exercise all such powers, and do all such acts and things, as the Company is by the memorandum of association or otherwise authorized to exercise and do, and, not hereby or by the statute or otherwise directed or required to be exercised or done by the Company in general meeting but subject nevertheless to the provisions of the Act and other laws and of the memorandum of association and these Articles and to any regulations, not being inconsistent with the memorandum of association and these Articles or the Act, from time to time made by the Company in general meeting provided that no such regulation shall invalidate any prior act of the Board which would have been valid if such regulation had not been made.	General powers of the Company vested in Board
20.	PROCEEDINGS OF THE BOARD	
20.1	The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.	When meeting to be convened
20.2	The Chairperson/ Managing Director or any one Director with the previous consent of the Chairperson/ Managing Director may, or the Company Secretary on the direction of the Chairperson/ Managing Director shall, at any time, summon a meeting of the Board.	Who may summon Board meeting

20.3	The quorum for a Board meeting shall be as provided in the Act.	Quorum for Board meetings
20.4	The participation of directors in a meeting of the Board may be either in person or through video conferencing or audio visual means or teleconferencing, as may be prescribed by the Rules or permitted under law.	Participation at Board meetings
20.5	Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.	Questions at Board meeting how decided
20.6	In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.	Casting vote of Chairperson at Board meeting
20.7	The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the Company, but for no other purpose.	Directors not to act when number falls below minimum
20.8	The Chairperson of the Company shall be the Chairperson at meetings of the Board. In his absence, the Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.	Who to preside at meetings of the Board
20.9	If no such Chairperson is elected, or if at any meeting the Chairperson is not present within fifteen minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.	Directors to elect a Chairperson
20.10	The Board may, subject to the provisions of the Act, delegate any of its powers to Committees consisting of such member or members of its body as it thinks fit.	Delegation of powers
20.11	Any Committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.	Committee to conform to Board regulations
20.12	The participation of directors in a meeting of the Committee may be either in person or through video conferencing or audio visual means or teleconferencing, as may be prescribed by the Rules or permitted under law.	Participation at Committee meetings
20.13	A Committee may elect a Chairperson of its meetings unless the Board, while constituting a Committee, has appointed a Chairperson of such Committee.	Chairperson of Committee
20.14	If no such Chairperson is elected, or if at any meeting the Chairperson is not present within fifteen minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.	Who to preside at meetings of Committee
20.15	A committee of the Board may meet and adjourn as it thinks fit.	Committee to meet
20.16	Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present.	Questions at Committee meeting how decided

20.17	In case of an equality of votes, the Chairperson of the committee shall have a second or casting vote.	Casting vote of Chairperson at Committee meeting
20.18	All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified or that his or their appointment had terminated, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.	Acts of Board or Committee valid notwithstanding defect of appointment
20.19	Save as otherwise expressly provided in the Act, a resolution in writing, signed, whether manually or by secure electronic mode, by a majority of the members of the Board or of a Committee thereof, for the time being entitled to receive notice of a meeting of the Board or Committee, shall be valid and effective as if it had been passed at a meeting of the Board or Committee, duly convened and held.	Passing of resolution by circulation
21.	CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER	
21.1	(a) Subject to the provisions of the Act,— A chief executive officer, manager, company secretary and chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary and chief financial officer so appointed may be removed by means of a resolution of the Board; the Board may appoint one or more chief executive officers for its multiple businesses, if any. (b) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.	Chief Executive Officer, etc. Director may be chief executive officer, etc.
22.	REGISTERS	
22.1	The Company shall keep and maintain at its registered office all statutory registers namely, register of charges, register of members, register of debenture holders, register of any other security holders, the register and index of beneficial owners and annual return, register of loans, guarantees, security and acquisitions, register of investments not held in its own name and register of contracts and arrangements for such duration as the Board may, unless otherwise prescribed, decide, and in such manner and containing such particulars as prescribed by the Act and the Rules. The registers and copies of annual return shall be open for inspection during 11.00 a.m. to 1.00 p.m. on all working days, other than Saturdays, at the registered office of the Company by the persons entitled thereto on payment, where required, of such fees as may be fixed by the Board but not exceeding the limits prescribed by the Rules.	Statutory register
22.2	(a) The Company may exercise the powers conferred on it by the Act with regard to the keeping of a foreign register; and the Board may (subject to the provisions of the Act) make and vary such regulations as it may think fit respecting the keeping of any such register. (b) The foreign register shall be open for inspection and may be closed, and	Foreign register

	extracts may be taken therefrom and copies thereof may be required, in the same manner, <i>mutatis mutandis</i> , as is applicable to the register of members.	
23.	COMPANY SEAL	
23.1	The Board shall provide for the safe custody of the seal.	The seal, its custody and use
23.2	The seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a Committee of the Board authorised by it in that behalf, and except in the presence of at least one director or the manager, if any, or of the secretary or such other person as the Board may appoint for the purpose; and such director or manager or the secretary or other person aforesaid shall sign every instrument to which the seal of the Company is so affixed in their presence.	Affixation of seal
24.	DIVIDENDS AND RESERVE	
24.1	The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board but the Company in general meeting may declare a lesser dividend.	Company in general meeting may declare dividends
24.2	Subject to the provisions of the Act, the Board may from time to time pay to the members such interim dividends of such amount on such class of shares and at such times as it may think fit.	Interim dividends
24.3	The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applied for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, think fit.	Dividends only to be paid out of profits
24.4	The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.	Carry forward of Profits
24.5	Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.	Division of profits
24.6	No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this Article as paid on the share.	Payments in advance
24.7	All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.	Dividends to be apportioned
24.8	The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or	No member to receive dividend whilst

	otherwise in relation to the shares of the Company.	indebted to the Company and Company's right to reimbursement therefrom
24.9	The Board may retain dividends payable upon shares in respect of which any person is, under the Transmission Clause hereinbefore contained, entitled to become a member, until such person shall become a member in respect of such shares.	Retention of dividends
24.10	Any dividend, interest or other monies payable in cash in respect of shares may be paid by electronic mode or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.	Dividend how remitted
24.11	Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.	Instrument of payment
24.12	Payment in any way whatsoever shall be made at the risk of the person entitled to the money paid or to be paid. The Company will not be responsible for a payment which is lost or delayed. The Company will be deemed to having made a payment and received a good discharge for it if a payment using any of the foregoing permissible means is made.	Discharge to Company
24.13	Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.	Receipt of one holder sufficient
24.14	No dividend shall bear interest against the Company.	No interest on dividends
24.15	The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the member (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Board.	Waiver of dividends
25.	ACCOUNTS	
25.1	The books of account and books and papers of the Company, or any of them, shall be open to the inspection of directors in accordance with the applicable provisions of the Act and the Rules.	Inspection by Directors
25.2	No member (not being a director) shall have any right of inspecting any books of account or books and papers or document of the Company except as conferred by law or authorised by the Board.	Restriction on inspection by members
26.	WINDING UP	
26.1	Subject to the applicable provisions of the Act and the Rules made thereunder:- (a) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property	Winding up of Company

	of the same kind or not. (b) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. (c) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.	
27.	INDEMNITY AND INSURANCE	
27.1	(a) Subject to the provisions of the Act, every director, managing director, whole-time director, manager, company secretary and other officer of the Company shall be indemnified by the Company out of the funds of the Company, to pay all costs, losses and expenses (including travelling expense) which such director, manager, company secretary and officer may incur or become liable for by reason of any contract entered into or act or deed done by him in his capacity as such director, manager, company secretary or officer or in any way in the discharge of his duties in such capacity including expenses.	Directors and officers right to indemnity
	(b) Subject as aforesaid, every director, managing director, manager, company secretary or other officer of the Company shall be indemnified against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgement is given in his favour or in which he is acquitted or discharged or in connection with any application under applicable provisions of the Act in which relief is given to him by the Court.	
	(c) The Company may take and maintain any insurance as the Board may think fit on behalf of its present and/or former directors and key managerial personnel for indemnifying all or any of them against any liability for any acts in relation to the Company for which they may be liable but have acted honestly and reasonably.	Insurance
28.	GENERAL POWER	
28.1	Wherever in the Act, it has been provided that the Company shall have any right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorized by its articles, then and in that case this Article authorizes and empowers the Company to have such rights, privileges or authorities and to carry out such transactions as have been permitted by the Act, without there being any specific Article in that behalf herein provided.	General power

Name, Address and Occupation of Subscribers	No. of Shares taken by each Subscriber	Signature of each Subscriber	Name, Address, Occupation & signature of the witness
Suneeta Mukherjee IAS MD HPSEDC W/o Sudipto Mukherjee 6, Brockhurst Cottage Chota Shimla	10	Sd/-	Signature of all the Subscribers are attested. (Roop Singh Verma) S/o. Sh. Jagat Ram Verma Manager C/o Lamba Vij & Co. Chartered Accountants 70/1, The Mall, Shimla – 171 001 H.P.
Surendra Mohan Kanwar S/o Late Sh. Manmohan Nath Aberfoyle Cottage Shimla -171001 Govt. Service	10	Sd/-	
Harish Gupta S/o Late Dr. Anand Swarup Gupta A-12, Type V, Kusumpti Shimla H.P Govt. Service	10	Sd/-	
Deepak Malhotra S/o Sh. Om Prakash Malhotra 34, Kusum Apartments 11, Gurusaday Road, Calcutta -700019 Business	16	Sd/-	
Mahendra Nahata S/o. Sh Manik Lal Nahata 274, Green Avenue, Amritsar Business	17	Sd/-	
Vinay Maloo S/o. Sh. Bane Chand Maloo 5-B, “Shree Niket” Calcutta-700027	16	Sd/-	
Mohindra Lal S/o Late Sh. H. L. Gupta 1, Brockhurst Shimla	21	Sd/-	
Total	100		

Dated: this 5th day of May, 1987

IN THE HIGH COURT OF DELHI
COMPANY PETITION NO. 204 OF 1995
Date of decision : FEBRUARY 19, 1996

M/s Himachal Telmatics Limited

.....TRANSFEROR COMPANY/
PETITIONER

&

M/s. Himachal Futuristic Communications Limited

.....TRANSFeree COMPANY

THROUGH : Dr. A.M. Singhvi, Senior Advocate
with Mr. A. Das for Petitioner
Mr. Rakesh Tikku for Regional
Director, ROC, Kanpur

CORAM :

Hon' ble Mr. Justice Vijender Jain

1. Whether reporters of local papers may be allowed to see the judgement ?
2. To be referred to the reporter or not ?

VIJENDER JAIN J. (Oral)

This is a petition under Sections 391 and 394 of the Companies Act, 1956 to sanction the scheme of amalgamation between M/s. Himachal Telematics Limited (hereinafter referred to as the "Transferor Company") and M/s. Himachal Futuristic Communications Limited (hereinafter referred to as the Transferee Company"). The main object which is sought to be achieved by the proposed scheme of amalgamation is the combining of the multifarious activities presently being carried out by the two companies under separate umbrellas with a view to enable them to have greater control over the production and marketing function. The amalgamation scheme is for better and profitable utilisation of combined resources of both the companies and to present a consolidated projection to the investors. The scheme of amalgamation was approved by the equity shareholders as well as all classes of creditors i.e. secured and unsecured creditors of the transferor as well as transferee company. The scheme has already been approved by the High Court of Himachal Pradesh at Shimla vide order dt. 10.01.1996 subject to scheme finally approved by this Court. No objection for scheme of amalgamation has been received from any shareholders or any class of creditors.

2. The main objects of the petitioner/transferor company are primarily to manufacture of digital microwave Radios and also to carry on the business of designers, developers, manufacturers, sellers, buyers, importers, exporters, stockists and distributors and /or other dealers in telecommunication equipment and/or mass consumption terminal equipment etc. The authorised capital of the petitioner/transferor company as on 31st March, 1995 was Rs. 50,00,00,000 divided into 5,00,000 equity shares of Rs. 10/- each and the paid up capital as on 31st March, 1995 was Rs. 24,23,07,000 divided into 2,42,50,000 equity shares of Rs. 10/- each.
3. The transferee company was incorporated on 11.05.1987 as a public limited company and is primarily engaged in the business of designers, manufacturers, assemblers, sellers, buyers, importers, exporters, stockists and distributors and /or otherwise dealers and telecommunication equipment like electronic rural automatic, electronic private automatic branch exchange, transmission equipment, modems, intergrate digital network systems, component, sub-system, wireless telephone, cellular radios, multiaccess rural radio telephone system with their accessories and associated equipment, all types of speech secrecy equipment, using various techniques, suitable for telephones, and radio communication equipment, facsimile, systems, teleprinters, teletext, and videotex systems, electronic typewriters and copying machines and subscriber carrier systems etc.
4. A copy of the scheme of amalgamation has been filed as Annexure E to this petition. The petitioner/transferor company filed an application bearing C.A No. 587/95 under section 391 of the Companies Act, 1956 seeking a

direction from this Court to convene and hold the meetings of the equity shareholders and secured and unsecured creditors for the purpose of considering and if thought fit approving with or without modifications the proposed scheme of amalgamation and to put it into effect. It is also mentioned in the petition that pursuant to the orders dated 21.08.1995 the High Court of Himachal Pradesh, Shimla, had directed the transferee company-HFCL to convene the meetings of their equity, preferential shareholders, secured and unsecured creditors for the purpose of considering and if thought fit, approving with or without modifications the proposed scheme of amalgamation and to put it into effect.

5. This Court appointed Chairmen for conducting the meeting of the equity shareholders, secured and unsecured creditors of the Applicant Company. On 11th October, 1995 clubbed meetings of the shareholders and secured and unsecured creditors of the applicant company were duly held in accordance with the order of this Court.
6. The Chairperson submitted the report. It is stated that the scheme of amalgamation as modified in the meeting of creditors was unanimously approved by the shareholders and the creditors of the transferor company in the meetings held for this purpose.
7. The Official Liquidator has also given its report and it has been stated that the affairs of the transferor company have not been conducted in a manner prejudicial to the interests of its members, creditors, or of public interest. However objection has been raised by the Regional Director, Northern Region, Department of Company Affairs, invoking the aid of Section 42 and 77 of the Companies Act.
8. According to Mr. Tikku, learned counsel appearing for the Department of the Company Affairs, the proposed scheme of amalgamation is hit by Section 42 of the Companies Act. Section 42 of the Companies Act reads as under :-

“42. (1) Except in the cases mentioned in this Section, a body corporate cannot be a member of a company which is its holding company and any allotment or transfer of shares in a company to its subsidiary shall be void.”

9. Another objection which has been raised, by the learned counsel for the respondent is that the scheme of amalgamation is also inconsistent with the provisions of Section 77 of the Companies Act. Section 77 of the Companies Act is as under :-

“77. (1) No company limited by shares and no company limited by guarantee and having a share capital, shall have power to buy its own shares, unless the consequent reduction of capital is effected and sanctioned in pursuance of Sections 100 to 104 or of Section 402.”

- (2) No public company, and no private company which is a subsidiary of a public company, shall give, whether directly or indirectly, and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any shares in the company or in its holding company :

Provided that nothing in this sub-section shall be taken to prohibit --

- (a) The lending of money by a banking company in the ordinary course of its business; or
- (b) The provision by a company, in accordance with any scheme for the time being in force, of money for the purchase of, or subscription for, fully paid shares in the company or its holding company, being a purchase or subscription by trustees of or for shares to be held by or for the benefit of employees of the company, including any director holding a salaried office or employment in the company ; or
- (c) The making by a company of loans, within the limit laid down in sub-section (3), to persons (other than directors, managing agents, secretaries and treasurers or managers) bona fide in the employment of the company with a view to enabling these persons to purchase or subscribe for fully paid shares in the company or its holding company to be held by themselves by way of beneficial

- (3) No loan made to any person in pursuance of clause (c) of the foregoing proviso shall exceed in amount his salary or wages at that time for a period of six months.
 - (4) If a company acts in contravention of sub-section (1) to (3), the company, and every officer of the company who is in default, shall be punishable with fine which may extend to one thousand rupees.
 - (5) Nothing in this section shall effect the right of a company to redeem any shares issued under Section 80 or under any corresponding provision in any previous companies law.
10. The sum and substance of the arguments advanced by the learned counsel for the respondent before me is that the transferee company has got a subsidiary HFCL Trade Invest Ltd., which is holding shares of the transferor company and after the scheme of amalgamation is sanctioned by this Court, the transferee company will be holding the shares of its subsidiary company which is not in conformity with the provision of Section 42 of the Companies Act. Similar objection has been raised pursuant to the effect of Section 77 of the Act.
 11. On the other hand learned counsel for the petitioner, Dr. Singhvi, has contended that dealing with the argument regarding violation of Section 77 of the Companies Act, no violation would result as a result of sanctioning the scheme of amalgamation. Dr. Singhvi has contended that there is no share which is being bought its own by the transferee company and on this short ground itself the objection regarding Section 77 is untenable in law.
 12. Dr. Singhvi has contended that Sections 391 to 394 of the Companies Act are sufficient code to take into consideration any eventuality which crops up after the scheme of amalgamation has been presented to the Court and if the Court is satisfied that the scheme does not adversely effect the interest of shareholders or otherwise do not effect the public interest, the Court has plenary as well as residuary power of the Act to sanction the scheme. In support of his contention Dr. Singhvi has cited S.K. Gupta and another vs. K.P. Jain and another (AIR 1979 SC 734), Mansukhlal Vs. N.V. Shah, Official Liquidator, Liquidator of Hathisingh Mfg. Co. Ltd. ((1976 (Vol. 46) Company cases 279) and Mehtab Chand Golcha Vs. Official Liquidator Golcha Property (Pvt.) Ltd. and another (1981 (Vol. 51) Company Cases 103). Dr. Singhvi has further contended that as a matter of fact while dealing with the provisions of Section 391 and 394 of the Companies Act, the legislature has invested wide amplitude of power to this Court and has also cited PMP Auto Industries Ltd. case, wherein the learned judge of Bombay High Court has used the phrase “Single Window Clearance” as reported in 1994 (Vol. 80) Company Cases 289.
 13. I have given my careful consideration to the submissions made by learned counsel for both the parties. There is no doubt that the powers given to the Court under Sections 391 to 394 of the Act pursuant to Chapter V which starts with arbitration, compromise, arrangements and reconstructions, are of wide amplitude for carrying out of compromise and/or arrangement and also the consequential power to make the supervision effective by removing obstacles. The very heading of Chapter V suggests that the powers which are invested in Courts not only deals with power of compromise, but it also deals with power where arbitration has taken place, arrangements have been entered into between two or more corporate entities or any scheme of reconstruction has been placed before the Court. Obviously the legislature was mindful of the fact that in relation to these kinds of arrangements where two distinct corporate bodies would like to enter into an agreement, arrangement for the purpose of reconstruction or for any purpose which is conducive to the interest of shareholders, there has to be no obstacles and that is why Section 394 of the Companies Act provides with wide amplitude of powers to the Court.

Section 394 of the Companies Act is as follows :-

- “394. (1) Where an application is made to the Court under Section 391 for the sanctioning of a compromise or arrangement proposed between a company any such persons as are mentioned in that section, and it is shown to the Court --
- (a) That the compromise or arrangement has been proposed for the purpose of, or in connection with, a scheme for the reconstruction of any company or companies, or the amalgamation of any two or more companies; and

- (b) That under the scheme the whole or any part of the undertaking, property or liabilities of any company concerned in the scheme (in this section referred to as a “transferor company”) is to be transferred to any company (in this section referred to as “the transferee company”);

The Court may, either by the order sanctioning the compromise or arrangement or by a subsequent order, make provision for all or any of the following matters ;

- (i) the transfer to the transferee company of the whole or any part of the undertaking, property or liabilities of any transferor company;
- (ii) the allotment or appropriation by the transferee company of any shares, debentures, policies, or other like interests in that company which, under the compromise or arrangement, are to be allotted or appropriated by that company to or for any person;
- (iii) the continuation by or against the transferee company of any legal proceedings pending by or against any transferor company;
- (iv) the dissolution without winding up, of any transferor company;
- (v) the dissolution to be made for any person who, within such time and in such manner as the Court directs dissent from the compromise or arrangement; and
- (vi) such incidental, consequential and supplemental matters as are necessary to secure that the reconstruction or amalgamation shall be fully and effectively carried out:

[Provided that no compromise or arrangement proposed for the purpose of, or in connection with, a scheme for the amalgamation of a company, which is being wound up, with any other company or companies, shall be sanctioned by the Court unless the Court has received a report from the Company Law Board or the Registrar that the affairs of the company have not been conducted in a manner prejudicial to the interests of its members of to public interest”

14. So vast are the powers under Sections 392 and 394 of the Act, according to Supreme Court which dealt with in detail to the following effect in S.K. Gupta’s case (supra) :-

“When a scheme is being considered by the Court, in all its ramifications, for according its sanction, it would not be possible to comprehend all situations, eventualities and exigencies that may arise while implementing the scheme. When a detailed compromise and/or arrangement is worked out, hitches and impediments arise and if there was no provision like the one in Section 392 the only obvious alternative would be to follow the cumbersome procedure as provided in S. 391 (1), viz., again by approaching the class of creditors or members to whom the compromise and/or arrangement was offered to accord their sanction to the steps to be taken for removing such hitches and impediments. This would be unduly cumbersome and time consuming and, therefore, the legislature in its wisdom conferred power of widest amplitude on the High Court under S.392 not only to give directions but to make such modification in the compromise and/or arrangement as the Court may consider necessary, the only limit on the power of the Court being that such directions can be given and modifications can be made for the proper working of the compromise and/or arrangement. The purpose underlying S.392 is to provide for effective working of the compromise and/or arrangement once sanctioned and over which the Court must exercise continuous supervision and if over a period there may arise obstacles, difficulties or impediments, to remove them, again, not for any other purpose but for the proper working of the compromise and/or arrangement. This power either to give directions to overcome the difficulties or if the provisions of the scheme themselves create an impediment, to modify the provision to the extent necessary, can only be exercised so as to provide for smooth working of the compromise and/or arrangement. To effectuate this purpose the power of widest amplitude has been conferred on the High Court and this is a basic departure from the scheme of the U.K. Act in which provision analogous to S.392 is absent. The sponsors of the scheme under S. 206 of the U.K. Act have tried to get over the difficulty by taking power in the scheme of compromise or arrangement to make alterations and modifications as proposed by the Court. But the legislature foreseeing that a complex or complicated scheme of compromise or arrangement spread over a long period may face unforeseen and unanticipated obstacles, has conferred power of widest amplitude on

on the Court to give directions and if necessary, to modify the scheme for the proper working of the compromise or arrangement. The only limitation on the power of the Court as already mentioned, is that all such directions that the Court may consider appropriate to give or make such modifications in the scheme, must be for the proper working of the compromise and/or arrangement”.

15. Therefore, where Court is prime facie satisfied from material on record and on the opinion of Company Law Board or Department of Company affairs that the affairs of the Company have been conducted in a manner which is not prejudicial to the interests of its members or of public interest, Court will sanction such scheme. A compromise or arrangement or a scheme of amalgamation may not be sanctioned by the Court if the affairs of the Company are conducted in a manner prejudicial to the interest of its members or public interest.
16. In the case before hand, the stand of the respondent is not that the affairs of the company are not being conducted in a manner which is prejudicial to the interests of its members. The stand, as has been contended before me by Mr. Tikku, is that the objection raised by respondent regarding Sections 77 and 42 of the Act would fall in the category of amalgamation not conducive in public interest. I am afraid, the argument of the learned counsel for the respondent is not well founded. The objection raised before this Court pursuant to Section 42 of the Act is that as a consequence of the scheme of amalgamation, there would be violation as transfer of shares from subsidiary company to transferee company would result and the same would be hit by Section 42. That objection, which I will deal with later, is not an objection in public interest. If the scheme of amalgamation is inconsistent with other provisions of Companies Act, then the legislature in its wisdom ought to have added in the proviso to Section 394 afterwards public interest or anything inconsistent with other provision of this Act. That being not the situation, in the plain language of Section 394, the Court cannot permit the respondent to read further condition which has not been intended in this Section. Three affidavits have been filed by the respondent, except taking objection to scheme being hit by provision of Section 42 and 77 of the Companies Act, it has not been mentioned how the scheme is against public interest. Rather in one of the affidavit filed by the respondent, the stand of the respondent is that scheme is otherwise in public interest.
17. Adverting to the submission of the learned counsel for the respondent that the scheme, if approve, would hit Section 42 of the Companies Act. Rule of interpretation of a statute is that statue has to be read harmoniously. If there is no controlling provisions in the subsequent Sections of the Act, then no other meaning can be assigned to the language of a Section. Where a company is in the process of incorporation, Section 42 falls in that part of the Companies Act, which deals with incorporation of company and matters incidental thereto. This part deals with Memorandum of Association, names of the companies, Article of Association, change of the registration of companies and Section 41 and 42 deals with membership of the company. From the plain reading of the Section it cannot be said that the Section is intended to be read with Section 391, 392 or 394 at the time when the scheme of amalgamation is pending before the Court for approval and when the shareholders and the creditors have approved the same and the respondent has also filed an affidavit that the affairs of the company are not conducted in a manner prejudicial to the shareholders or prejudicial to public interest.
18. In view of the foregoing discussions, I do not find any merit in the contention of the learned counsel for the respondent that Section 42 of the Act would be applicable to the scheme of Amalgamation.
19. It is also stated that no investigation or proceedings under Sections 235 to 251 of the Companies Act, 1956 are pending against the petitioner company.
20. Considering all the relevant facts and circumstances, the reason set out by the petitioner in support of the amalgamation, the unanimous approval given by the shareholders and the creditors and in view of the aforesaid discussions and in absence of any objections from the Official Liquidator, I hereby accord sanction to the said scheme of amalgamation Annexure-E (to the petition) providing for amalgamation of the transferor company with the transferee company and declare that the said scheme shall be binding on all the members, shareholders and creditors of the petitioner company w.e.f. appointed date i.e. 1.4.1995. It is open to any person interested to move this Court for appropriate directions as may be considered necessary in future.
21. The petition is accordingly allowed and disposed of.

February 29
SA

sd/- VIJENDER JAIN
JUDGE

IN THE HIGH COURT OF DELHI AT NEW DELHI
(ORIGINAL JURISDICTION)
IN THE MATTER OF THE COMPANIES ACT, 1956
AND
IN THE MATTER OF SCHEME OF AMALGAMATION
BETWEEN
COMPANY PETITION NO. 204/95
CONNECTED WITH
COMPANY APPLICATION NO. 587/95

IN THE MATTER OF HIMACHAL TELEMATICS LTD.
having its registered office at
8, Masjid Moth, Commercial Complex,
Greater Kailash, Part-II,
New Delhi-110048

----PETITIONER/
TRANSFEROR COMPANY

AND

IN THE MATTER OF HIMACHAL FUTURISTIC COMMUNICATIONS LTD.

having its registered office at
8, Electronics Complex, Chambaghat,
SOLAN (H.P.)

(Outside the Jurisdiction)

-----TRANSFeree COMPANY

BEFORE THE HON'BLE MR. JUSTICE VIJENDER JAIN
DATED THIS THE 29TH DAY OF FEBRUARY, 1996

ORDER ON PETITION

The above petition coming on for hearing on 29/02/96 upon reading the said petition the orders dated 8/8/95 & 6/9/95 whereby the above said petitioner company was ordered to convene meetings of its shareholders and creditors for the purpose of considering and if thought fit approving with or without modification, the Scheme of Amalgamation proposed to be made between Himachal Telematics Ltd. (hereinafter referred to as the Transferor Company) and Himachal Futuristic Communications Ltd. (hereinafter referred to as the Transferee Company) and annexed to the affidavit of Mr. M.N.K. Nair, General Manager filed in CA 587/95 on 2/8/95 and 'Statesman' dated 16/9/95, 'Vir Arjun' dated 18/9/95 in CA 587/95 each containing the advertisement of said notices convening the said meetings directed to be held by the said orders dt. 8.8.95 and 6.9.95 the affidavit of Chairperson filed in C.A. 587/95 showing the publication and despatch of notices convening the said meetings. The reports of Chairperson filed on 21.10.95 in CA 587/95 as to result of said meetings and upon hearing Dr. A.M. Singhvi, Senior Advocate with Mr. A. Dass, Advocate for the petitioner and Mr. Rakesh Tikku, Advocate for Regional Director, Kanpur and it appearing from the reports of the Chairperson that the proposed Scheme of Amalgamation has been approved unanimously by the said shareholders and creditors of Transferor Company present and voting in person or by proxy. The affidavits of the Regional Director, Northern Region, Department of Company Affairs, Kanpur on behalf of the Central Government inter alia stating that the affairs of the company do not appear to have been conducted in a manner prejudicial to the interest of its members or public interest and the contention of the counsel for the Department of Company Affairs that the proposed Scheme of amalgamation is hit by Section 42 of the Companies Act, 1956 having been rejected by the Court as being without merit. The official Liquidator also having filed the affidavits on 17.11.95 stating therein that the affairs of the Transferor Company have not been conducted

in a manner prejudicial to the interests of its shareholders or creditors or to the public interest and that the Transferor company could be dissolved without following the process of winding up and there being no proceedings pending against the petitioner/Transferor company U/Ss 235-251 of the Companies Act, 1956. The scheme of amalgamation having also been approved by the High Court of Himachal Pradesh, in respect of the Transferee Company.

THIS COURT DOTH HEREBY SANCTION THE SCHEME OF AMALGAMATION set forth in Schedule-I herein and DOTH HEREBY DECLARE the same to be binding on all the shareholders and creditors of the Transferor Company and its all concerned and doth approve the said Scheme of Amalgamation from the "Appointed Date" i.e. 1.4.95 (as mentioned in the Scheme)

THIS COURT DOTH FURTHER ORDER :

1. That all the property, rights and powers of the Transferor Company specified in the first, second and third parts of the Schedule - II, hereto and all the other property, rights and powers of the Transferor Company be transferred without further act or deed to the transferee company accordingly the same shall pursuant to Section 394(2) of the Companies Act, 1956 be transferred to and vest in the Transferee Company for the all the estate and interest of Transferor Company therein but subject nevertheless to all charges now affecting the same ; and
2. That all the liabilities and duties of the Transferor Company be transferred without further act or deed to the Transferee Company and accordingly the same shall pursuant to Section 394 (2) of the Companies Act, 1956 be transferred to and become the liabilities and duties of the Transferee Company; and
3. That all the proceedings now pending by or against the Transferor Company be continued by or against the Transferee Company ; and
4. That the Transferee Company do without further application allot to such members of the Transferor Company as have not given such notice of the dissent as is required by Clause given in the Scheme of Amalgamation herein the shares in the Transferee Company to which they are entitled under the said amalgamation ; and
5. That the Transferor Company do within 30 days after the date of this Order cause a certified copy of this order alongwith a certified copy of the order dated 10.1.96 passed by the High Court of Himachal Pradesh in respect of the Transferee Company to be delivered to the Registrar of Companies for registration and on such certified copies being so delivered, the Transferor Company shall be dissolved, and the Registrar of Companies shall place all documents relating to the Transferor company and registered with him on the file kept by him in relation to the Transferee Company and files relating to the said two companies shall be consolidated accordingly ; and
6. That any person interested shall be at liberty to apply to the Court in the above matter for any directions that may be necessary.

SCHEDULE -I
SCHEME OF AMALGAMATION
BETWEEN

HIMACHAL TELEMATICS LTD. AND HIMACHAL FUTURISTIC COMMUNICATIONS LTD.

SCHEME OF AMALGAMATION
OF

Himachal Telematics Ltd.

Transferor Company

Himachal Futuristic
Communications Ltd

Transferee Company

1. This Scheme of Amalgamation is presented for amalgamation of Himachal Telematics Ltd. having its Registered Office at 8, Masjid Moth, Commercial Complex, Greater Kailash, Part-II, New Delhi-110048 (hereinafter called the “the Transferor Company”) with Himachal Futuristic Communications Ltd. having its Registered Office at 8, Electronics Complex, Chambaghat, Solan, Himachal Pradesh (hereinafter called “the Transferee Company”) pursuant to the relevant provisions of the Companies Act, 1956 (hereinafter called “the said Act”)
 - (a) Both the Transferor and Transferee Companies, at present, are engaged in the manufacture of Telecommunication equipments as stated in the “Object Clause” of the Memorandum of Association of the respective Companies. With a view to achieving rationalization of the management structure and to avoid duplication of management time and expertise and to achieve economies of scale for further and stable growth, expansion, modernization and diversification of the business and to be able to withstand any recession in business and for better and more profitable utilization of combined resources of the aforesaid Transferor Company and the Transferee Company and to present a consolidated projection to the investors, it is proposed to amalgamate the aforesaid Transferor Company with the Transferee Company.
2.
 - (a) With effect from the commencement of 1st April, 1995 (hereinafter called “the Appointed Date”) and subject to the provisions of this Scheme in relation to the mode of Transfer and vesting the Undertaking and entire business and all the properties, assets both moveable and immovable including capital works in progress, current assets, investments, powers, authorities, allotments, approvals, consents, licences, registrations, contracts, engagements, arrangements, rights, titles, interests, benefits and advantages of whatsoever nature and whatsoever situate, belonging to or in the ownership, power or possession and in the control or vested in or granted in favour of or enjoyed by the Transferor Company including but without being limited to all patents, trademarks, trade names and other industrial rights of any nature whatsoever and licences in respect thereof, privileges, liberties, easements, advantages, benefits, leases, tenancy rights, ownership flats, quota rights, permits, approvals, authorisations, right to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and electronic and other services, reserves, provisions, funds, benefit of all agreements, arrangements and all other interests arising to the Transferor Company (hereinafter collectively referred to as “the said Assets”) shall be transferred to and vested in and/or deemed to be Transferred to and vested in the Transferee Company, pursuant to the provisions of Section 394, and other relevant provisions of the said Act, for all the estate, right, title and interest of the Transferor Company therein subject nevertheless to the mode of transfer and vesting as provided hereunder.
 - (b) The transfer/vesting as aforesaid shall be subject to existing charges/hypothecation/mortgage (if any, as may be subsisting) over or in respect of said assets or any part thereof; provided, however, any reference in any security documents or arrangements to which the Transferee Company is party to the assets of the Transferor Company offered as security for any financial assistance or obligations shall be construed as reference only to the assets pertaining to that undertaking or assets of the Transferor Company as are vested in the Transferor Company by virtue of the Sub-clause (a) hereof to the end and intent that such security, mortgage and charge shall not extend or be deemed to extend to any of the assets or to any of the other assets, units or divisions of the Transferee Company, unless specifically agreed to subject in either case to the consents and approvals of the existing Secured Creditors of the Transferee Company.
 - (c) It is expressly provided that in respect of such of the said Assets as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and delivery, the same shall be so transferred by the Transferor Company, without requiring any deed or instrument of conveyance for the same and shall become the property of the Transferee Company accordingly.

- (d) In respect of such of the said assets other than those referred in sub-para (c) above, the same shall as more particularly provided and sub-clause (a) above, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred and vested in the Transferee Company on the Appointed Date. The vesting of all such assets and properties, transfer and delivery thereof shall by virtue of the provisions of this Scheme, be deemed to take place in such State where the Registered Office of Transferor Company owning such assets and properties is situated.
 - (e) The Transferee Company may at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute Deeds of Confirmation in favour of the Secured Creditors of the Transferor Company or in favour of any other party to any contract or arrangement to which such Transferor Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall, under the provisions of the Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to implement or carry out all such formalities or compliances referred to above on the part of the Transferor Company.
3. With effect from the Appointment Date, all debts, liabilities, duties and obligations of the Transferor Company (hereinafter referred to as “the said Liabilities”) shall also be and stand transferred or deemed to be transferred, without further act, instrument or deed to the Transferee Company, pursuant to the provisions of Section 394 of the said Act at the place of the Registered Office of the Transferor Company so as to become as and from the Appointed Date, the debts liabilities, duties and obligations of the Transferee Company and further that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contact or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen, in order to give effect to the provisions of this clause.
 4. This Scheme, though effective from the Appointed Date shall be operative from the last of the following dates or such other dates as the Court may direct namely:
 - (a) the dates on which the last of all the consents, approvals, permissions, resolutions, actions, sanctions and orders as are hereinafter referred to have been obtained, passed or completed ; and
 - (b) the date on which certified copies of the Orders of the Court under Section 391, 392 and 394 of the said Act are filed with the Registrar of Companies; having jurisdiction over the Transferor and Transferee Companies and such date shall, hereinafter be referred to as “the Effective Date”
 5. With effect from the Appointed Date upto the date on which this Scheme finally takes effect (viz., the Effective Date):
 - (a) the Transferor Company shall carry on and be deemed to have carried on all their business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all the said Assets for and on account of and in trust for the Transferee Company;
 - (b) all the profits or incomes accruing or arising to the Transferor Company or expenditure or losses arising or incurred by the Transferor Company shall for all purposes be treated and be deemed to be treated and accrue as the profits or incomes or expenditure or losses of the Transferee Company, as the case may be;
 - (c) the Transferor Company shall carry on their business and activities with reasonable diligence, business prudence and shall not alienate, charge mortgage encumber or otherwise deal with the said Assets or any part thereof, except in the ordinary course of business, without the prior consent of the Transferee Company or pursuant to any pre-existing obligation undertaken by the Transferor Company prior to the Appointed Date;
 - (d) Save as specifically provided in this Scheme, neither the Transferor Company nor the Transferee Company shall hereafter make any change in their capital structure (Subscribed Capital) either by any increase, (by a fresh issue of right/bonus shares, equity or preference shares, convertible debentures or otherwise) by decrease, reduction, reclassification, sub-division or consolidation, re-organisation, or in any other manner which may in any way affect the share exchange ratio as provided herein except by consent of the Board of Directors of both the Companies.

In particular, it is further provided that the Transferee Company shall be entitled, without affecting the “share exchange ratio” to proceed further to make an Euro issue of Equity by an offering in international markets.

- (e) provided that as far as the obligations in sub-clause (c) and (d) above are concerned, the restrictions thereunder shall be applicable from the date of acceptance of the present Scheme by the respective Boards of two Companies even if the same are after the Appointed Date.
6. All suits, actions and proceedings of whatsoever nature by or against the Transferor Company pending and/or arising on or before the Effective Date shall be continued and be enforced by or against the Transferee Company as effectively as if the same had been pending and/or arising against the Transferee Company.
7. Subject to the provisions of the Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments of whatsoever nature to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect against or in favour of the Transferee Company as the case may be and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary thereto. The Transferee Company shall enter into and/or issue and/or execute deeds, writings or conformation or enter into any multipartite agreements, arrangements, confirmations or novations to which the Transferor Company will, if necessary also be a party in order to give formal effect to the provisions of this Clause, if so required or becomes necessary.
8. The Transfer and mode of vesting of the said Assets and the said Liabilities of the Transferor Company to the Transferee Company and the continuance of all the contracts or proceedings by or against the Transferee Company shall not affect any contract or proceedings relating to the said Assets or the said Liabilities already concluded by the Transferor Company on or after the Appointed Date.
- 9 (a) The authorised share capital of the Transferor Company as at 31st March, 1995 is Rs. 50,00,00,000/- divided into 5,00,00,000/- Equity Shares of Rs. 10/- each. As on the Appointed Date the issued, subscribed and paid up share capital was Rs. 24,23,07,000/- divided into 2,42,50,000/- Equity Shares of Rs. 10/- each (with Rs. 1,93,000/- as calls in arrears). The Transferor Company is in the process of recovering the unpaid Allotment Money of Rs. 1,93,000/- and accordingly the amount of paid up capital may stand enhanced to the value of the Subscribed Capital as and when the unpaid allotment monies are recovered. This is without prejudice to the rights of the Transferor Company in relation to forfeiture of the shares or any other rights or remedies in respect of the shares on which there are calls in arrears.
- (b) The authorised share capital of the Transferee Company as at 31st March, 1995 is Rs. 200,00,00,000/- divided into 18,00,00,000 Equity Shares of Rs. 10/- each and 20,00,000 Redeemable Preference Shares of Rs. 100/- each. As on the appointed date the issued, subscribed and paid up share capital of the Transferee Company was Rs. 25,04,55,920/- as detailed below:-

<u>EQUITY SHARE CAPITAL</u>	(Rs.)	(Rs.)
<u>Issued and Subscribed Capital:</u>		28,60,11,250
<u>Paid Up Capital</u>		
i. 1,91,01,125 Equity Shares of Rs.10/- paid up (Rs.55,330 being calls in arrears):	19,09,55,920	
ii. 95,00,000 Equity Share of Rs.10/- each Rs.1 called and paid up (Rs.8,55,00,000/- being uncalled capital)	95,00,000	20,04,55,920
<u>PREFERENCE SHARE CAPITAL:</u>		
5,00,000 11.5% Cumulative Redeemable preference shares of Rs. 100/- each fully paid up		5,00,00,000
		25,04,55,920

The Transferee Company is in the process of recovering the uncalled capital and calls in arrears aggregating to Rs. 8,55,55,330/- comprising amounts due towards equity share capital and accordingly the amount of the paid up capital may stand enhanced to the value of Subscribed Capital, as and when the calls are recovered. This is without prejudice to the rights of the Company in relation to forfeiture of the shares or any other rights or remedies in respect of the shares on which there are calls in arrears.

- (c) Upon the Scheme becoming finally effective, in consideration of the said assets and the said liabilities of the Transferor Company, being the assets and liabilities of the Transferee Company, in accordance and in terms of this Scheme, the Transferee Company shall, without any further act, obligation or deed, issue and allot to the Shareholders of the Transferor Company. Three Equity Shares of Rs.10/- each, in the Transferee Company credited as fully paid up for every Five fully paid up Equity Shares of Rs.10/- each, held by them in the Transferor Company on such date after the Effective Date as the Board of Directors of the Transferee Company may determine.
- (d) Pursuant to the approval granted by Securities & Exchange Board of India vide letter no. PMD/PKN/95 dated 10.7.1995, the Transferee Company's shareholdings in the Transferor Company pending registration of Transfer shall receive the same treatments as existing shareholders on record of the Transferor Company and HFCL Trade Invest Limited, the wholly owned Subsidiary of the Transferee Company (formerly known as Kaldev Trades and Investments Ltd.) shall receive 30 lakh Equity Shares of the Transferee Company upon sanction of the Scheme of Amalgamation by the High Court of Delhi and High Court of Himachal Pradesh. There would be no reduction or cancellation of the Share Capital of the Transferee Company pursuant to the Scheme of Amalgamation.
- (e) No fractional certificate shall be issued by the Transferee Company in respect of the fractional entitlements, if any, to which the members of the Transferor Company may be entitled on issue or allotment of the Shares by the Transferee Company, as aforesaid. The Directors of the Transferee Company shall instead consolidate all such fractional entitlements to which the members of the Transferor Company may be entitled on issue and allotment of the shares by the Transferee Company as aforesaid and there upon issue and allot shares in lieu thereof to a Director or an Officer of the Transferee Company with the express understanding that such Director or an Officer to whom such shares be allotted, shall sell the same in the market at the best available price in one or more lots or by private sale/placement or by public sale/auction as deemed fit (the decision of such Director or Officer as the case may be as to the timing and method of the sale and the price at which such sale has been given effect to, in that behalf shall be placed before the Board of Directors for its final approval) and pay to the Transferee Company, the net sale proceeds thereof, and upon the receipt of the sale proceeds in respect of each such sale, transfer the share or shares to the name of approved purchaser. The Transferee Company shall hold the net sale proceeds of all such shares after defraying therefrom all costs, charges, and expenses of such sale. The Transferee Company shall thereafter distribute such sale proceeds to the members of the Transferor Company in proportion to their fractional entitlements. Holders of less than Five Equity Shares or less than multiple of Five Equity Shares in the Transferor Company shall not be entitled to any shares in the Transferee Company, but shall only be entitled to receive the net sale proceeds in respect of their fractional entitlements as above.
- (f) For the purpose as aforesaid, Transferee Company shall, if and to the extent required, apply for and obtain any approvals including that of the Reserve Bank of India and other concerned authorities, for the issue and allotment by the Transferee Company to the respective members of the Transferor Company, the Equity Shares in the said reorganised share capital of the Transferee Company in the ratio as aforesaid and to pay the proportionate net sale proceeds of fractional entitlement as provided above.
- (g) The restrictions, if any, in respect of the Transfer/Hypothecation/Sale, as may be applicable to the shares or holder of shares of the Transferor Company and as may be existing on the Record Date as may be fixed by the Board of Directors of the Transferee Company or the date on which shares are actually allotted pursuant to the foregoing provisions shall, unless waived by Securities & Exchange Board of India (SEBI) continue to be applicable for the residual period (i.e. upto the period stipulated with reference to the shares originally issued by the Transferor Company) to such shares as may be issued in exchange pursuant to the provisions of clause 9 (c) and (d) above.

- (h) Upon this scheme becoming finally effective. all shareholders of the Transferor Company if so required by the Transferee Company shall surrender their share certificates for cancellation thereof to the Transferee Company. Notwithstanding anything to the contrary, upon the issue and allotment of new shares in the Transferee Company to the eligible shareholders of the Transferor Company, whose name shall appear on the Register of Members of the Transferor Company on such Record Date fixed as aforesaid, the share certificates in relation to the shares held by them in the Transferor Company shall be deemed to have been automatically cancelled and be of no effect, on and from such Record Date and the Transferee Company may at its option instead of requiring the surrender of the share certificates, as above directly issue dispatch new share certificates of the Transferee Company in lieu thereof.
 - (i) All mandates or other instructions in force at the close of business on the Effective Date relating to the payment of dividends on the equity shares of the Transferor Company shall unless and until revoked be deemed to be valid and subsisting mandates or instructions to the Transferee Company in relation to the corresponding Equity Shares of the Transferee Company to be issued and allotted pursuant to the Scheme.
 - (j) Except with the consent of the Board of Directors of the other company neither the Transferor Company nor the Transferee Company shall declare any dividend or issue/allot any bonus shares between the Appointed Date and the Effective Date.
 - (k) The Equity Shares of the Transferee Company to be issued and allotted to the shareholders of the Transferor Company as provided in Clause 9 hereof, shall rank pari passu in all respects with the Equity Shares of Transferee Company as were allotted by the Transferee Company including entitlement to dividend in respect of all dividends declared after the Effective Date. The holders of the shares of the Transferor Company and the Transferee Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends from the respective companies of which they are members till the date this Scheme finally takes effects i.e. the Effective Date. It is clarified that in respect of shares of the Transferee Company issued in exchange/lieu shares of the Transferor Company in accordance with the provisions of Clause 9 (c) hereof , no dividend shall be payable by the Transferee Company in respect of the period for which dividend has been declared and paid by the Transferor Company. The Board of Directors of the Transferor Company has recommended dividend @15% on its Equity Shares for the year ended 31.03.1995. In respect of the period 1.4.95 to 31.3.96, the eligible shareholders of the Transferor Company shall be entitled to full dividend, as may be declared by the Transferee Company for the Accounting year 1995-96 on such of the shares as may be held by them in the Transferee Company as provided under Sub-clause (c) of clause 9 as above.
 - (l) It is clarified, however, that the aforesaid provisions in respect of declaration of dividend are enabling provisions only and shall not be deemed to confer any right on any member of a Transferor Company or Transferee Company to demand or claim or be entitled to any dividend which subject to the provisions of the said Act, shall be entirely in the discretion of the Board of Director and the approval of the Shareholders of the respective Companies.
 - (m)
 - (i) The Transferee Company shall on or before the allotment of shares in terms of clause 6 hereof increase its share capital by the creation of at least such number of Equity Shares of Rs.10/- each as may be necessary to satisfy its obligations under the said clause.
 - (ii) The Transferee Company shall, if necessary, cause a Special Resolution to be passed pursuant to Section 81(1-A) of the Act for the offer and allotment of Equity Shares in the Transferee Company to the Transferor Company Shareholders in accordance with the subject to the provisions of the Scheme.
- 10 (a) All employees of the Transferor Company in service on the date immediately preceding the date on which this Scheme finally takes effect i.e. the Effective Date shall become the employees of the Transferee Company on such date without any break or interruption in service and on the basis of continuity of service and on the terms and conditions not less favourable than those subsisting with reference to Transferor Company as on the said date.

- (b) It is expressly provided that as far as the Provident Fund, Gratuity Fund, Superannuation Fund or any other Fund created or existing for the benefit of the employees of the Transferor Company are concerned, upon the Scheme becoming finally effective, the Transferee Company shall, stand substituted for the Transferor Company for all purposes whatsoever related to the administration, management or operation of such Schemes or Funds or relation to the obligation to make contributions to the said Funds in accordance with provisions of such Schemes. Funds as per the terms provided in the respective Trust Deeds. It is the end and intent that all the rights, duties powers and obligations of the Transferor Company in relation to such funds shall become those of the Transferee Company. It is clarified that the services of the employees of the Transferor Company will be treated as having been continued for the purpose of the aforesaid Funds or Schemes and if necessary the names of the aforesaid funds or Schemes will be suitably changed. Such Funds or Schemes of Transferor Company may be amalgamated with similar funds or schemes of the Transferee Company if the Transferee Company considers so desirable or deems fit for the smooth administration, management and operation and uniformity of such funds or scheme, so however, that such funds or schemes do not become less favourable to the employees of the Transferor Company with reference to those on the date preceding the effective date.
11. It is further provided that upon the Scheme coming into effect and subject to the provisions herein, the excess of the value of the Net Assets of the Transferor Company over the paid up value of the shares of the Transferee Company to be issued and allotted to the shareholders of the Transferor Company, pursuant to the provisions of clause 9 hereof shall be accounted for and dealt with in the Books of the Transferee Company as follows:
- (a) An amount equal to the balance lying to the credit of Capital Reserve, if any, in the Books of Transferor Company shall be credited by the Transferee Company in the same accounts in its books.
- (b) An amount equal to the balance lying to the credit of Profit and Loss Account and the General Reserve in the Books of Transferor Company shall be credited by the Transferee Company to the same account in its books as to its General Reserve and shall constitute the Transferee Company's Free Reserve as effectively as if the same were created by the Transferee Company out of its distributable profits.
- (c) An amount equal to the balance lying to the credit of Investment Allowance Reserve in the Books of Transferor Company shall be credited by Transferee Company to its Investment Allowance Reserve and shall constitute the Transferee Company's Investment Allowance Reserve as if the same was created by the Transferee Company.
- (d) The balance shall be credited by Transferee Company to Amalgamation Reserve and shall be considered as a Free Reserve, forming part of the Net Worth of the Transferee Company .
12. (a) A First Charge by way of Hypothecation on all the Transferor Company's movable assets both present and future, stands created, in favour of the Transferor Company's Banker's for working capital requirements and loans.
- (b) Any reference in such documents to the assets of the Transferor Company offered as mortgage, charge or security for repayment of loans, principal and interest or other moneys thereon shall be construed for this purpose as a reference to the assets of the unit(s) or division (s) pertaining to those undertakings of the Transferor Company as become the assets of Transferee Company by virtue of the provisions of this Scheme, and the same shall not extend or be applicable to any other assets, units, undertakings or properties of the Transferee Company. Nothing contained in this Scheme should be construed as having altered or affected the terms of Secured Loans and Secured Working Capitals facilities as entered into by the Transferee Company on its own.
13. The Transferor Company and the Transferee Company shall also with all reasonable despatch make applications/petitions under Section 391 and 394 and other applicable provisions of the said Act respectively to the High Courts of Judicature at Shimla and New Delhi for sanctioning of this Scheme and for the dissolution of the Transferor Company without winding up under the provisions of law.

14. The Transferor Company (by its Directors) and the Transferee Company (by its Directors) are hereby empowered and authorised to assent from time to time to any modifications or amendments or substitution of this Scheme or of any conditions or limitations which the Court and/or any authorities under law may deem fit to approve of or impose and to settle all doubts or difficulties that may arise for carrying out the Scheme and to do and execute all acts, deeds, matters and things necessary for putting the scheme into effect.
15. For the purpose of giving effect to this Scheme or to any modifications or amendments or substitution thereof, the Directors of the Transferee Company may give and are authorised to give all such directions as are necessary including directions for settling any question of doubt or difficulty that may arise.
16. The Scheme is specifically conditional upon and subject to :
- (a) the approval of the Scheme by the requisite majorities of such classes of persons of the Transferor Company and the Transferee Company as may be directed by the Shimla High Court and Delhi High Court on the applications made for directions under Section 391 of the said Act for calling meetings and necessary resolutions being passed under the said Act for the purpose;
 - (b) the sanctions of the High Court of Himachal Pradesh at Shimla and High Court of Delhi at New Delhi being obtained under Sections 391 and 394 and other applicable provisions of the said Act;
 - (c) requisite approval of the Reserve Bank of India under the Foreign Exchange Regulation Act, 1973 and requisite sanction or approval under any law or from the Authority concerned being obtained and granted in respect of any matter for giving effect to the said Scheme or for the issuance of shares in the Transferee Company to the non-resident shareholders of the Transferor Company in accordance with provisions of the Scheme.
 - (d) the approval to the issue and allotment of Equity Shares and any of the matters provided for or relating to the Scheme in the Transferee Company to the Shareholders of the Transferor Company in accordance with and subject to the provisions of the Scheme by a Special Resolution of the Transferee Company pursuant to Section 81 (1-A) of the Act, as may or be required or necessary.
17. In the event of any of the said sanctions and approvals referred to in the preceding Clause 16 above not being obtained and/or the Scheme not being sanctioned by both the High Courts and/or the order or orders not being passed as aforesaid before 31st March, 1996 or within such further period or periods as may be agreed upon between the Transferor Company by its Board of Directors and the Transferee Company by its Board of Directors (and which the Board of Directors of the Companies are hereby empowered and authorised to agree to and extend from time to time without any limitations), the Scheme of Amalgamation shall stand revoked, cancelled and be of no effect and null and void 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 may otherwise arise in law. And in such event each party shall bear their respective costs, charges and expenses in connection with the Scheme of Amalgamation.
18. (a) All costs, charges and expenses of the Transferor Company and Transferee Company respectively in relation to or in connection with this Scheme and incidental to the completion of the amalgamation of the said undertaking of the Transferor Company in pursuance of this Scheme shall be borne and paid by the Transferor Company and the Transferee Company in such proportion as may be mutually agreed between the respective Boards of the two Companies.
- (b) The Transferor Company shall be dissolved without winding up, subject to an order being made by the High Court under Section 394 of the Companies Act, 1956.

IN THE HIGH COURT OF DELHI AT NEW DELHI

ORDINARY ORIGINAL CIVIL JURISDICTION

IN THE MATTER OF THE COMPANIES ACT, 1956

AND IN THE MATTER OF SCHEME OF AMALGAMATION

BETWEEN :

Himachal Telematics Limited

and

Himachal Futuristic Telecommunications Limited.

COMPANY PETITION NO. : 204 OF 1995

Connected with Company Application No. : 587 of 1995

IN THE MATTER OF :

M/s. Himachal Telematics Limited,

a Company incorporated under the Companies Act, 1956 and

having its Registered Office at 8, Masjid Moth, Commercial

Complex, Greater Kailash Part-II, New Delhi-110048

(Within Jurisdiction of this Hon'ble Court)

----Petitioner / Transferor Co.

AND IN THE MATTER OF :

M/s. Himachal Futuristic Communications Ltd.,

a Company incorporated under the Companies Act, 1956 and

having its Registered Office at 8, Electronics Complex,

Chambaghat, Solan, Himachal Pradesh

(Outside the Jurisdiction of this Hon'ble Court)

---- Transferee Co.

INDEX

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2.	Schedule II of Form 42 of the Companies Court Rules, 1956 (short description of the leasehold property of the Transferor Co.)	2
3.	Schedule III of Form 42 of the Companies Court Rules, 1956 (short description of stocks, shares and other charges in action of the Transferor Co.)	3

FILED THROUGH :

MR. SHARDUL S. SHROFF & MS. PALLAVI S. SHROFF
ADVOCATES FOR THE PETITIONER

SCHEDULE

PART I

SHORT DESCRIPTION OF THE FREEHOLD PROPERTY OF THE TRANSFEROR COMPANY
HIMACHAL TELEMATICS LIMITED (AS ON 1.4.1995)

UNIT	PARTICULARS & DESCRIPTION
------	---------------------------

HIMACHAL PRADESH

LAND :-

- Land measuring 1034 SQ Meter comprised in Khasra No. 393, Khat No. 329/844 situated at Mauza Basal Patti Kathner, Pargone Summ Basal Tehsil, District Solan.

BUILDING :-

- Factory Shed, Temple Building, Admn. Block and Roads.
-

Dated this..... day of March 1996.
(By the Court)

SCHEDULE

PART II

SHORT DESCRIPTION OF THE LEASEHOLD PROPERTY OF THE TRANSFEROR COMPANY
HIMACHAL TELEMATICS LIMITED (AS ON 1.4.1995)

UNIT	PARTICULARS & DESCRIPTION
------	---------------------------

HIMACHAL PRADESH

LAND :-

- Plot No. 10 to 24 and 26 to 30 Situated at Electronics Complex, Chambaghat, (Solan), District Solan, Himachal Pradesh, Measuring 20000 Sq. Meter
-

Dated this..... day of March 1996.
(By the Court)

SCHEDULE

PART III

SHORT DESCRIPTION OF ALL STOCKS, SHARES, DEBENTURES AND
OTHER CHARGES IN ACTION OF THE TRANSFEROR COMPANY
HIMACHAL TELEMATICS LIMITED

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Sr. No.	Particulars
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=====

- | | |
|----|---|
| 1. | 200 Equity Shares of Rs. 10/- each fully paid up of Himachal Exicom Communications Limited |
| 2. | 100 Equity Shares of Rs. 10/- each fully paid up of HFCL Sattelite Communications Limited. |
| 3. | 100 Equity Shares of Rs. 10/- each fully paid up of HFCL Dacom Infocheck Limited |
| 4. | 100 Equity Shares of Rs. 10/- each fully paid up of HFCL Mobile Radio Limited |
| 5. | 740300 Equity Shares of Rs. 10/- each (Rs. 2.50/- Application Money and Rs. 30/- premium paid) of Industrial Development Bank of India |
| 6. | 50,00,000 Equity Shares of Rs. 10/- each fully paid up of Fascel Limited |
- =====

Dated this..... day of March 1996
(By the Court)

Given under my hand and the seal of the Court dated this the 29th day of February 1996

(By order of the Court)

sd/-
Registrar

Copy of Order/Judgement/Statement Passed/ Delivered/Recorded
on 10-1-96 by the Hon'ble Mr. Justice A. L. Vaidya, J. in Company Act5/95..... titled

IN THE MATTER OF :

COMPANIES ACT, 1956 (1 of 1956) (the said Act)

AND IN THE MATTER OF :

Scheme of Amalgamation of Himachal Telematics Ltd. and Himachal Futuristic Communications Ltd.

AND IN THE MATTER OF :

Himachal Futuristic Communications Ltd. Petitioner/Applicant

MEMO OF PARTIES

Petitioner's address for Service :

Himachal Futuristic Communications Limited
having its Registered Office at
8, Electronic Complex, Chambaghat,
Solan, Himachal Pradesh

..... Petitioner/Applicant

COPY OF ORDER/JUDGEMENT/STATEMENT

IN THE HIGH COURT OF HIMACHAL PRADESH AT SHIMLA-171001

**IN THE HIGH COURT OF HIMACHAL PRADESH
SHIMLA**

Company Petition No. 5 of 1995.

Misc. Petition No.
Writ Petition No.

Appeal No.
Revision Petition No.
Civil Suit No.

Date of decision ...10.1.1996.....

Himachal Futuristic Communications LimitedPetitioner/Applicant
Versus

Coram

The Hon'ble Mr. Justice A.L. VAIDYA, J.
The Hon'ble Mr. Justice
The Hon'ble Mr. Justice

Whether approved for reporting ? No.

For the Appellant(s)/Petitioner(s) Dr. A. M. Singhvi, Senior Advocate, assisted by
S/Sh. Anirudh Das and Deepak Gupta, Advocates

For the Respondent(s) Mr. M. K. Kapur, Official Liquidator, with Sh. Ajay Goel.
Mr. P. A. Sharma, Sr. Central Govt. Standing Counsel
for Regional Director, Company Law Board/Registrar
of Companies.

A. L. VAIDYA, J.

The present petition has been preferred-by the Transferee Company under Sections 391/394 of the Companies Act, 1956 to sanction the Scheme of amalgamation. Notice of this petition was issued to the Union of India, through Regional Director, Company Law Board, Kanpur, Registrar of Companies, Punjab, Chandigarh and Himachal Pradesh at Jalandhar and to the official Liquidator of the High Court.

Advertisement of this petition was also published in the Indian Express dated 28.11.1995, Jansatta dated 28.11.1995 and H. P. Rajpatra dated 2.12.1995.

The official Liquidator appeared in person and submitted that so far as the case of Transferee Company is concerned, he is not required to submit any reply to the said petition.

Reply-affidavit on behalf of the Regional Director, Northern Region, Department of Company Affairs, Kanpur has been filed, wherein it has been deposed that the affairs of the Company did not appear to have been conducted in a manner prejudicial to the interest of its members or public interest. The only objection raised has been that the petitioner Company was required to pass a Special Resolution pursuant to Section 94(e) of the Companies Act, 1956 for cancellation of shares held in the Transferor Company as mentioned in Clause (d) of para 9 of the Scheme of Amalgamation.

The present petitioner had filed Company Petition No. 4 of 1995 and on basis of the same, this Court passed the order dated 23.8.1995, whereby the following directions were given :

1. A meeting of the enquiry share holders of the Transferee Company be convened and held at its Registered office at Plot No. 8, Electronics Complex, Chambaghat, Solan, H.P. on 21.10.95 at 10.30 a.m. for considering and, if considered appropriate, to approve with or without modification the proposed Scheme of Amalgamation with the Transferor Company.
2. A meeting of the preference share holders of Transferee Company be also held on 21.10.1995 at 11.00 a.m. at the aforesaid venue for considering and, if considered appropriate to approve with or without modification the proposed Scheme of amalgamation with the Transferor Company.
3. A meeting of the secured creditors of the Transferee Company be also held on 21.10.1995 at 11.30 a.m. at the aforesaid venue for considering and, if considered appropriate, to approve with or without modification the proposed Scheme of amalgamation with the Transferor Company.
4. A meeting of the unsecured creditors of the Transferee Company be also held on 21.10.1995 at 12.00 noon at the aforesaid venue for considering and, if considered appropriate, to approve with or without modification the proposed Scheme of amalgamation with the Transferor Company.
5. Advertisements notifying the date, time, place and the purpose of the aforesaid four meetings of the equity share-holders, preference share-holders, creditors, secured creditors and unsecured creditors be got published in accordance with the rules, in two Newspapers, namely, the Tribune (English) and Jansatta (Hindi) besides the Himachal Rajpatra, at least 21 days prior to the date of the meetings and be also affixed on the Notice Board of the Company at the its Registered office. The advertisements/Notices shall clearly state that the copies of the proposed Scheme of amalgamation and the statements required to be furnished pursuant to Section 393 of the Act and the forms of proxy (in Form 37) of the Companies (Courts) Rules, can be obtained free of charge from the Registered office of the Transferee Company.
6. That 21 days clear notice of the meetings to be held as mentioned in paras 1 to 4 above, be also sent alongwith the copies of the statement required to be sent under Section 393 of the Act alongwith the proposed Scheme of amalgamation and the form of proxy in Form No. 37 to each shareholder, secured and unsecured creditor of the Company, by means of a pre-paid letter post, and under certificate of posting, on his respective last known address.
7. That notice, as mentioned above, need not be issued to the unsecured creditors of the Transferee Company of nominal value of less than Rs. 50,000/- .
8. That Sh. Praneet Gupta, Advocate and failing him, Ms. Shailja Bhasin, Advocate of this Court shall be Chairman/alternate Chairman to convene, hold and conduct two meetings of the equity and preference shareholders to be held on 21.10.95 at the aforesaid venue and time, already referred to above.
9. Sh. Harish Behal, Advocate and failing him Ms. Jyotsna Rewal, Advocate of this Court shall be the Chairman/alternate Chairman for convening, holding and conducting the meetings of the secured and unsecured creditors of the Transferee Company to be held on 21.10.95 at the aforesaid venue and time.
10. Both the Chairman, namely Sh. Praneet Gupta and Sh. Harish Behal, Advocates will be paid a some of Rs. 7,500/- each and the alternate Chairman namely Ms. Shailja Bhasin and Ms. Jyotsna Rewal, Advocates shall be paid a some of Rs. 6000/- each towards their remuneration. In addition, to and fro free conveyance from Shimla be provided to all of them. Suitable arrangement for their stay, if any, at Solan shall also be made free of charges.
11. The two Chairmen aforesaid appointed for the four meetings shall issue the advertisements and send the requisite notices of the meetings, respectively, under their signatures in the prescribed forms.
12. The quorum of the meeting of the equity share-holders shall be seven, present either by person or by proxy and in case of the meeting of the preference shareholders, the quorum shall be one, since there is only one preference share-holder. The quorum for the meeting of the creditors (secured and unsecured) shall be

3/4th in the value of the creditors present either personally or by proxy.

13. Voting by proxy is permitted, provided the same is on the prescribed form duly signed by the person entitled to attend the vote at the meeting and that the same is filed with the Transferee Company at its Registered Office at least 24 hours prior to the date of the meeting.
14. That the value of each secured and unsecured creditors shall be in accordance with the books of the Transferee Company and in case of any dispute as regards the entries in the books, the Chairman, conducting the meeting shall determine the value for the purpose of the meeting.

In pursuance to the directions issued by this Court, as referred to above, notice of the meetings was issued to all the equity shareholders, preference shareholders, unsecured creditors of the nominal value Rs. 50,000/- and above and all the secured creditors. Notice of the four meetings of the equity shareholders preference shareholders, secured creditors and unsecured creditors was also published in the Indian Express dated 23.9.1995, Jansatta dated 18.9.1995 and the H. P. Rajpatra dated 30.9.1995.

Thereafter, four separate meetings of the equity share holders, preference share holders, secured creditors and unsecured creditors of the petitioner company were duly convened on 21.10.1995. In all the four the meetings, the Scheme of amalgamation of the two companies was approved without any modification and the reports in this behalf were submitted by the Chair persons.

This Court has been taken through the Scheme of amalgamation Annexure 'E' on record. This Court is satisfied that this scheme of amalgamation is in the interest of both the transferee and Transferor Company, as also in the interest of their shareholders. It has also come on record through this scheme that both the transferor and transferee company at present are engaged in the manufacture of telecommunication equipments as stated in the object clause of the Memorandum of Association of both the companies filed with this petition. It has also been reflected from the record that this amalgamation is being sought with a view to achieve rationalisation of the management structure and to avoid duplication of management, time and expertise and to achieve economies of scale for further and stable growth, expansion, modernisation and diversification of the business and to be able to withstand recession in business and for better and more; profitable utilisation of combined resources of the aforesaid two companies and to present a consolidated projection to the investors through the proposed scheme. The scheme also reveals that the share-holders in the transferor company will get three shares in the transferee company for every five shares of the transferor company and it has also been provided that the service of the employees of both the companies will be protected and will not be adversely affected at all. The creditors of petitioner company have also been adequately protected under the said scheme.

Dr. Singhvi, appearing for the petitioner company, has submitted that the objection raised by the Regional Director, Companies law Board, will not be of any legal importance so far as the present case is concerned. Section 94 (1) (e), according to learned counsel, is not at all attracted. As per facts revealed in the present petition, as there is no cancellation of shares or diminution in the share capital, therefore, the said objection raised was not legally maintainable. This contention on the basis of the record has to be favourably considered.

Taking into consideration the over all facts and the Scheme of amalgamation Annexure 'E' the scheme is not only reasonable and fair, but is not adverse to the interests of the creditors or the employees and more over all the formalities have been complied with in the present proceedings.

The petitioner's prayer for amalgamation as per Scheme Annexure 'E' of Himachal Telematics Ltd. (transferor company) with Himachal Futuristic Communication Ltd. (transferee company), is hereby accepted and this amalgamation shall be subject to the order passed by the Hon'ble High Court of Delhi in a such like petition, preferred by transferor company. The Scheme Annexure 'E' shall form part of this order. The transferee company shall cause a certified copy of this order to be filed with the Registrar for registration within 30 days from today. This petition stands disposed of accordingly.

10th January, 1996
PC.

Sd/- A.L. Vaidya, J.

ORDER

20.09.1996

Present : Mr. Rakesh Tikku for the appellant
Dr. A. M. Singhvi, Sr. Advocate with
Ms. P. Shroff for the respondent

C. M. : 1185/96

Allowed subject to just exceptions.

C. M. / 96 & Co. A.14/96

During the pendency of this appeal, this Court passed an order on 6-9-1996 recording that the respondent wanted to propose amendments to the Scheme of amalgamation so that the same could be considered by this Court directly under Section 393 (2). Pursuant to that order of amendment to the Scheme of amalgamation have been filed in the Court by the respondent with copy to the appellant. An affidavit dated 10-9-1996 has been filed on behalf of the first respondent. Thereafter, counsel for the appellant sought time to examine the proposal and filed a reply affidavit. Reply was signed by Mr. S. B. Mathur, on behalf of the appellant (Regional Director of Company Affairs), Learned counsel for the appellant raised certain doubts as stated in para 7 of the reply in regard to the interpretation of Clause (b) of Section 42 (2) and sought for clarification.

After some discussion, learned counsel fairly and rightly gave up the said plea for clarification. This was in the light of the clarification given by the counsel for the respondent. Therefore, there can be no objection to accepting the amendments.

We accordingly approve the scheme with the amendments proposed by the first respondent in para 8 of the affidavit filed by the first respondent dated 10-9-1996. The said amendments shall stand incorporated as para 9 (d) of the Scheme of amalgamation.

The appeal stands disposed of accordingly.

sd/- M. J. Rao
Chief Justice

September 20, 1996
AKA.

sd/- Manmohan Sarin
Judge

Copy of order/Judgement/Statement/Passed/Delivered/Recorded on 28.3.2003 by the Hon'ble Mr. Justice A. K. Goel, Judge in Company Pet. No. 1 of 2003 titled.

In the matter of an Applications under Sections 391 to 394 of the Companies Act, 1956
AND

In the matter of Amalgamation of HFCL Trade-Invest Limited with Himachal Futuristic Communications Limited and Arrangement between Himachal Futuristic Communications Limited and its members

HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED, a Company incorporated under the Companies Act, 1956 and having its Registered Office at 8, Electronics Complex, Chambaghat, Solan - 173213 Himachal Pradesh.

Copy of Order/Judgement/Statement
IN THE HIGH COURT OF HIMACHAL PRADESH AT SHIMLA-171001

IN THE HIGH COURT OF HIMACHAL PRADESH, SHIMLA

Company Petition Nos. 1 and 2 of 2003:

Date of Decision : 28th March, 2003:

In the matter of HFCL Trade-Invest Limited.

Coram

The Hon'ble Mr. Justice Arun Kumar Goel, Judge.:

Whether approved for reporting ? No

For the petitioner : Shri Bishwajit Bhattacharya
Deepak Gupta and Raman Sethi, Advocates

For the Official Liquidator : Shri Ajay Mohan Goel, Advocate.

Arun Kumar Goel, Judge (Oral):

Heard learned counsel.

It is proposed to disposed off Company Petition No. 1 of 2003 and Company Petition No. 2 of 2003 by this common order as both are inter-connected.

These petitions have been filed under Section 391 (2) and Section 394 of the Companies Act, 1956 praying for according sanction to the scheme of amalgamation of HFCL Trade Invest Limited, hereinafter referred to as "the Transferor Company", petitioner in Company Petition No. 2 of 2003 with Himachal Futuristic Communications Limited, hereinafter referred to as "the transferee company", petitioner in Company Petition No. 1 of 2003 .

Facts as those emerge from the record of both above company petitions are as under :-

1. The Registered Office of the Transferor and the Transferee Companies are situated at Chambaghat, District Solan within the territorial jurisdiction of this Court.
2. The Scheme of amalgamation is to amalgamate the Transferor Company which is wholly owned subsidiary of the Transferee Company. The objects and the salient features of the Scheme and the circumstances necessitating the amalgamation of these companies have been explained in the petitions. I find no reason to disagree with the expectations of the petitioner Companies.
3. The audited balance sheet and the profit and loss account for the year ended 31st March, 2002 of both the transferor and the transferee companies having been placed on record together with the resolution of the respective Board of Director approving the scheme of amalgamation.
4. It has also been submitted that there are no investigations or proceedings pending against any of the aforesaid petitioner companies under Sections 235 to 251 of the Companies Act, 1956.
5. Vide order of this Court dated 30th December, 2002 in Company Petition No. 9 of 2002, the meeting of equity shareholders of the transferee company was directed to be convened under the Chairmanship of Shri Praneet Gupta, Advocate. The said meeting was duly convened on 3rd February, 2003. Shri Praneet Gupta, Advocate, Chairman of the meeting has submitted his report. Learned counsel of the transferee company reiterate that all the share-holders present in the meeting have unanimously approved the scheme of amalgamation. Further, the equity share-holders also approved the special resolution confirming the utilization of the share premium account of the transferee company not exceeding Rs. 1100 crore to write off miscellaneous expenditure and also the goodwill, if any, arising out of recording of assets and liabilities of the transferor company in the books of the transferee company at a fair value as per purchase method specified in the Accounting Standard-14 of the Institute of Chartered Accountants of India and this is to be done on the appointed date, i.e. 31st March, 2003. It was also submitted by the counsel of the transferee company that the utilization of the share premium amount results in the reduction of capital under section 100 of the Companies Act, 1956. On the request of the transferee company, this Court granted leave to file Form of Minutes proposed to be registered under Section 103(1)(b) of the Companies Act, 1956. The said minutes are taken on record. The meeting of preference share-holders and creditors of the transferee company was dispensed with, as the proposed scheme did not affect the rights of these persons as informed by the counsel of the transferee company. Meeting of the share-holders of the transferor company was dispensed with by the order of this Court dated 30th December, 2002 in Company Petition No. 8 of 2002, as the transferee company was the sole share-holder in the transferor company and it has filed no objection to the scheme. By the same order, the meeting of the creditors of the transferor company was also dispensed with as no objection letters of all the five creditors of the said company were filed.
6. Both transferee as well as transferor companies thereafter filed the present petitions for sanctioning the scheme of amalgamation. These petitions were taken up on the 24th February, 2003. The petitions were admitted and notice of petition was issued. In additions to the issuance of notices, to the Regional Director, Company Law Board, Kanpur and Official Liquidator, citation was also ordered to be published in "Indian Express, Chandigarh Edition (English)" and "Dianik Tribune (Hindi)" and "H.P. Government Rajpatra". These have been duly published. In response to the advertisement of the notice of the petitions in the newspapers and in the and in the H.P. Government Rajpatra, neither any one filed any objection to the grant of sanction to the scheme nor appeared before this Court with the sole exception of Haryana Telecom Limited claiming to be an unsecured creditor of the transferee company. But the transferee company

refuted the contention of the alleged creditor. The transferee company claimed that the alleged creditor owes a sum of Rs. 1,34,53,604/- to the transferee company as against Rs. 72,10,855/- being principal amount claimed by the alleged creditor of the transferee company. It was also submitted that the said Haryana Telecom Limited has filed a winding up petition against the transferee company. The counsel for the transferee company informed the Court that the transferee company has filed an application under Section 8 of the Arbitration & Conciliation Act, 1996 in the winding up petition. To prove their bonafides, the transferee company has deposited with this Court a demand draft for the aforesaid amount of Rs. 72,10,855/- drawn in favour of the Registrar General of this Court subject to the condition that the Court will be pleased to disburse the amount together with interest accrued on this deposit to the successful party in the winding up proceedings. By a separate order of this Court dated 27th March, 2003 in Company Petition No. 7 of 2002, this Court has held that the said amount of Rs. 72,10,885/- shall be kept deposited with the Registrar General of this Court and shall be paid alongwith the interest accrued there-on to the successful party in the winding up proceedings. Thereafter Haryana Telecom Limited withdrew its objections filed in Company Petition No.1 of 2003 on 27-3-2003 opposing the amalgamation of the transferor and transferee companies.

7. The Regional Director has recorded that he has no objection to the proposed scheme of amalgamation being sanctioned by the Court.
8. The Official Liquidator has also in his report stated that the affairs of the transferor company have not been conducted in a manner prejudicial to the interest of the members or to the public interest. He has also stated that he has no objection to the proposed scheme of amalgamation.

In the circumstances narrated hereinabove and having regard to the averments made in the petitions and the material placed on record and since the objection raised by the petitioners alleged creditor - Haryana Telecom Limited has been withdrawn and since the Regional Director has not objected to the scheme being sanctioned by the Court and since no one - else has opposed the scheme of amalgamation, I am satisfied that the prayer made by both, i.e. transferor and transferee companies in their respective petitions deserves to be allowed. Even otherwise also, on examination of the whole case, I do not find any legal impediment for the grant of sanction to the scheme of amalgamation.

Accordingly, the scheme of amalgamation is hereby sanctioned in its entirety under Sections 391 to 394 of the Companies Act, 1956. Consequent to the amalgamation which will be deemed to have taken effect from the appointed date, the transferor company having amalgamated with the transferee company stands dissolved without the process of winding up.

And it is further ordered that on the scheme becoming effective:-

- (i) The shares held by the transferee company in the transferor company shall be cancelled.
- (ii) Optionally fully convertible debentures held by the transferee company in the transferor company shall be cancelled.
- (iii) The balance in the share premium account in the books of the transferee company shall be utilized to write off the miscellaneous expenditure account (to the extent not written off or adjusted) of the transferee company as on 31st March, 2002 plus any further accretion thereto till the appointed date and also the goodwill, if any, generated on the recording of the assets and liabilities of the transferor company in the books of the transferee company, both not exceeding in aggregate Rs. 1100 crore.
- (iv) No shares or consideration shall be issued/paid by the transferee company in respect of the amalgamation under the scheme and accounting treatment prescribed in Clause-6 of the scheme shall be followed.

- (v) Both the petitions stand disposed off in the abovesaid terms.
- (vi) Liberty reserved for applying to this Court seeking directions as may be necessary.

28th March, 2003
(Basant)

Sd/- A.K. Goel , Judge

AMALGAMATION OF HFCL TRADE - INVEST LIMITED
WITH
HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED
AND
SCHEME OF ARRANGEMENT
BETWEEN
HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED
& ITS MEMBERS
PART - A: PRELIMINARY

This Scheme is presented for restructuring of Himachal Futuristic Communications Limited and its wholly- owned subsidiary HFCL Trade-Invest Limited, including in particular:

- (a) The Aamalgamation of HFCL Trade-Invest Limited with Himachal Futuristic Communications Limited, and
- (b) Utilisation of Securities Premium Account of Himachal Futuristic Communications Limited, pursuant to Sections 391 to 394 read with Sections 78,100 and all other applicable provisions of the Companies Act, 1956.

1. DEFINITIONS

In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meanings:

- 1.1 “Act” means the Companies Act, 1956 or any statutory modification or re-enactment thereof for the time being in force.
- 1.2 “Appointed Date” means the 31st March 2003.
- 1.3 “Assets” means all the assets of HFCL -T as on the Appointed Date including:
 - (a) All properties and assets, investments, stocks, debtors, receivables, loans, advances, all rights, powers, interests, authorities, privileges and liberties, whether or not recorded in the books of account and/or appearing in its balance sheet.
 - (b) All books of account, register, statutory registers, records and all other documents of whatever nature relating to the above assets and properties.
 - (c) Without prejudice to the generality of sub-clauses (a) and (b) hereinabove, the Assets shall include all HFCL -T’s movable assets and properties, real corporeal and incorporeal, in possession or reversion, present and contingent, all other Assets (whether tangible or intangible) of whatsoever nature, and wheresoever situate, investments, stocks, lease and hire purchase contracts, other rights, powers, authorities, allotments, approvals, consents, exemptions, letters of intent, licences permits, registrations, contracts, engagements, arrangement, rights ,titles, interests, benefits, and advantages of any nature whatsoever and

wheresoever situate of, belonging to, or in the ownership, power or possession and in the control of, or vested in, or granted in favour of, or enjoyed by, HFCL - T, including but without being limited to all intellectual properties and rights of any nature whatsoever and licences, assignments, grants in respect thereof, privileges, liberties, easements, contracts, advantages, benefits, goodwill, quota right, permits, approvals, authorisations, right to use and avail of telephones, telex, facsimile and other communication facilities, connections, equipments and installations, utilities, electricity and electronic connections and all other services, of every kind, nature and descriptions whatsoever, benefits of all agreements, contracts, arrangements, deposits, advances, recoverables and receivables whether from government, semi - government, local authorities of any other customers, etc., and all other rights, interest, claims and powers of every kind, nature and description of, and arising to, HFCL - T and cash and bank balances, all earnest moneys or deposits including security deposits, if any, paid by HFCL - T.

- 1.4 “Court” means the High Court of Himachal Pradesh.
- 1.5 “Effective Date” means the last of the dates on which the last of the consents, sanctions, approvals or orders specified in Clause 17 of this Scheme are obtained/ filed or the Appointed Date, whichever is later.
- 1.6 “HFCL” means Himachal Futuristic Communication Limited, a company incorporated under the Act and having its Registered Office at 8, Electronics Complex, Chambaghat Solan 173 213, Himachal Pradesh.
- 1.7 “HFCL - T” means HFCL Trade -Invest Limited, a company incorporated under the Act and having its Registered Office at 8, Electronics Complex, Chambaghat Solan 173 213, Himachal Pradesh and which is a wholly-owned subsidiary of HFCL.
- 1.8 “Liabilities” means all the liabilities of HFCL-T and includes all the debts, liabilities, duties and obligations of HFCL - T of whatsoever nature, as on the Appointed Date, whether or not provided for in the books of account of HFCL-T and whether or not appearing in its balance sheet.
- 1.9 “Miscellaneous Expenditure” means Miscellaneous Expenditure (to the extent not written off or adjusted) appearing in the Balance sheet of HFCL as at 31.3.2002 and further accretion thereto till the Effective Date.
- 1.10 “Scheme” means this (a) Scheme of Amalgamation between HFCL and HFCL-T and (b) Utilisation of Securities Premium Account of HFCL, in its present form submitted to the Court or with any modification/s made under, Clause 16 of this Scheme or with such other modifications/amendments as the Court may direct.
- 1.11 “Transferor Company” means HFCL-T.
- 1.12 “Transferee Company” means HFCL.
- 1.13 “Undertaking” means the whole of the Business Undertaking of HFCL - T inclusive of the Assets and the liabilities.
- 1.14 “Financial Statements” for the purpose of this Scheme shall mean and include the audited accounts as at 31st March, 2002 of HFCL and HFCL -T.
- 1.15 The terms not defined herein, but defined in the Act, shall have the same meaning assigned to them in the Act.

2 SHARE CAPITAL

- 2.1 The authorised share capital of HFCL is Rs. 500,00,00,000 comprising of 25,00,00,000 equity shares of Rs. 10/- each and 2,50,00,000 redeemable preference shares of Rs. 100 each. The issued, subscribed and paid-up share capital of HFCL as at 31st March, 2002 was Rs. 159,82,21,550 comprising of 7,88,22,155 fully paid-up equity shares of Rs. 10 each (excepting call-in-arrears of Rs. 31,050); 70,00,000 fully paid-up 14% cumulative redeemable shares of Rs. 100 each and 11,00,000 fully paid-up 12% cumulative redeemable preference shares of Rs. 100 each.
- 2.2 In September 2002, HFCL has issued and allotted 67,99,945 GDRs representing 5,43,99,560 fully paid-up equity shares of Rs. 10 each. In December 2002, HFCL has allotted 660 Foreign Currency Convertible Bonds (330 'A' Bonds of US\$50000 each fully paid-up and 330 'B' Bonds of US\$ 50000 each with US\$ 5000 per Bond paid-up). The paid-up value of these Bonds is US\$18.15 million. In the Annual General Meeting of HFCL held on 28th September 2002, it was resolved to issue on a preferential basis to the Promoters, 2 crore warrants convertible into equity shares, warrants or any other financial instruments convertible into equity shares upto a maximum of 3 crore equity shares on private placement basis but no issue has been made so far.
- 2.3 The authorised share capital of HFCL-T is Rs. 100,00,00,000 comprising of 10,00,00,000 equity shares of Rs. 10 each. The issued, subscribed and paid-up share capital of HFCL-T as at 31st March, 2002 was Rs. 40,00,00,000, comprising of 4,00,00,000 fully and paid-up equity shares of Rs. 10 each. HFCL-T is a wholly-owned subsidiary of HFCL.

PART-B : THE SCHEME

3. BACKGROUND

HFCL was incorporated at Himachal Pradesh on 11th day of May, 1987. HFCL is engaged in the business of manufacturing of transmission and access equipment, other telecom products and providing turnkey solutions in telecommunication projects.

HFCL-T is a wholly-owned subsidiary of HFCL and a registered Non-Banking Finance Company.

This Scheme is for Amalgamation of HFCL-T with HFCL and the utilisation of the Securities Premium Account of HFCL.

In the present economic scenario, HFCL needs to focus on its core activity of telecom business and reducing the exposure to non-banking financial business. Also, the structure of holding-subsidiary has its disadvantages such as duplicate of administrative efforts, increase in overall cost etc.

Miscellaneous Expenditures Account (to the extent not written off) appearing in the books of HFCL with have negative impact on the future profitability of the Company. HFCL has also got substantial amount lying in the Securities Premium account. Therefore, it is advisable to utilise the amount lying in the Securities Premium account for writing off the Miscellaneous Expenditure account and Goodwill, if any, which may be generated as a result of the amalgamation.

Therefore, the Board of Directors of HFCL has approved the Scheme for reducing the administrative costs and efforts and streamlining the Corporate Structure of HFCL, better presentation of financial statements and for concentrating on core business of HFCL.

The implementation of the Scheme would be beneficial as it would simplify the structure and achieve the purpose of cost efficiency, transparency of operations, better and effective presentation of operating results and effective utilisation of available resources.

4 MERGER OF HFCL-T WITH HFCL

- 4.1 With effect from the Appointed Date, the Undertaking of HFCL-T shall, pursuant to the provisions contained in Section 394 and other applicable provisions of the Act, stand transferred to, and vested in, or be deemed to be transferred to and vested in, HFCL, without any further Act, deed, matter or thing (save as provided in Clause 4.2 below) so as to become on the Appointed Date, the Undertaking, including all the Assets (subject to encumbrances and charges, if any, existing thereon) and the liabilities, of HFCL.

Provided always that the Scheme shall not operate to enlarge the scope of security for any loan, deposit or facility availed of by HFCL-T, and HFCL shall not be obliged to create or provide any further or additional security therefor.

- 4.2 It is expressly provided that in respect of such of the Assets as are movable in nature or otherwise capable of being transferred by manual delivery or by endorsement and delivery, the same shall be so transferred by HFCL-T. Further, in respect of such of the Assets, i.e., as are movable in nature, in dematerialised form and capable of being transferred in dematerialised form, the same shall be transferred in dematerialised form.

- 4.3 On and from the Appointed Date and subject to any corrections and adjustments as may, in the opinion of the Board of the Directors of the Transferee Company, be required, the Assets and liabilities shall be merged with those of the Transferee Company in the same form as they appear in the financial statements of the Transferor Company.

- 4.4 With effect from the Appointed Date, all the debts, liabilities, duties and obligations of HFCL-T shall, pursuant to the order of the Court(s) under Section 394 and other applicable provisions of the Act and without any further act or deed, be transferred, or deemed to be transferred, to and be assumed by HFCL, so as to become, as from the Appointed Date, the debts, liabilities, duties and obligations of HFCL on the same terms and conditions as were applicable to the Transferor. Furthermore, the debts, liabilities, duties and obligations which may accrue or arise after the Appointed Date but which relates to the period on or up to the day of the Appointed Date shall be the debts, liabilities, duties and obligations of HFCL including any encumbrance on the Assets of HFCL-T or on any income earned from those assets.

- 4.5 (a) Pursuant to the scheme of amalgamation approved by the High Court at Delhi in the year 1996, HFCL-T is holding (i) 30,00,060 equity shares of HFCL of Rs. 10 each having cost of acquisition of Rs. 5,04,76,000 (Rupees Five Crore Four Lakhs Seventy Six Thousand only), in trust for the benefit of the shareholders of HFCL and (ii) dividend accumulated thereon as reflected in the "HFCL Shareholders Trust Account" in the books of HFCL-T which as on 31st March, 2002 was Rs. 1,97,04,735 (Rupees One Core Ninety Seven Lakhs Four Thousand Seven Hundred Thirty Five only).

- (b) After a lock-in period of 8 years from, 20th September, 1996, the date of the order of the Court approving that Scheme, HFCL-T is required to distribute (i) the sales proceeds of the aforesaid equity shares after adjusting the cost of acquisition and (ii) the dividend accumulated thereon as reflected in the aforesaid HFCL Shareholders Trust Account, to the equity shareholders of HFCL as on the date fixed for the distribution of dividend by HFCL.

- (c) On and from the Appointed Date, the aforesaid equity shares and the accumulated balance in the aforesaid HFCL Shareholders Trust Account, shall stand transferred to HFCL Shareholders Trust Account in the Books of HFCL but subject to the obligations as mentioned hereinabove.

Accordingly, after the aforesaid lock-in period, HFCL shall make the distribution as specified in sub-clause (b) hereinabove to the shareholders of HFCL whose names appear on its register of members on the date fixed by HFCL for distribution of dividend immediately after such sale.

- 4.6 The transfer and vesting of the properties and liabilities and the continuance of the proceedings mentioned herein shall not affect the transactions or proceedings already concluded by HFCL-T on or after the Appointed Date to the end and intent that HFCL shall accept all the acts, deeds, bonds, agreements and other instruments of whatsoever nature done and executed by HFCL-T.

5. TREATMENT OF SHARE CAPITAL AND OF CDs OF HFCL-T

5.1 On the Scheme becoming effective:

- (a) 4,00,00,000 equity shares of Rs. 10 each held by the Transferee Company in the Transferor Company shall stand cancelled without any further act, application or deed;
- (b) 16,08,66,140 optionally fully convertible debentures of Rs. 100 each held by the Transferee Company in the Transferor Company shall stand cancelled without any further act, application or deed.

5.2 Since the Transferor Company is a wholly-owned subsidiary of the Transferee Company, for the Transfer of the Undertaking of the Transferor Company to the Transferee Company, no exchange/issue of shares or payment of any consideration is required or involved.

6. ACCOUNTING TREATMENT

On the Scheme becoming effective, HFCL shall in respect of its accounts for the year ended on 31st March, 2003, account for the Scheme in its books as under:

- (a) The Assets and the Liabilities received by HFCL, on Amalgamation of HFCL-T, shall be recorded by HFCL at their respective fair values as required under “the Purchase Method” defined in the Accounting Standard 14 for “Accounting for Amalgamations” issued by the Institute of Chartered Accountants of India.
- (b) The surplus, if any, arising on recording of Assets and Liabilities as mentioned in sub-clause (a) above and cancellation of Investments in Shares and Optionally Fully Convertible Debentures of HFCL-T held by HFCL, shall be recorded as capital reserve in the books of account of HFCL. The deficit, if any, arising on such recording and cancellation shall be reflected as goodwill.
- (c) The balance in the Securities Premium Account in the books of account of HFCL shall be utilised as specified in Clauses 7.1 and 7.2 hereinbelow.

7. UTILISATION OF SECURITIES PREMIUM ACCOUNT

7.1 To utilise an amount not exceeding Rs. 1100 crore (Rupees one thousand one hundred crores) out of the balance standing in the Securities Premium Account to adjust/write off the Miscellaneous Expenditure and the goodwill generated on recording of the Assets and the Liabilities by HFCL as specified in Clause 6(b) above.

7.2 The application and reduction of the Securities Premium Account, as per Clause 6.1 above, shall be effected as an integral part of the Scheme itself as the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid-up share capital and the order of the Court sanctioning the Scheme shall be deemed to be an order under section 102 and other applicable provisions of the Act.

8. DATE WHEN THE SCHEME COMES INTO OPERATION

The Scheme, though operative from the Appointed Date, shall be effective from the Effective Date.

9. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

9.1 Subject to the other provisions of the Scheme, all contracts, deeds, bonds, agreements and other instruments of whatsoever nature to which the Transferor Company is a party, subsisting or having effect immediately before or after the Effective Date shall remain in full force and effect against or in favour of the Transferee Company and shall be binding on and be enforceable against the Transferee Company as fully and effectually as if it had all material times been a party thereto.

9.2 HFCL 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 of confirmation in favour of the secured creditors of HFCL-T or in favour of any other party to any contract or in favour of any other party to any contract or arrangement to which HFCL-T is a party or any writing as may be necessary to be executed in order to give formal effect to the above provisions. HFCL shall under the provisions of the Scheme be deemed to be authorised to execute any such writings on behalf of HFCL-T, as the case may be, and to implement or carry out all such formalities or compliances referred to above on the part of HFCL-T to be carried out or performed.

10. LEGAL PROCEEDINGS

All suits, claims, actions and proceedings, by or against the Transferor Company pending or arising on or before the Effective Date shall be continued and be enforced by or against the Transferee Company, as effectually as if the same had been pending or arising against the Transferee Company.

11. CONDUCT OF BUSINESS BY HFCL-T UNTILL THE EFFECTIVE DATE

11.1 With effect from the Appointed Date and up to and including the Effective Date.

- (a) The Transferor Company shall carry on and be deemed to have been carrying on all its businesses and activities and shall be further deemed to hold and stand possessed of the Assets for and on account of, and in trust for, the Transferee Company and all the profits accruing to the Transferor Company or losses arising or incurred by it shall for all purposes be treated as the profits or losses of the Transferee Company, as the case may be;
- (b) The Transferor Company shall carry on its business with utmost care, prudence and diligence and shall not without the prior written consent or concurrence of the Transferee Company alienate, charge or otherwise deal with, or dispose of, its undertaking or any part thereof except in the ordinary course of its business;
- (c) The Transferor Company shall not vary the terms and conditions of service of its permanent employees except in the ordinary course of its business; and
- (d) The Transferor Company shall not, without the prior written consent of the Transferee Company, undertake any new business or a substantial expansion of its existing business.

11.2 HFCL 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 HFCL may require to carry on the business of the Transferor Company.

12. EMPLOYEES OF THE TRANSFEROR COMPANY

12.1 All the employees of the Transferor Company, who are in service on the date immediately preceding the Effective Date, shall become the employees of the Transferee Company on the Effective Date.

12.2 On the Scheme finally taking effect as hereinafter provided:

- (a) The employees of the Transferor Company shall become the employees of the Transferee Company, without any break or interruption in service and on terms and conditions not less favourable than those on which they are engaged by the Transferor Company as on the Effective Date. Services of all employees with the Transferor Company up to the Effective Date shall be taken into account for purposes of all retirement benefits for which they may be eligible. Further, for the purpose of payment of any severance compensation, such past services with the transferor Company shall also be taken into account;

- (b) The services of such employees shall not be treated as having been broken or interrupted for the purpose of provident fund or gratuity or superannuation or other statutory purposes and for all purposes will be reckoned from the date of their respective appointments with Transferor Company;
- (c) It is provided that as for as the provident fund, gratuity fund and pension and/or superannuation fund or any other special fund created or existing for the benefit of the staff, workmen and other employees of the Transferor Company are concerned, upon the Scheme becoming finally effective, the Transferee Company shall stand substituted for the Transferor Company in respect of the employees transferred with the undertaking of the Transferor Company for all purposes whatsoever relating to the administration or operation of such funds or trusts or in relation to the obligation to make contribution to the said funds or trusts in accordance with the provisions of such funds or trusts as provided in the respective trusts deeds or other documents. It is aim and the intent of the Scheme that all the rights, duties, powers and obligations of the Transferor Company in relation to such funds or trusts shall become those of the Transferee Company,

13. DIVIDENDS

Dividends (interim or final) in respect of the period commencing from the Appointed Date may be declared or paid by the Transferor Company only after consultation with the Transferee Company.

14. ISSUE OF SHARES

The Transferor Company shall not, after the Appointed Date, issue or allot any shares or other financial instruments without the written consent of the Transferee Company.

15. APPLICATIONS TO THE HIGH COURT/S

15.1 The Transferee Company shall make applications and/or petitions under Section 391, 394 and other applicable provisions of the Act to the High Court of Himachal Pradesh for sanction of the Scheme.

15.2 The Transferor Company shall make applications and/or petitions under Sections 391 to 394 and other applicable provisions of the Act to the High Court of Himachal Pradesh for sanction of the Scheme and for dissolution of the Transferor Company without winding-up.

16. MODIFICATION/AMENDMENTS TO THE SCHEME

16.1 The Transferor Company and the Transferee Company through their respective Boards of Directors in their full and absolute discretion, may assent to any modification or amendment to the Scheme which the High Court of Himachal Pradesh, shareholders of the Transferor Company, shareholders of the Transferee Company or any other competent authority may require / suggest for approving the Scheme and effect any other modification or amendment which the respective Boards in the best interest of the Transferor Company and/or the Transferee Company may consider necessary or desirable and give such directions as they may consider necessary or desirable for settling any question, doubt or difficulty arising under the Scheme or in regard to its implementation or in any matter connected therewith and to do all acts, deeds and things as may be necessary, desirable or expedient for carrying the Scheme into effect.

16.2 For the purpose of giving effect to the Scheme or to carry out any modification or amendment thereto, the Board of Directors of the Transferor Company and the Transferee Company or any Committee thereof is authorised to give such directions or to take such steps as may be necessary or desirable including any directions for settling any question, doubt or difficulty whatsoever that may arise.

16.3 HFCL and /or HFLC-T (by their respective Board of Directors) may at any time withdraw the Scheme in the event that the Board for any reason find that the Scheme can not be implemented or any modification or amendment suggested by the Court or any authority cannot be accepted.

PART-C: GENERAL

17. SCHEME CONDITIONAL ON APPROVALS / SANCTIONS

The Scheme is specifically conditional upon, and subject to :

- (a) The consent, approval, sanction, etc., under any law, of the Central Government, Securities Exchange Board of India or any other agency, department or authorities concerned being obtained and granted in respect of any of the matters provided for in, or relating to, the Scheme for which such consent, approval, sanction, etc., is required;
- (b) The approval of, and agreement to, the Scheme by the requisite majorities in number and value of such classes of persons of the Transferee Company as may be directed by the Court, on the application made for directions under Section 391 of the Act for calling the meeting and necessary resolution being passed under the Act for the purpose;
- (c) The sanction/confirmation of the High Court of Himachal Pradesh under Section 391, 394 and other applicable provisions of the Act in favour of the Transferee Company and the necessary Order or Orders under Section 394 of the Act being obtained;
- (d) The sanction/confirmation of the High Court of Himachal Pradesh under Section 391, 394 and other applicable provisions of the Act in favour of the Transferor Company and the necessary Order or Orders under Section 394 of the Act being obtained;
- (e) Certified copies of the Orders of the Court(s) sanctioning the Scheme being filed with the Registrar of Companies of Himachal Pradesh by the Transferee Company and the Transferor Company respectively.

18. EFFECT OF NON RECEIPT OF APPROVALS / SANCTIONS

In the event of any of the said consents, approvals, sanctions, etc., referred to in Clause 17 not being obtained or the Scheme not being sanctioned by the Court(s) or the Order or Orders not being passed as aforesaid before March 31, 2003 or within such further period or periods as may be agreed upon between the Transferor Company (by its Board of Director) and the Transferee Company (by its Board of Directors), this Scheme shall stand revoked , cancelled, null, void and be of no effect. In that event, no rights and liabilities whatsoever shall accrue to or be accrued inter se to the parties save and except in respect of any act or deed done prior their to as is contemplated hereunder or as to any rights 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.

19. COSTS AND EXPENSES

All costs, charges and expenses of the Transferor Company and of the Transferee Company in relation to or in connection with the Scheme shall be borne by the Transferee Company.

20. BOARD OF DIRECTORS

On the Scheme becoming effective, the Board of Directors of HFCL-T shall stand dissolved.

21. DISSOLUTION WITHOUT WINDING UP

On the Scheme becoming effective, HFCL-T shall stand dissolved without being wound up.

IN THE MATTER OF:

The Companies Act, 1956;

AND

IN THE MATTER OF:

Petition under Sections 391-394 of the Companies Act, 1956;

AND

IN THE MATTER OF:

Composite Scheme of Arrangement and Amalgamation of Sunvision Engineering Company Private Limited and its Shareholders & Optionally Convertible Debenture Holder into Himachal Fururistic Communications Limited and its Shareholders.

AND

IN THE MATTER OF:

HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED , a Company incorporated under the Companies Act, 1956, with its Registered Office at 8, Electronics Complex, Chambaghat, Solan, Himachal Pradesh-173213.	Petitioner/ Transferee Company
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**COPY OF ORDER/JUDGEMENT/STATEMENT(S) RECORDED/ISSUES
IN THE HIGH COURT OF HIMACHAL PRADESH**

**IN THE HIGH COURT OF HIMACHAL PRADESH
SHIMLA**

**Co. Pet No. 14/2010
alongwith Co. Pet. No. 15/2010
Decided on : 5.1.2011**

**in the matter of:
14/2010:
Sunvision Engineering Company Private Limited.**

**15/2010
Himachal Futuristic Communications Limited.**

Coram :

Hon'ble Mr. Justices Rajiv Sharma , Judge.

Whether approved for reporting ? ¹ Yes.

**for the petitioner : Mr. Rajiv Nayyar, Sr. Advocate with Mr. Sunil Mohan
Goel, Advocate.**

**For the respondents : Mr. Janesh Mahajan, Central Government Counsel, for the Registrar of Companies
and the Central Government.**

Mr. Sanjeev Kuthiala, Counsel for the Official Liquidator.

Rajiv Sharma, Judge (Oral)

Since common questions of law and facts are involved in both the petitions, the same are taken up together for hearing and are being disposed of by a common judgement.

¹ Whether reporters of the local papers may be allowed to see the judgement ? Yes.

2. The Board of Director of the Transferor Company, i.e. Sunvision Engineering Company Private Limited, approved the scheme on 21.9.2010. The Board of Directors of the transferee company, i.e. Himachal Futuristic Communications Limited, also approved the scheme on 21.9.2010. The National Stock Exchange of India Limited and Bombay Stock Exchange conveyed their 'no objection' to the filing of scheme in this Court on 12.10.2010 and 19.11.2010, respectively.
3. Company Petition No.13 of 2010, instituted by Transferor Company, under section 391 of the Companies Act, 1956 sought directions under rule 69 of the Companies (Court) Rules, 1959 (hereinafter referred to as 'Rules' for brevity sake) for dispensing with the requirement of convening the meetings of the Equity Shareholders, Unsecured Creditors and Optionally Convertible Debenture Holder. The Transferee Company instituted Company Petition No.12/2010 seeking directions under rule 69 of the Rules for convening the meetings of the Equity Shareholders, Preference Shareholders, Secured Creditors and Unsecured Creditors of the Transferee Company to consider the scheme.
4. This Court in Company Petition No. 13 of 2010 dispensed with the requirement of convening the meeting of the Equity Shareholders, Unsecured Creditors and Optionally Convertible Debenture Holder on 22.10.2010. This Court in Company Petition No. 12 of 2010 on 22.10.2010 directed convening of the meetings of the Equity Shareholders, Preference Shareholders, Secured Creditors and Unsecured Creditors of the Transferee Company to consider the scheme. From 25.10.2010 to 28.10.2010, in terms of rule 73 of the Rules, notices of the meeting of the Equity Shareholders with a copy of the scheme, explanatory statement and form of proxy were issued to the Equity Shareholders of the Transferee Company. On 27.10.2010, notices of the meeting of the Preference Shareholders with a copy of scheme, explanatory statement and form of proxy was despatched to the Preference Shareholders of the Transferee Company. Similarly, on 27.10.2010, under rule 73 of the Rules, notice of the meeting of the Secured Creditors with a copy of the scheme, explanatory statement and form of proxy was despatched by U.P.C to the Secured Creditors of the Transferee Company. On 28.10.2010, notice of the meeting of the Unsecured Creditors with copy of the scheme, explanatory statement and form of proxy, was despatched by U.P.C to the Unsecured Creditors of the Transferee Company. On 27.10.2010 in compliance to rule 74 of the Rules, public notice of the meetings of the Equity Shareholders, Preference Shareholders, Secured Creditors and Unsecured Creditors was published in the Indian Express (English - All India Edition-North), the New India Express (English - All India Edition - South), Indian Express (English- Chandigarh Edition) and Dainik Tribune (Hindi - Chandigarh Edition).
5. The Equity Shareholders of the Transferee Company convened its meeting on 26.11.2010 for approving the scheme, in accordance with the provisions of section 391 (2) of the Act. The Equity Shareholders voted in favour of the scheme represented 99.06% in number and 99.84% in value of the Equity Shareholders present and voted. The preference Shareholders of the Transferee Company at the meeting held on 26.11.2010 approved the scheme, in accordance with the provisions of section 391 (2) of the Act. The Preference Shareholders who voted in favour of the scheme represented 100% in number and 100% in value of the Preference Shareholders present and voted. The Secured Creditors of the Transferee Company also approved the scheme, in accordance with the provisions of section 391 (2) of the Act, on 26.11.2010. The Secured Creditors, who voted in favour of the Scheme represented 100% in number and 100% in value of the Secured Creditors present in voting.

The Unsecured Creditors of Transferee Company at the meeting held on 26.11.2010, approved the Scheme in accordance with the provisions of section 391 (2) of the Act. The Unsecured Creditors who voted in favour of Scheme represented 100% in number and 100% in value of the Unsecured Creditors present in voting. The Chairperson filed report in this Court in Company Petition No. 12 of 2010. Thereafter, in Company Petition No. 14 of 2010 and 15 of 2010, Transferor Company and Transferee Company, respectively sought sanction of the scheme of amalgamation.
6. This Court in Company Petition No. 14 2010 directed the publication of notice in the newspapers and notice to be served on the Regional Director, Registrar of Companies and the Official Liquidator on 2.12.2010. Similarly, the Court in Company Petition No. 15 of 2010 directed publication of notice in the newspapers and notice to be served on the Regional Director and Registrar of Companies. In sequel to

orders dated 2.12.2010, passed in Company Petitions No. 14 and 15 of 2010, notices of petition was served upon Official Liquidator, Registrar of Companies and Regional Director. Notices were also published in the newspapers, as directed, strictly in conformity with rule 80 of the Rules. The notices of the petition were served on the Registrar of Companies and the Regional Director, in terms of order dated 2.12.2010 in Company Petition No. 15 of 2010. Notices were also published in the newspapers in conformity with rule 80 of the Rules. The Regional Director, in terms of first proviso to section 391 (1) and section 394-A of the Act, had filed the report, inter alia, stating :

- a) Upon the sanction of the scheme, all employees of the Transferor Company shall become the employees of the Transferee Company without interruption or break in service.
- b) The Transferee Company will advise to comply with the conditions raised by the Bombay Stock Exchange Limited.

- 7. The Official Liquidator, in terms of second provision to section 394 (1) of the Act, has filed the report on 16.12.2010, inter alia, stating therein that the affairs of the Transferor Company have not been conducted in a manner prejudicial to the interests of its members or to public interest.
- 8. Mr. Rajiv Nayyar, Senior Advocate submits that as far as condition No 9 of the report filed by the Regional Director, is concerned, it has been duly provided in clause 3.6.1 (a) of Part - III of the Scheme. Mr. Rajiv Nayyar also undertakes on behalf of his clients that the Transferee Company will comply with the conditions stated by the Bombay Stock Exchange Limited in its communication dated 19.10.2010.
- 9. It is evident from the observations and discussions made hereinabove that all the mandatory provisions under the Act and Rules have been complied with. The Scheme has been duly approved by the Equity Shareholders, Preference Shareholders, Secured Creditors and Unsecured Creditors of the Transferee Company. There is a report of the Regional Director and the Official Liquidator.
- 10. Consequently, the Court does hereby sanction the composite scheme of Arrangement and Amalgamation between the petitioner company, being Annexure A to Company Petition No. 14 of 2010, and Annexure A to Company Petition No. 15 of 2010. A copy of the Scheme shall be annexed to this order of sanction. The Transferor and Transferee Companies shall file a copy of this order alongwith composite Scheme of Arrangement of Amalgamation with the Registrar of Companies (for the States of Punjab, Chandigarh and Himachal Pradesh) within 30 days of the date of receipt of this order. Upon filing of the sanction order of this Court with the Registrar of Companies, the Transferor Company shall stand dissolved without the process of winding up. A copy of this order be given **Dasti** to the counsel for the petitioner Companies.
- 11. In the light of above, both the petitions stand disposed of . No costs.

5.1.2011
awasthi

(Rajiv Sharma)
Judge

COMPOSITE SCHEME OF ARRANGEMENT AND AMALGAMATION
Under Sections 391 to 394 of the Companies Act, 1956
of
Sunvision Engineering Company Private LimitedThe Transferor Company
Its Shareholders & Optionally Convertible Debenture Holder
into
Himachal Futuristic Communications Limited The Transferee Company
And
Its Shareholders

PREAMBLE

(A) DESCRIPTION OF COMPANIES

1.1 Himachal Futuristic Communications Limited (HFCL), the Transferee Company

- (a) **Incorporation:** HFCL was incorporated on 11th day of May, 1987 under the Companies Act, 1956 as a public company limited by shares having its registered office at 8, Electronics Complex, Chambaghat, Solan, Himachal Pradesh -173213.
- (b) **Objects/ Business:** The objects for which HFCL has been incorporated are as set out in its Memorandum of Association. HFCL is engaged in the business of manufacturing and trading of telecom transmission and access equipments, other telecom products and providing turnkey solutions in telecommunication projects.

1.2 Sunvision Engineering Company Private Limited (Sunvision), the Transferor Company

- (a) **Incorporation:** Sunvision was incorporated on 25th day of July 2007 under the provisions of the Companies Act, 1956 as a private company, limited by shares and presently having its registered office at 3rd Floor, Mittal Plaza, Chambaghat, Solan, Himachal Pradesh - 173213.
- (b) **Objects/Business:** The objects for which Transferor Company has been incorporated are as set out in its Memorandum of Association. Transferor Company was formed to carry on the business of manufacturing, assembling, trading, repairing, installation and commissioning of various types of engineering equipments, engineering goods, infrastructural works, civil mechanical, electrical projects, etc. The Company forayed in the business of electronic surveillance, electronic security and monitoring systems, etc. and made a strategic investment of 47.95% in Polixel Security Systems Private Limited (Polixel).

(B) RATIONALE OF THE SCHEME

The restructuring of the Transferee Company and the Amalgamation of the Transferor Company into the Transferee Company would *inter alia* have the following benefits:

- (i) This Composite Scheme of Arrangement and Amalgamation is presented with a view to achieve Restructuring of the Transferee company which would result in increase in the networth of the Transferee Company and improvement in financial health as more business activities shall be brought into the Transferee Company thereby preventing it from becoming a sick company.
- (ii) Benefit of operational synergies to the combined entity in hitherto untapped high-growth segments for the Transferee Company, such as electronic surveillance and electronic security business, monitoring systems, etc can be put to the best advantage of all the stakeholders.
- (iii) Greater integration, effective utilisation of resources and greater financial strength and flexibility for the amalgamated entity, which would result in optimising overall shareholder value, and will improve

the competitive position of the combined entity.

- (iv) Cash flow generated by the combined business which can be deployed more efficiently to fund organic and inorganic growth opportunities, to optimise the shareholder value.
- (v) It will improve the future profitability and debt servicing capacity of the Transferee Company.
- (vi) The amalgamated entity will have the ability to leverage on its improved network, new range of products and services, to enhance the stakeholders value.
- (vii) The restructuring of the Transferee Company proposed under the Scheme does not envisage any payment to any shareholder of any paid-up share capital.
- (viii) The restructuring proposed under the Scheme will not affect the normal business operations of the Transferee Company, but would improve the same.

In view of the aforesaid, the Board of Directors of both the Transferee Company and Transferor Company have considered and approved the Composite Scheme of Arrangement and Amalgamation comprising of distinct but integrally connected Arrangement under the provisions of Section 391 to 394 read with Section 78, 100 to 103 of the Companies Act, 1956.

(C) **SALIENT FEATURES OF THE SCHEME**

This Scheme is presented as a Composite Scheme of Arrangement and Amalgamation between Himachal Futuristic Communications Limited and its shareholders and the Amalgamation of Sunvision Engineering Company Private Limited into Himachal Futuristic Communications Limited, pursuant to Sections 391 to 394 and all other applicable provisions of the Companies Act, 1956. The salient features of the Scheme inter alia are as follows:

- 1. The Scheme provides for the reduction of the equity share capital of HFCL pursuant to section 391 and other relevant provisions of the Companies Act, 1956.
- 2. The Scheme provides for the amalgamation of Sunvision into HFCL, pursuant to sections 391 to 394 of the Companies Act, 1956.
- 3. The Scheme provides for the reconstruction of HFCL pursuant to section 391 and other relevant provisions of the Companies Act, 1956.
- 4. The Scheme also provides for various other matters consequential, supplemental and /or otherwise integrally connected herewith.

(D) **PARTS OF THE SCHEME**

The Scheme is divided into the following Parts:

- (i) **PART I** deals with the Definitions and the Share Capital
- (ii) **PART II** deals with the Reduction of Equity Share Capital of HFCL
- (iii) **PART III** deals with the Amalgamation of Sunvision into HFCL
- (iv) **PART IV** deals with Reconstruction of the HFCL
- (v) **PART V** deals with the General Terms and Conditions that will be applicable to the entire Scheme.

PART-I: DEFINITIONS & SHARE CAPITAL

1.1 **DEFINITIONS**

In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meanings:

- 1.1.1 “**Act**” means the Companies Act, 1956, the Rules and Regulations made there under and will include any statutory modification(s) or re-enactment thereof for the time being in force.
- 1.1.2 “**Appointed Date**” means **1st January 2010** being the date with effect from which this Scheme shall be operative.
- 1.1.3 “**Assets**” means all the assets of Sunvision as on the Appointed Date including:
- (a) All properties and assets, investments, stocks, debtors, receivables, loans, advances, all rights, powers, interests, authorities, privileges and liberties, whether or not recorded in the books of account and/or appearing in its balance sheet.
 - (b) All books of account, registers, statutory registers, records and all other documents of whatever nature relating to the above assets and properties.
 - (c) Without prejudice to the generality of sub-clauses (a) and (b) hereinabove, the Assets shall include all Sunvision's movable assets and properties, real or personal, corporeal and incorporeal, in possession or reversion, present and contingent, all other assets (whether tangible or intangible) of whatsoever nature, and wherever situate, investments, stocks, lease and hire purchase contracts, other rights, powers, authorities, allotments, approvals, consents, exemptions, letters of intent, licences, permits, registrations, contracts, engagements, arrangements, rights, titles, interests, benefits and advantages of any nature whatsoever and wherever situate of, belonging to, or in the ownership, power or possession and in the control of, or vested in, or granted in favour of, or enjoyed by, Sunvision, including but without being limited to all intellectual properties and rights of any nature whatsoever and licences, assignments, grants in respect thereof, privileges, liberties, easements, contracts, advantages, benefits, goodwill, quota rights, permits, approvals, authorisations, customer bases, customer connects, right to use and avail of telephones, telex, facsimile and other communication facilities, connections, equipments and installations, utilities, electricity and electronic and all other services, of every kind, nature and descriptions whatsoever, benefit of all agreements, contracts, arrangements, deposits, advances, recoverables and receivables whether from government, semi-government, local authorities or any other customers, etc. and all other rights, interests, claims and powers of every kind, nature and description of, and arising to, Sunvision and cash and bank balances, all earnest moneys or deposits including security deposits, if any, paid by Sunvision.
- 1.1.4 “**Board of Directors**” in relation to each of the Transferor Company and/ or Transferee Company, as the case may be, shall mean its respective Board of Directors and unless it be repugnant to the context or otherwise shall include any Committee of Directors authorized by the Board of Directors.
- 1.1.5 “**Court**” means the High Court of Himachal Pradesh at Shimla having jurisdiction in relation to both the Transferor Company and the Transferee Company and shall include the National Company Law Tribunal, if applicable.
- 1.1.6 “**Effective Date**” means the last of the dates on which the last of the consents, sanctions, approvals or orders specified in this Scheme are obtained/filed /waived. Any reference in the Scheme to “upon the Scheme becoming effective” or “effectiveness of the Scheme” shall mean the effective date.
- 1.1.7 “**HFCL**” means Himachal Futuristic Communications Limited, a company incorporated under the Companies Act, 1956 and having its Registered Office at 8, Electronics Complex, Chambaghat, Solan 173 213, Himachal Pradesh.

- 1.1.8 “**Sunvision**” means Sunvision Engineering Company Private Limited, a company incorporated under the Companies Act, 1956 and having its Registered Office at 3rd Floor, Mittal Plaza, Chambaghat, Solan – 173213, Himachal Pradesh.
- 1.1.9 “**Liabilities**” means all the liabilities of Sunvision and includes all the debts, liabilities, duties and obligations of Sunvision of whatsoever nature, as on the Appointed Date, whether or not provided for in the books of account of Sunvision and whether or not appearing in its balance sheet.
- 1.1.10 “**Scheme**” means this Scheme of Amalgamation of Sunvision into HFCL and Arrangement by HFCL with its Shareholders in its present form, with or without any modification/s as may be approved or sanctioned by the Hon'ble High Court.
- 1.1.11 “**Transferor Company**” means Sunvision.
- 1.1.12 “**Transferee Company**” means HFCL.
- 1.1.13 “**Undertaking**” means the whole of the Business Undertaking of Sunvision inclusive of the Assets and the Liabilities.
- 1.1.14 “**Record Date**” means such a date as may be decided by the Board of Directors of HFCL or a committee of such Directors, being a date after the Effective Date to determine the members and OCD holder(s) of Transferor Company to whom equity shares of the Transferee Company will be allotted in accordance with Clause 3.5 of the Scheme.
- 1.1.15 “**Issue Date**” means such a date as may be decided by the Board of Directors of HFCL or a committee of such Directors, being a date after the Record Date to issue the Shares of Transferee Company to the members of Transferor Company or to the OCD holder(s) of the Transferor Company as on Record Date.
- 1.1.16 “**OCD**” means Optionally Convertible Debenture of Rs. 10/- each issued by the Transferor Company to OCD holder(s).
- 1.1.17 “**OCD holder(s)**” means the holder(s) of the Optionally Convertible Debentures of Rs. 10/- each issued by the Transferor Company.
- 1.1.18 “**CRPS**” means Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid up issued by the Transferee Company.
- 1.1.19 The expressions, which are used in this Scheme and not defined therein shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Income Tax Act, 1961, the Securities Contract (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 (including the Regulation made thereunder), the Depositories Act, 1996 and other applicable laws, rules, regulations, by-laws, as the case may be, including any statutory modification or re-enactment thereof, from time to time.

1.2 **SHARE CAPITAL**

1.2.1 **Share Capital of Transferee Company**

- (A) The authorised, issued, subscribed and paid-up share capital of Transferee Company as at 31st December 2009 (immediately prior to the Appointed Date) was as under:

Particulars	Amount (Rs.)
Authorised Share Capital:	
50,00,00,000 Equity Shares of Rs.10/- each	500,00,00,000
2,50,00,000 Redeemable Cumulative Preference Shares of Rs.100/- each	250,00,00,000
	750,00,00,000
Issued, Subscribed and Paid-Up Share Capital :	
44,27,93,697 Equity Shares of Rs.10/- each, fully paid-up	442,79,36,970
80,50,000 6.5% Cumulative Redeemable Preference Shares (CRPS) of Rs.100/- each, fully paid-up	80,50,00,000
	523,29,36,970

1. Of the above Equity shares:
 - (i) 2,78,180 shares represent Global Depository Receipts; and
 - (ii) 1,45,50,000 shares issued for consideration other than cash pursuant to the amalgamation of erstwhile Himachal Telematics Ltd with the Transferee Company.
 2. 80,50,000 6.5% CRPS of Rs.100/- each are redeemable at par. The redemption of these CRPS shall be made in two trenches i.e., 25% on 31st March 2018, and the balance 75% on 31st March 2019 in terms of the restructuring package approved under Corporate Debt Restructuring (CDR) mechanism.
- (B) Subsequently (post Appointed Date), on 26th March, 2010, the Transferee Company issued on a preferential basis 2,00,00,000 (Two crore) fully paid Equity Shares of Rs. 10/- each aggregating to Rs. 20,00,00,000 (Rupees Twenty crores) on conversion of part of the Loan due to the Asset Reconstruction Company (India) Ltd (“**ARCIL**”) into Equity Shares in terms of the Loan Agreement entered into between ICICI Limited and Transferee Company which has been subsequently assigned by ICICI Limited to ARCIL. Accordingly, the Issued, Subscribed and paid-up equity share capital of the Transferee Company as on the date of filing of this Scheme is 46,27,93,697 Equity Shares of Rs.10/- each, fully paid-up aggregating to Rs. 462,79,36,970/-.

Listing on Stock Exchanges: The equity shares of Transferee Company are listed in India on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The GDRs representing the underlying shares of the Transferee Company are also listed outside India on The London Stock Exchange Plc. and Luxembourg Stock Exchange.

1.2.2 Share Capital of the Transferor Company

- (A) The authorised, issued, subscribed and paid-up share capital of the Transferor Company as at 31st December 2009 (immediately prior to the Appointed Date) was as under:

Particulars	Amount (Rs.)
Authorised Share Capital:	
1,00,00,000 Equity Shares of Rs.10/- each	10,00,00,000
	10,00,00,000
Issued, Subscribed and Paid-Up Share Capital :	
1,00,00,000 Equity Shares of Rs.10/- each	10,00,00,000
	10,00,00,000

- (B) On 9th September, 2010, the Transferor Company has issued 7,00,00,000 (seven crore) fully paid 7% Optionally Convertible Debentures (“OCDs”) of Rs. 10/- each aggregating to Rs.70,00,00,000 (Rupees seventy crore), the conversion/redemption value/amount of which is subject to various Conditions Precedent. If the Conditions Precedent are not fulfilled, then the OCDs would be redeemed by the Transferor Company. If the Conditions Precedent are fulfilled, then the said 7,00,00,000 OCDs are convertible into 12,68,120 equity shares of Rs. 10/- each of the Transferor Company.

PART-II: REDUCTION OF EQUITY SHARE CAPITAL OF THE TRANSFeree COMPANY

2.1 REDUCTION OF EQUITY SHARE CAPITAL OF TRANSFeree COMPANY

- 2.1.1 As an integral part of the Scheme, and upon the coming into effect of this Scheme, the Subscribed and Paid-up Equity Share Capital of the Transferee Company as on the Appointed Date and after considering the 2,00,00,000 equity shares issued to ARCIL subsequent to the appointed date (refer 1.2.1B) shall be reduced from Rs. 462,79,36,970/- divided into 46,27,93,697 Equity Shares of Rs. 10/- each, to Rs. 46,27,93,697/- divided into 46,27,93,697 Equity Shares of Re. 1/- each by reduction in the face value and paid-up value from Rs. 10/- per share to Re. 1/- per share, as the present Paid-up Equity Share Capital of the Transferee Company is unrepresented by assets to its full extent owing to losses of the Transferee Company.

The amount of Rs. 416,51,43,273/- being the Equity Share Capital reduced would be credited to the Business Reconstruction Account, to be dealt/ appropriated in a manner as provided in terms of Clause 4.1 of Part IV of this Scheme.

- 2.1.2 The reduction of the Equity Share Capital, as provided in Clause 2.1.1 above shall be effected as an integral part of this Scheme itself (as the same does not involve either diminution of liability in respect of the unpaid share capital or payment to any shareholder of any paid-up share capital) and the provisions of section 101 of the Act are therefore not applicable. Accordingly, the order of the Hon'ble Court sanctioning this Scheme shall be deemed to be an order under section 102 and other applicable provisions of the Act. The Transferee Company shall not be required to add the words “**And Reduced**” after its name.
- 2.1.3 The reduction of Equity Share Capital in the Transferee Company shall be effected before issue and allotment of shares by the Transferee Company to the shareholders and OCD holder(s) of the Transferor Company as consideration of amalgamation in terms of this Scheme.

PART-III: AMALGAMATION OF SUNVISION WITH HFCL

3.1 TRANSFER OF UNDERTAKING

3.1.1 General

With effect from the Appointed Date, the Undertaking of Transferor Company shall, pursuant to the provisions contained in Sections 391 to 394 and other applicable provisions of the Act, stand transferred to, and vested in, or be deemed to be transferred to and vested in, the Transferee Company, as a going concern without any further act, deed, matter or thing (save as provided in Clause 3.2 below).

Provided always that the Scheme shall not operate to enlarge the scope of security for any loan, deposit or facility availed of by Transferor Company, and Transferee Company shall not be obliged to create or provide any further or additional security therefor.

3.1.2 Transfer of Assets

Without prejudice to the generality of the above:

- (a) It is expressly provided that in respect of Assets, which are movable in nature or otherwise capable of being transferred by manual delivery or by endorsement and delivery, the same shall be so transferred by the Transferor Company to the Transferee Company. Further, in respect of Assets, which are

movable in nature, and in dematerialised form and capable of being transferred in dematerialised form, i.e., shares and other securities, the same shall be transferred in dematerialised form. All the assets so transferred by the Transferor Company shall, upon such transfer, become the assets and properties of the Transferee Company, without requiring any separate deed or instrument or conveyance for the same.

- (b) In respect of movables other than those dealt with hereinabove including sundry debtors, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposits with any Government, quasi government, local or other authority or body or with any company or other person, the same shall on and from the Appointed Date stand transferred to and vested in the Transferee Company without any notice or other intimation to the debtors (although the Transferee Company may without being obliged and if it so deems appropriate at its sole discretion, give notice in such form as it may deem fit and proper, to each person, debtor, or depositor, as the case may be, that the said debt, loan, advance, balance or deposit stands transferred and vested in the Transferee Company).
- (c) On and from the Appointed Date and subject to any corrections and adjustments as may, in the opinion of the Board of Directors of the Transferee Company or a committee of such Directors, be required, the Assets and Liabilities of the Transferor Company shall be merged into the Transferee Company.
- (d) All the licenses, permits, quotas, approvals, permissions, registrations, incentives, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Transferor Company and all rights and benefits that have accrued or which may accrue to the Transferor Company, whether before or after the Appointed Date, shall, under the provisions of Sections 391 to 394 of the Act and all other applicable provisions, if any, without any further act, instrument or deed, cost or charge be and stand transferred to and vest in or be deemed to be transferred to and vested in and be available to the Transferee Company so as to become as and from the Appointed Date licenses, permits, quotas, approvals, permissions, registrations, incentives, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions.
- (e) All assets and properties of the Transferor Company as on the Appointed Date, whether or not included in the books of the Transferor Company, and all assets and properties which are acquired by the Transferor Company on or after the Appointed Date but prior to the Effective Date, shall be deemed to be and shall become the assets and properties of the Transferee Company, and shall under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company upon the coming into effect of this Scheme pursuant to the provisions of Sections 391 to 394 of the Act, provided however that no onerous asset shall have been acquired by the Transferor Company after the date of filing of the Scheme with the Hon'ble High Court without the prior written consent of the Board of Directors of the Transferee Company or a Committee of Directors of the Transferee Company.

3.1.3 Transfer of Liabilities

- (a) With effect from the Appointed Date, all the debts, liabilities, duties and obligations of Transferor Company shall, pursuant to the order of the Court(s) under Sections 391 to 394 and other applicable provisions of the Act and without any further act or deed, be transferred, or deemed to be transferred, to and be assumed by the Transferee Company, so as to become, as from the Appointed Date, the debts, liabilities, duties and obligations of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company and the Transferee Company shall meet, discharge and satisfy the same and further it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such Liabilities have arisen in order to give

effect to the provisions of this Clause. Furthermore, the debts, liabilities, duties and obligations which may accrue or arise after the Appointed Date but which relates to the period on or up to the Appointed Date shall be the debts, liabilities, duties and obligations of the Transferee Company including any encumbrance on the Assets of the Transferor Company or on any income earned from those assets.

- (b) Where any such debts, loans raised, liabilities, duties and obligations of the Transferor Company as on the Appointed Date have been discharged or satisfied by the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge or satisfaction shall be deemed to be for and on account of the Transferee Company.

- 3.1.4 On and from the Appointed Date, all suits, actions, claims and legal proceedings by or against the Transferor Company pending and/or arising on or before the Effective Date shall be continued and / or enforced as desired by the Transferee Company and on and from the Effective Date, shall be continued and / or enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as if the same had been originally instituted and/or pending and/or arising by or against the Transferee Company.

The transfer and vesting of the properties and liabilities and the continuance of the proceedings mentioned herein shall not affect the transactions or proceedings already concluded by the Transferor Company on or after the Appointed Date up to the Effective Date and that the Transferee Company shall accept all the acts, deeds, bonds, agreements and other instruments of whatsoever nature done and executed by the Transferor Company.

- 3.1.5 Without prejudice to the provisions of Clauses 3.1.1 to 3.1.4, with effect from the Appointed Date, all inter-party transactions between the Transferor Company and the Transferee Company shall be considered as intra-party transactions for all purposes from the Appointed Date.

3.2 CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

- 3.2.1 Subject to the other provisions of the Scheme, all contracts, deeds, bonds, agreements and other instruments of whatsoever nature to which the Transferor Company is a party, subsisting or having effect immediately before or after the Effective Date shall remain in full force and effect against or in favour of the Transferee Company and shall be binding on and be enforceable against the Transferee Company as fully and effectually as if it had at all material times been a party thereto.
- 3.2.2 The Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of the secured creditors of the Transferor Company or in favour of any other party to any contract or arrangement to which the Transferor Company is a party or any writing as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall under the provisions of this Scheme be deemed to be authorised to execute any such writings on behalf of the Transferor Company, as the case may be, and to implement or carry out all such formalities or compliances referred to above on the part of the Transferor Company to be carried out or performed.
- 3.2.3 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, all consents, permissions, licences, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Transferor Company shall without any further act or deed, stand transferred to the Transferee Company, as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Transferee Company. The Transferee Company shall receive relevant approvals from the concerned Governmental Authorities as may be necessary in this behalf.

3.3 LEGAL PROCEEDINGS

All suits, claims, actions and proceedings, by or against the Transferor Company pending or arising on or before the Effective Date shall be continued and be enforced by or against the Transferee Company, as effectually as if the same had been pending or arising against the Transferee Company.

3.4 CONDUCT OF BUSINESS BY THE TRANSFEROR COMPANY UNTIL THE EFFECTIVE DATE

3.4.1 With effect from the Appointed Date and up to and including the Effective Date:

- (a) The Transferor Company shall carry on and be deemed to have been carrying on all its businesses and activities and shall be further deemed to have held and stood possessed of the Assets for and on account of, and in trust for, the Transferee Company and all the profits accruing to the Transferor Company or losses arising or incurred by it shall for all purposes be treated as the profits or losses of the Transferee Company, as the case may be;
- (b) All taxes (including income tax, sales tax, excise duty, customs duty, service tax, VAT, etc.) paid or payable by the Transferor Company in respect of the operations and/or the profits of the business before the Appointed Date, shall be on account of the Transferor Company and, insofar as it relates to the tax paid / payable (including, without limitation, sales tax, excise duty, custom duty, income tax, service tax, VAT, 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 its business after the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company and shall, in all proceedings, be dealt with accordingly.

3.4.2 With effect from the first of the dates of filing of this Scheme with the High Courts and up to and including the Effective Date:

- (a) The Transferor Company shall carry on its business with utmost care, prudence and diligence and shall not without the prior written consent or concurrence of the Transferee Company alienate, charge or otherwise deal with, or dispose of, its undertaking or any part thereof except in the ordinary course of its business;
- (b) The Transferor Company shall not, without the prior written consent of the Transferee Company, undertake any new business or a substantial expansion of its existing business or incur any liability except in ordinary course of business.
- (c) The Transferor Company shall not make any change in its capital structure, whether by way of increase (by issue of equity shares on a rights basis, bonus shares), decrease, reduction, reclassification, subdivision or consolidation, re-organisation, or in any other manner which may, in any way, affect the Share Exchange Ratio (as provided in Clause 3.5.1 below), except under any of the following circumstances:
 - (i) by mutual consent of the respective Board of Directors of the Transferor Company and of the Transferee Company or a committee of such Directors of the Transferee Company; or
 - (ii) as may be permitted under this Scheme.
- (d) The Transferor Company shall preserve and carry on its business and activities with reasonable diligence and business prudence and shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts nor incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitments either for itself or on behalf of its group companies or any third party or sell, transfer, alienate, charge, mortgage or encumber or deal with the Undertaking or any part thereof save and except in each case in the following circumstances:
 - (i) if the same is in its ordinary course of business as carried on by the Transferor Company as on the date of filing this Scheme with the High Courts; or
 - (ii) if the same is permitted by this Scheme; or
 - (iii) if written consent of the Board of Directors of the Transferee Company or a committee of such Directors has been obtained.

- (e) The Transferor Company shall not take, enter into, perform or undertake, as may be applicable:
- (i) any material decision in relation to its business and affairs and operations
 - (ii) any agreement or transaction (other than an agreement or transaction in the ordinary course of the Transferor Company's business).

3.5 ISSUE OF SHARES BY THE TRANSFeree COMPANY

- 3.5.1 Upon coming into effect of this Scheme, and in consideration of the transfer of and vesting of the Undertaking of the Transferor Company in the Transferee Company in terms of this Scheme, the Transferee Company shall without any further application, act, instrument or deed but subject to what is stated hereinbelow, issue and allot, out of the Authorised Share Capital of Transferee Company, to the equity shareholders of Transferor Company as on the Issue Date, equity shares of face value of Re. 1/- each, credited as fully paid-up, in the ratio of 47 (Forty seven) equity share of the face value of Re. 1/- each in the Transferee Company for every 1 (One) equity share of the face value of Rs.10/- each held in the Transferor Company (the above ratio in which the shares of the Transferee Company are to be allotted to the shareholders of the Transferor Company by the Transferee Company is hereinafter referred to as the “**Share Exchange Ratio**”). The equity shares / the share certificates of the Transferor Company in relation to the equity shares held by the Members of the Transferor Company shall, without any further application, act, instrument or deed, be deemed to have been automatically cancelled and be of no effect on and from the Issue Date.
- 3.5.2 In the event that the OCDs are not required to be redeemed by the Transferor Company due to fulfillment of the conditions precedent, as per the terms of issue, then upon coming into effect of this Scheme, in lieu of the equity shares of Transferor Company that may be received by the OCD holder(s) upon the conversion of OCDs, the Transferee Company shall without any further application, act, instrument or deed issue and allot, out of the Authorised Share Capital of the Transferee Company 47 (Forty seven) equity shares of face value of Re.1/- each credited as fully paid-up for every 1 (One) equity share of the face value of Rs.10/- each of the transferor company held by the OCD holders.
- 3.5.3 In so far as the issue of shares pursuant to clauses 3.5.1 and 3.5.2 above is concerned, each of the Members of the Transferor Company and each OCD holder(s) of the Transferor Company shall have the option, exercisable by notice in writing by him/her to the Transferee Company on or before such date as may be determined by the Board of Directors of the Transferee Company or a committee of such Directors, to receive, either in physical form or in dematerialised form, the shares of the Transferee Company in lieu thereof in accordance with the terms hereof. It is clarified that in the event of non-receipt of the aforesaid notice or in the event of such a notice being incomplete or being delayed, the Members of the Transferor Company, who hold their Equity Shares in a Dematerialised form shall be issued the Equity Shares of the Transferee Company in Dematerialised form as per the records maintained by the depositories as on the record date and those who holds the Equity Shares in Physical form shall be issued Physical Share Certificates. It is further clarified that in the event of non-receipt of the aforesaid notice from an OCD holder(s) or in the event of such a notice being incomplete or being delayed, the OCD holder(s) of the Transferor Company shall be issued the Equity Shares of the Transferee Company in Dematerialised form. The OCDs shall be treated as cancelled and non-est upon equity shares being issued.
- 3.5.4 The Board of Directors of the Transferee Company shall determine the Record Date which shall be later than the Effective Date for issue and allotment of fully paid-up Equity Shares in the Transferee Company to the Shareholders of the Transferor Company and to the OCD holder(s) of the Transferor Company in terms of Clauses 3.5.1 and 3.5.2 of the Scheme. On determination of such Record Date the Transferor Company shall provide to the Transferee Company the list of its Equity Shareholders and OCD holder(s) as on such record date who are entitled to receive the fully paid-up Equity Shares in the Transferee Company in terms of this Scheme in order to enable the Transferee Company to issue and allot such fully paid-up Equity Shares to such Shareholders and OCD holder(s) of the Transferor Company.
- 3.5.5 Where new equity shares of the Transferee Company are to be allotted to heirs, executors or administrators or, as the case may be, to successors of any deceased equity shareholders of the Transferor Company or the OCD holder(s) of the Transferor Company, the concerned heirs, executors, administrators or successors shall be obliged to produce evidence of title satisfactory to the Board of Directors of the Transferee Company or a committee of such Directors.

- 3.5.6 The new equity shares issued and allotted by the Transferee Company in terms of this Scheme shall be subject to the provisions of the Memorandum and Articles of Association of the Transferee Company and shall rank *pari passu* in all respects with the then existing equity shares of the Transferee Company, including in respect of dividends, if any, that may be declared by the Transferee Company, on or after the Effective Date.
- 3.5.7 The new equity shares of the Transferee Company issued in terms of this Scheme shall be listed on the relevant stock exchange/s in India (as listed in Clause 1.2.1 above), where the existing equity shares of the Transferee Company are presently listed. The Transferee Company shall enter into such arrangements and give such confirmations and/ or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the said stock exchanges.
- 3.5.8 For the purpose of issue of equity shares to the shareholders of the Transferor Company and to the OCD holder(s) of the Transferor Company, the Transferee Company shall, if and to the extent required, apply for and obtain the required statutory approvals and approvals of other concerned regulatory authorities for the issue and allotment by the Transferee Company of such equity shares. The consent of the shareholders/creditors of both companies (the Transferor Company and the Transferee Company) to this Scheme when taken in appropriate manner as required under the provisions of Sections 391-394 of the Act, shall be deemed to be the consent required under Section 81(1A), 81(3), and/or any other applicable provisions of the Act and no further/ separate resolution need to be passed by shareholders/creditors of either of company.
- 3.5.9 Upon the Scheme coming into effect, the authorised share capital of the Transferee Company in terms of its Memorandum of Association and Articles of Association shall automatically stand enhanced by the authorised share capital of Transferor Company, without any further act, instrument or deed on the part of the Transferee Company, and the Memorandum of Association and Articles of Association of the Transferee Company (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 to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under Section 16, Section 31, Section 94 or any other applicable provisions of the Act or the Article of Association of the Transferee Company would be required to be separately passed. For this purpose, the filing fees and stamp duty already paid by the Transferor Company on its authorised share capital shall be utilised and applied to the increased share capital of the Transferee Company, and shall be deemed to have been so paid by the Transferee Company on such combined authorised share capital and accordingly, the Transferee Company shall not be required to pay any fees/stamp duty on the authorised share capital so increased. Accordingly, in terms of this Scheme, the authorised share capital of the Transferee Company shall stand enhanced by an amount of Rs.10,00,00,000 divided into 10,00,00,000 equity shares of Re.1 each.
- 3.5.10 Further, the Authorised share capital of Transferee Company of Rs.750,00,00,000/- comprising of Equity Share Capital of Rs.500,00,00,000/- divided into 50,00,00,000 Equity Shares of face value of Rs.10/- each and Preference Share Capital of Rs.250,00,00,000/- divided into 2,50,00,000 Redeemable Preference Shares of face value of Rs. 100/- each shall stand increased to Rs.760,00,00,000 divided into 510,00,00,000 Equity Shares of face value of Re. 1 each and Preference Share Capital of Rs.250,00,00,000/-divided into 2,50,00,000 Redeemable Preference Shares of face value of Rs. 100/- each.

The Memorandum of Association of Transferee Company shall, upon coming into effect of this Scheme and without any further act or deed, be amended by replacement of Clause V of Memorandum of Association by the following:

MEMORANDUM OF ASSOCIATION

"V. The Authorised Share Capital of the Company is Rs.760,00,00,000 (Rupees Seven Hundred Sixty Crores Only) which shall consist of:-

- (i) 510,00,00,000 (Five Hundred Ten Crores) Equity Shares of face value of Re.1/- each aggregating to Rs.510,00,00,000/- (Rupees Five Hundred Ten Crores Only); and

- (ii) *2,50,00,000 (Two Crore Fifty Lakhs) Redeemable Cumulative Preference Shares of Rs.100/- each aggregating to Rs.250,00,00,000/- (Rupees Two Hundred Fifty Crores Only) with such rights, privileges and conditions attached thereto as may be determined by the Board of Directors of the Company at the time of issue of these Shares. The Company has and shall always have power to divide the Share Capital for the time being into several classes and increase or reduce its Capital from time to time and vary, modify or abrogate any rights, privileges or conditions attached to any class of Shares in such manner as may for the time being provided in the Companies Act, 1956 and regulations of the Company”.*

3.6 EMPLOYEES OF THE TRANSFEROR COMPANY

3.6.1 On the Scheme finally taking effect as hereinafter provided:

- (a) All the employees of the Transferor Company, who are in service on the date immediately preceding the Effective Date, shall become the employees of the Transferee Company on the Effective Date, without any break or interruption in service and on terms and conditions not less favourable than those on which they are engaged by the Transferor Company as on the Effective Date.
- (b) It is clarified that the employees of the Transferor Company who become employees of the Transferee Company by virtue of this Scheme, shall not be entitled to the employment policies and shall not be entitled to avail of any schemes and benefits that may be applicable and available to any of the employees of the Transferee Company, unless otherwise determined by the Board of Directors of the Transferee Company or a committee of such Directors. The Transferee Company undertakes to continue to abide by any agreement/ settlement, if any, validly entered into by the Transferor Company with any union/employee of the Transferor Company recognised by the Transferor Company. After the Effective Date, the Transferee Company shall be entitled to vary the terms and conditions as to employment and remuneration of the employees of the Transferor Company on the same basis as it may do for the employees of the Transferee Company.
- (c) Services of all employees with the Transferor Company up to the Effective Date shall be taken into account for the purposes of all retirement benefits for which they may be eligible. Further, for the purpose of payment of any severance compensation, such past services with the Transferor Company shall also be taken into account;
- (d) The services of such employees shall not be treated as having been broken or interrupted for the purpose of provident fund or gratuity or superannuation or other statutory purposes and for all purposes will be reckoned from the date of their respective appointments with the Transferor Company.
- (e) It is provided that as far as the provident fund, gratuity fund and pension and/or superannuation fund or any other special fund created or existing, if any, for the benefit of the staff, workmen and other employees of the Transferor Company are concerned, upon the Scheme becoming effective, the Transferee Company shall stand substituted for the Transferor Company in respect of the employees transferred with the Undertaking of the Transferor Company for all purposes whatsoever relating to the administration or operation of such funds or trusts or in relation to the obligation to make contribution to the said funds or trusts in accordance with the provisions of such funds or trusts as provided in the respective trust deeds or other documents. It is the aim and the intent of the Scheme that all the rights, duties, powers and obligations of the Transferor Company in relation to such funds or trusts shall become those of the Transferee Company.

3.7 ACCOUNTING TREATMENT FOR AMALGAMATION & REARRANGEMENT

- 3.7.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date, for the purpose of accounting for the amalgamation and dealing with the value of the assets and liabilities in the books of the Transferee Company, the fair value of the Assets and Liabilities of the Transferor Company shall be determined as of the Appointed Date.

- 3.7.2 As considered appropriate for the purpose of reflecting the fair value of assets and liabilities of the Transferor Company in the books of the Transferee Company on the Appointed Date, suitable effect may be given including, but not restricted to, application of uniform accounting policies and methods.
- 3.7.3 For the purpose of reflecting the fair value of assets and liabilities of the Transferor Company in the books of the Transferee Company on the Appointed Date, the Transferee Company shall record the transactions under “the Purchase Method” as defined in the Accounting Standard 14 for “Accounting for Amalgamations” issued by the Institute of Chartered Accountants of India.
- 3.7.4 The aggregate excess or deficit of value of the net assets determined as per clause 3.7.1 above and the net effect of the adjustments referred in clause 3.7.2 above over the fair value of the shares to be issued and allotted to the equity shareholders of the Transferor Company pursuant to this Scheme shall be transferred by the Transferee Company to Capital Reserve / Goodwill, as the case may be, as provided under AS 14.

Further, for the purpose of accounting in the books of the Transferee Company, the fair value of the shares to be issued to the equity shareholders of the Transferor Company shall be divided between the Paid-up Value of the Equity Shares and the Securities Premium Account.

- 3.7.5 Any inter-company balances, investments, guarantees, etc., between the Transferor Company and the Transferee Company shall stand cancelled.
- 3.7.6 For the purpose of accounting in the books of the Transferee Company, the fair value of the shares to be issued to the OCD holder(s) of the Transferor Company (as provided in Clause 3.5.2 hereinabove) shall be divided between the Paid-up Value of the Equity Shares and the Securities Premium Account.

PART-IV: RECONSTRUCTION OF TRANSFEREE COMPANY

4.1 RECONSTRUCTION OF TRANSFEREE COMPANY

4.1.1 Upon the Scheme becoming effective, and subsequent to the Record Date and as an integral part of this Scheme, after the Reduction of Capital in terms of Part II of the Scheme, the Amalgamation in terms of Part III of the Scheme, in terms of Part IV of the Scheme, the books of account of Transferee Company shall be reconstructed in the following manner:

- (a) A “**Business Reconstruction Account**” will be opened.
- (b) The following amounts will be credited to the Business Reconstruction Account:
 - (i) An amount of Rs. 416,51,43,273 (Four Hundred Sixteen Crore Fifty One Lacs Forty Three Thousand Two Hundred Seventy Three Only) being the Equity Share Capital reduced under Part II of this Scheme;
 - (ii) An amount of Rs. 986,33,28,082/- (Rupees Nine Hundred Eighty Six crore thirty three lakh twenty eight thousand eighty two only) being the balance standing in the Securities Premium Account as on the date of the Scheme;
 - (iii) An amount of Rs.29,17,66,993 (Rupees Twenty nine crores Seventeen lakhs Sixty six thousand Nine hundred Ninety three only) being the balance standing in the Capital Reserve as on the date of the Scheme;
 - (iv) An amount of Rs.14,00,00,000 (Rupees Fourteen crores only) being the balance standing in the Capital Redemption Reserve as on the date of the Scheme;
 - (v) An amount of Rs.25,00,00,000 (Rupees Twenty five crores only) being the balance standing in the Debenture Redemption Reserve as on the date of the Scheme since this Reserve was created in the past and is no longer required for meeting the liability of redemption of the debentures;
 - (vi) An amount of Rs.9,69,83,300 (Rupees Nine crores Sixty nine lakhs Eighty three thousand Three hundred only) being the balance standing in the Amalgamation Reserve as on the date of the Scheme since this Reserve was created in the past and is no longer required;
 - (vii) The amount credited to the Securities Premium Account on issue of Equity Shares as provided in Clauses 3.5.1, 3.5.2, 3.7.4 and 3.7.6 of the Scheme, only to the extent required;
- (c) The debit balance in the Profit and Loss Account as on 30.9.2010 would be transferred to the Business Reconstruction Account only to the extent of such net credit available.
- (d) Thereafter, there would be no balance left in the Business Reconstruction Account and this account will be squared up.

4.1.2 The Business Reconstruction Account as it will appear upon the Scheme becoming effective is annexed as below:

		Rs. in crore	
Particulars	Amount	Particulars	Amount
Profit & Loss account-Debit Balance(as on 30.9.2010) (See clause 4.1.1 (c) above)	DR	Reduction Equity Share Capital	CR 416.51
	XXXX.XX	Securities Premium Account	986.33
		Capital Reserve	29.18
		Capital Redemption Reserve	14.00
		Debenture Redemption Reserve	25.00
		Amalgamation Reserve	9.70
		Securities Premium Account (On issue of equity shares to the equity shareholders and OCD holder(s) of Transferor Company) (See clause 4.1.1 (b)(vii) above)	XXX.XX
	XXXX.XX		XXXX.XX

4.1.3 The reduction of the Capital Redemption Reserve and the Securities Premium Account, as provided in clause 4.1.1 hereinabove shall be effected as an integral part of the Scheme itself without having to follow process under Section 78 read with Section 100 to 103 of the Act, separately. However, the Order of the Court sanctioning the Scheme shall be deemed to be an order under Section 102 and other applicable provisions of the Act.

PART- V: OTHER TERMS AND CONDITIONS

5.1 Date when the Scheme comes into Operation

The Scheme, though operative from the Appointed Date, shall be effective from the Effective Date.

5.2 Dividends, Issue of Bonus, Rights, Further Shares

5.2.1 After filing the Scheme and up to the effective date, dividends (interim or final) in respect of the period commencing from the Appointed Date may be declared or paid by the Transferor Company only after consultation with the Transferee Company. Similarly, dividends (interim or final) in respect of the period commencing from the Appointed Date, may be declared or paid by the Transferee Company only after consultation with the Transferor Company.

5.2.2 After filing the Scheme and up to the Effective Date, the Transferor Company shall not, after the Appointed Date, issue or allot any shares or other financial instrument by way of bonus shares, rights shares or otherwise, without the written consent of the Transferee Company. Similarly, the Transferee Company shall not, after the Appointed Date, issue or allot any shares or other financial instrument by way of bonus shares, rights shares or otherwise, except those mentioned in clause 3.5 and clause 4 of this Scheme, without the written consent of Sunvision.

5.3 Applications to the High Court/s

5.3.1 The Transferor Company and the Transferee Company shall with all reasonable despatch, make and file all applications and petitions under Sections 391 to 394 and other applicable provisions of the Act before the High Court having jurisdiction for sanction of this Scheme under the provisions of law, and shall apply for such approvals as may be required under law.

5.4 Modifications / Amendments to the Scheme

5.4.1 The Transferee Company and the Transferor Company will be at liberty to apply to the Court from time to time for necessary directions in matters relating to the Scheme or any terms thereof, in terms of the Act.

5.4.2 The Board or any Committee of Directors of the Transferee Company and the Transferor Company, is authorised, in its absolute discretion, and which may be considered to be in the best interest of the Transferee Company and the Transferor Company:

- (a) to accept any variation / modification in the Scheme as may be directed or suggested by the Court and / or other authorities,
- (b) to take such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions, whether by reason of any order of the Court or of any directives or order of any other authority or otherwise, howsoever arising out of, under or by virtue of this Scheme and/or any matters concerned or connected therewith.

5.4.3 For the purpose of giving effect to this Scheme or to any modifications or amendments thereto, if accepted by the Board or any Committee of Directors of the Transferee Company or the Transferor Company, the Board or any Committee of Directors or any person authorised by the Board in that behalf may give all such directions as are necessary or desirable including directions for settling or resolving any question, doubt or difficulty arising under the Scheme or in regard to its implementation or in any other matter connected therewith, including any question of doubt or difficulty that may arise with regard to cancellation of Equity Shares, as they may think fit, and such determination or directions, as the case may be, will be binding on all parties, in the same manner as if the same are specifically incorporated in this Scheme.

5.5 Scheme Conditional Upon Approvals/Sanctions: The Scheme is specifically conditional upon, and subject to:

- (a) The consent, approval, sanction, etc., under any law, of the Central Government, Securities Exchange Board of India or Stock Exchanges or any other agency, department or authorities concerned being obtained and granted in respect of any of the matters provided for in, or relating to, the Scheme for which such consent, approval, sanction, etc., is required;
- (b) The approval of, and agreement to, the Scheme by the requisite majority in number and value of such classes of persons of the Transferor Company and the Transferee Company as may be directed by the Court, on the application made for directions under Section 391 of the Act for calling the meeting and necessary resolution being passed under the Act for the purpose;
- (c) The sanction/confirmation of the High Court of Himachal Pradesh under Sections 391, 394 and other applicable provisions of the Act in favour of the Transferee Company and the Transferor Company and the necessary Order or Orders under Section 394 of the Act being obtained;
- (d) Certified copies of the Orders of the Court (s) sanctioning the Scheme being filed with the Registrar of Companies of Punjab, Chandigarh & Himachal Pradesh at Chandigarh jointly by Transferee Company and the Transferor Company.
- (e) The aforesaid consents, approvals, sanctions, etc., or the Court(s) sanction to the Scheme or the Order(s) being passed as aforesaid before 15th February, 2011 or within such further period(s) as may be agreed upon between the Transferor Company (by its Board of Directors or its Committee) and the Transferee Company (by its Board of Directors or its Committee).
- (f) The provisions contained in this Scheme are inextricably inter-linked with each other and the Scheme constitutes an integral whole.

5.6 Effect Of Non-Receipt Of Approvals / Sanctions: In the event of any of the said consents, approvals, sanctions, etc., referred to herein not being obtained or the Scheme not being sanctioned by the Court(s) or the Order or Orders not being passed as aforesaid before 15th February 2011 or within such further period or periods as may be agreed upon between Transferor Company (by its Board of Directors or its Committee) and Transferee Company (by its Board of Directors or its Committee), this Scheme shall stand revoked, cancelled, be null, and void and be of no effect. In that event, no rights and liabilities whatsoever shall accrue to or be accrued inter se to the parties save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights 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.

5.7 Board Of Directors: On the Scheme becoming effective, the Board of Directors of the Transferor Company shall stand dissolved.

5.8 Dissolution Without Winding Up: On the Scheme becoming effective, the Transferor Company shall stand dissolved without being wound up.

5.9 Costs And Expenses: All costs, charges and expenses of the Transferor Company and of the Transferee Company in relation to or in connection with the Scheme shall be borne by the Transferee Company. However, the payments for the expenses can be made by respective companies.

5.10 Miscellaneous: Upon the Scheme becoming effective, if any Part of this Scheme hereof is invalidated, ruled illegal by any Court of competent jurisdiction, or un-enforceable under present or future laws, then it is the intention of the Parties that such Part shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such Part shall cause this Scheme to become materially adverse to any Party, in which case, the Parties shall attempt to bring about a modification in the Scheme, as will best preserve for the Parties the benefits and obligations of the Scheme, including but not limited to such Part.