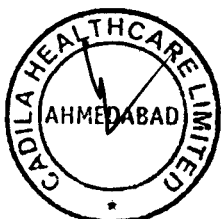


SCHEME OF AMALGAMATION
of
LIVA HEALTHCARE LIMITED
and
ZYDUS ANIMAL HEALTH LIMITED
and
ZYDUS PHARMACEUTICALS LIMITED
with
CADILA HEALTHCARE LIMITED

1. GENERAL, BACKGROUND AND RATIONALE FOR THE SCHEME

- 1.1 This Scheme (*as defined hereinafter*) is presented under Sections 391 to 394 and other relevant provisions of the Act (*as defined hereinafter*), for the amalgamation of LHL (*as defined hereinafter*), Z AHL (*as defined hereinafter*) and ZPL (*as defined hereinafter*) with the Transferee Company (*as defined hereinafter*) and for other matters consequential, supplementary and/or otherwise integrally connected therewith.
- 1.2 LHL is a wholly owned subsidiary of the Transferee Company. The Transferee Company acquired 100% of the paid up share capital of LHL in the year 2007 from the then promoters of LHL. LHL is engaged in the business of trading and marketing of pharmaceutical products.
- 1.3 Z AHL is a wholly owned subsidiary of the Transferee Company. Z AHL was originally incorporated in the name of Sarabhai Zydus Animal Health Private Limited and thereafter name of the company was changed to Sarabhai Zydus Animal Health Limited upon conversion of Z AHL into public limited company. Z AHL was a 50:50 Joint Venture company between the Transferee Company and Ambalal Sarabhai Enterprises Limited. The Transferee Company acquired 50% of the paid up share capital of Z AHL from Ambalal Sarabhai Enterprises Limited in 2007 and thereafter, Z AHL became wholly owned subsidiary of the Transferee Company. After the aforesaid acquisition, the name was changed to its present name, i.e. Zydus Animal Health Limited with effect from 12th July 2007. Z AHL is engaged in the business of manufacturing and



marketing of various kinds of drugs and pharmaceuticals and feed supplements for animal health.

1.4 ZPL is a wholly owned subsidiary of the Transferee Company. Earlier ZPL was engaged in the business of distribution of drugs and pharmaceutical products. At present, ZPL is not carrying on any business activity.

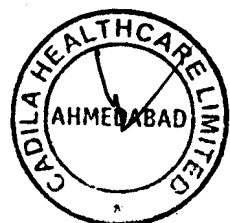
1.5 The Transferee Company is engaged in the business of manufacturing, marketing, trading, importing and exporting of drugs and pharmaceutical products. Equity shares of the Transferee Company are listed on National Stock Exchange of India Limited, Bombay Stock Exchange Limited and Ahmedabad Stock Exchange Limited.

1.6 This Scheme is proposed to amalgamate the Transferor Companies (*as defined hereinafter*) with the Transferee Company. The amalgamation would, inter alia :

- (a) to enable the business of the Transferor Companies to be carried on more efficiently and advantageously with better economies of scale;
- (b) to bring more productive and optimum utilization of various resources;
- (c) to strengthen the financial position and ability to raise resources for conducting business;
- (d) to achieve synergies in business activities;
- (e) to eliminate unnecessary duplication of costs; and
- (f) to improve organizational capability and leadership.

1.2 This Scheme is divided into the following parts:

- (a) **Part I**, which deals with the definitions and sets out the share capital of the Transferor Companies and the Transferee Company;
- (b) **Part II**, which deals with the amalgamation of the Transferor Companies with the Transferee Company; and



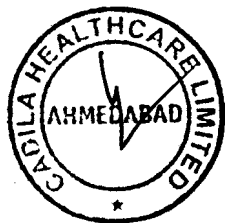
- (c) **Part III**, which deals with the general terms and conditions applicable to this Scheme.

Part I

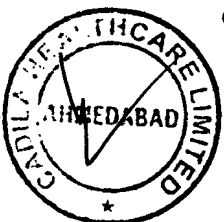
2. DEFINITIONS

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

- 2.1 **“Act”** means the Companies Act, 1956, including any statutory modification or re-enactment thereof for the time being in force;
- 2.2 **“Appointed Date”** means 1st April 2012;
- 2.3 **“Board of Directors”** or **“Board”** in relation to each of the Transferor Companies and/or the Transferee Company, as the case may be, means the board of directors of the respective companies and shall, unless repugnant to the context or otherwise, include a committee or any person authorised by such board of directors;
- 2.4 **“Court”** or **“High Court”** means the High Court of Gujarat at Ahmedabad. In the event that the Central Government, by a notification to this effect, constitutes a National Company Law Tribunal and the proceedings under Sections 391 to 394 of the Act pursuant to the Scheme are transferred to such Tribunal, the term **“Court”** or **“High Court”** shall be deemed to include the National Company Law Tribunal;
- 2.5 **“Effective Date”** means the last of the dates on which all the conditions and matters referred to in clause 18 of the Scheme occur or have been fulfilled or waived in accordance with this Scheme. References in this Scheme to **“the coming into effect of this Scheme”** or **“this Scheme becoming effective”** shall mean the Effective Date;
- 2.6 **“Funds”** shall have the meaning assigned to it in clause 8.2 hereof;
- 2.7 **“Governmental Authority”** means any applicable central, state or local government, legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau, instrumentality, judicial or arbitral body;
- 2.8 **“Input Tax Credit”** means Cenvat Credit as defined under the Cenvat Credit Rules, 2004 and any other tax credits under any indirect tax law for the time being in force;



- 2.9 **“Income Tax Act”** means the Income Tax Act, 1961, or any modification or re-enactment thereof for the time being in force or any other similar law or enactment as and when brought into force;
- 2.10 **“LHL”** means Liva Healthcare Limited, a company incorporated under the provisions of the Act and having its registered office at “Zyodus Tower”, Satellite Cross Roads, Sarkhej Gandhinagar Highway, Ahmedabad-380 015;
- 2.11 **“Scheme”** means this scheme of amalgamation, as amended or modified in accordance with the provisions hereof;
- 2.12 **“Transferee Company”** or **“CHL”** means Cadila Healthcare Limited, a company incorporated under the provisions of the Act and having its registered office at “Zyodus Tower”, Satellite Cross Roads, Sarkhej Gandhinagar Highway, Ahmedabad-380 015;
- 2.13 **“Transferor Companies”** means together “LHL”, “Z AHL” and “ZPL” and **“Transferor Company”** means any one of them;
- 2.14 **“Undertakings of the Transferor Companies”** means all the businesses, undertakings, properties and liabilities of the Transferor Companies, of whatsoever nature and kind and wherever situated, on a going concern basis, which shall include, without limitation:
- (a) all the assets and properties (whether movable or immovable, tangible or intangible including Goodwill, real or personal, in possession or reversion, corporeal or incorporeal, present, future or contingent of whatsoever nature, whether or not appearing in the books of accounts) of the Transferor Companies, including, without limitation sheds, godowns, warehouses, offices, plant and machineries, equipments, interests, capital work-in-progress, rolling stocks, installations, appliances, tools, accessories, freehold, leasehold and any other title, interests or right in such immovable assets, buildings and structures, offices, residential and other premises, furniture, fixtures, office equipments, computers and all stocks;
 - (b) all current assets including inventories, sundry debtors, receivables, cash and bank accounts (including bank balances), fixed deposits, loans and advances, actionable claims, bills of exchanges and debit notes of the Transferor Companies;

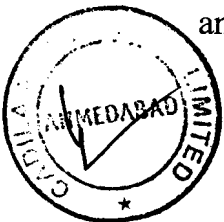


- (c) all investments (including shares, scripts, stocks, bonds, debentures, debenture stock, units of mutual funds and other securities), including dividends declared or interest accrued thereon of the Transferor Companies;
- (d) all rights or benefits, benefits of any deposit, receivables, claims against any vendor or advances or deposits paid by or deemed to have been paid by the Transferor Companies, financial assets, benefit of any bank guarantees, performance guarantees and letters of credit, hire purchase contracts, lending contracts, rights and benefits under any agreement, benefits of any security arrangements or under any guarantees, reversions, powers, tenancies in relation to the office and/or residential properties for the employees or other persons, vehicles, guest houses, godowns, share of any joint assets and other facilities;
- (e) all rights to use and avail of telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interests held in trusts, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, easements, liberties and advantages of whatsoever nature and wheresoever situate 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 the Transferor Companies or in connection with or relating to the Transferor Companies and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Companies;
- (f) all licences (including the licenses granted by any governmental, statutory or regulatory bodies for the purpose of carrying on the business of the Transferor Companies or in connection therewith), approvals, authorizations, permissions including municipal permissions, consents, registrations including import registrations, certifications, no objection certificates, quotas including import quotas, rights, permits including import permits, entitlements, concessions, exemptions, subsidies, tax deferrals, credits (including Cenvat Credits, sales tax credits and income tax credits), privileges, advantages and all other rights and facilities of every kind, nature and description whatsoever of the Transferor Companies;

- (c) all investments (including shares, scripts, stocks, bonds, debentures, debenture stock, units of mutual funds and other securities), including dividends declared or interest accrued thereon of the Transferor Companies;
- (d) all rights or benefits, benefits of any deposit, receivables, claims against any vendor or advances or deposits paid by or deemed to have been paid by the Transferor Companies, financial assets, benefit of any bank guarantees, performance guarantees and letters of credit, hire purchase contracts, lending contracts, rights and benefits under any agreement, benefits of any security arrangements or under any guarantees, reversions, powers, tenancies in relation to the office and/or residential properties for the employees or other persons, vehicles, guest houses, godowns, share of any joint assets and other facilities;
- (e) all rights to use and avail of telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interests held in trusts, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, easements, liberties and advantages of whatsoever nature and wheresoever situate 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 the Transferor Companies or in connection with or relating to the Transferor Companies and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Companies;
- (f) all licences (including the licenses granted by any governmental, statutory or regulatory bodies for the purpose of carrying on the business of the Transferor Companies or in connection therewith), approvals, authorizations, permissions including municipal permissions, consents, registrations including import registrations, certifications, no objection certificates, quotas including import quotas, rights, permits including import permits, entitlements, concessions, exemptions, subsidies, tax deferrals, credits (including Cenvat Credits, sales tax credits and income tax credits), privileges, advantages and all other rights and facilities of every kind, nature and description whatsoever of the Transferor Companies;



- (g) all agreements, contracts, arrangements, understandings, engagements, deeds and instruments including lease/license agreements, tenancy rights, equipment purchase agreements, master service agreements, loan license agreements, third party manufacturing agreements and other agreements with the customers, purchase and other agreements/contracts with the supplier/ manufacturer of goods/ service providers and all rights, title, interests, claims and benefits there under of the Transferor Companies;
- (h) all application monies, advance monies, earnest monies and/or security deposits paid or deemed to have been paid and payments against other entitlements of the Transferor Companies;
- (i) all debts, borrowings, obligations, duties and liabilities, both present and future, whether provided for or not in the books of accounts or disclosed in the balance sheet of the Transferor Companies, whether secured or unsecured, all guarantees, assurances, commitments and obligations of any kind, nature or description, whether fixed, contingent or absolute, asserted or unasserted, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising (including, without limitation, whether arising out of any contract or tort based on negligence or strict liability) pertaining to the Transferor Companies;
- (j) all intellectual property rights (including applications for registrations of the same and the right to use such intellectual property rights), trade and service names and marks, patents, copyrights, designs, and other intellectual property rights of any nature whatsoever, trade secrets, confidential information, domain names, books, records, files, papers, engineering and process information, software licences (whether proprietary or otherwise), drawings, computer programs, manuals, data, catalogues, quotations, list of present and former customers and suppliers, other customer information, customer credit information, customer pricing information, sales and advertising materials, product registrations, dossiers, product master cards and all other records and documents, whether in physical or electronic form relating to the business activities and operations of the Transferor Companies; and



(k) all staff, workmen and employees of the Transferor Companies.

2.15 “**Z AHL**” means Zydus Animal Health Limited, a company incorporated under the provisions of the Act and having its registered office at “Zydus Tower”, Satellite Cross Roads, Sarkhej Gandhinagar Highway, Ahmedabad-380 015;

2.16 “**Z PL**” means Zydus Pharmaceuticals Limited, a company incorporated under the provisions of the Act and having its registered office at “Zydus Tower”, Satellite Cross Roads, Sarkhej Gandhinagar Highway, Ahmedabad-380 015;

3. OPERATIVE DATE OF THE SCHEME

The Scheme set out herein in its present form shall be operative from the Appointed Date but shall be effective on the Effective Date.

4. SHARE CAPITAL

4.1 The share capital structure of LHL as on 31.3.2013 was as follows:

Particulars	Amount
Authorised Share Capital:	
1,50,000 Equity Shares of Rs.100/- each.	1,50,00,000
Total	1,50,00,000
Issued, Subscribed and Paid-up Share Capital:	
90,750 Equity Shares of Rs.100/- each fully paid-up.	90,75,000
Total	90,75,000

LHL is a wholly owned subsidiary of the Transferee Company.



4.2 The share capital structure of Z AHL as on 31.3.2013 was as follows:

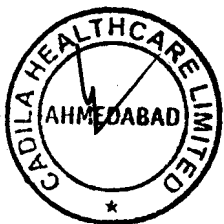
Particulars	Amount
Authorised Share Capital:	
600,00,000 Equity Shares of Rs.10/- each.	60,00,00,000
Total	60,00,00,000
Issued, Subscribed and Paid-up Share Capital:	
2,40,00,000 Equity Shares of Rs.10/- each fully paid-up.	24,00,00,000
Total	24,00,00,000

Z AHL is a wholly owned subsidiary of the Transferee Company.

4.3 The share capital structure of Z PL as on 31.3.2013 was as follows:

Particulars	Amount
Authorised Share Capital:	
10,00,000 Equity Shares of Rs.10/- each.	1,00,00,000
Total	1,00,00,000
Issued, Subscribed and Paid-up Share Capital:	
9,50,000 Equity Shares of Rs.10/- each fully paid-up.	95,00,000
Total	95,00,000

Z PL is a wholly owned subsidiary of the Transferee Company.



- 4.4 The Share Capital Structure of the Transferee Company as on 31.3.2013 was as follows:

Particulars	Amount
Authorised Share Capital:	
22,00,00,000 Equity Shares of Rs.5/- each.	110,00,00,000
Total	110,00,00,000
Issued, Subscribed and Paid-up Share Capital:	
20,47,48,520 Equity Shares of Rs.5/- each fully paid-up.	102,37,42,600
Total	102,37,42,600

Part II

AMALGAMATION OF THE TRANSFEROR COMPANIES WITH THE TRANSFEREE COMPANY

The provisions of Part II of the Scheme have been drawn up to comply with the conditions relating to "Amalgamation" as specified under Section 2(1B) of the Income Tax Act. If, at a later date, any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of Section 2(1B) of the Income Tax Act, including as a result of an amendment of law or the enactment of a new legislation or for any other reason whatsoever, the provisions of Section 2(1B) of the Income Tax Act, or a corresponding provision of any amended or newly enacted law, shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the Income Tax Act. Such modification(s) will however not affect the other parts of the Scheme.

5. TRANSFER AND VESTING OF THE UNDERTAKINGS OF THE TRANSFEROR COMPANIES

- 5.1 Upon the coming into effect of this Scheme, and with effect from the Appointed Date, and subject to the provisions of the Scheme in relation to the mode of transfer and vesting, the Undertakings of the Transferor Companies shall, without any further act, instrument or deed, be and stand transferred to and vested in and/or be deemed to have been transferred to and vested in the Transferee Company as a going concern



so as to become on and from the Appointed Date, the estate, assets, rights, title, interests and authorities of the Transferee Company, pursuant to Section 394(2) of the Act, subject however, to all charges, liens, encumbrances, obligations, mortgages, if any, then affecting the same or any part thereof, provided always that the Scheme shall not operate to enlarge the scope of security for any loan, deposit or facility created by or available to the Transferor Companies which shall vest in the Transferee Company by virtue of the amalgamation and the Transferee Company shall not be obliged to create any further or additional security after coming into effect of this Scheme or otherwise except in case where the required security has not been created and in such case if the terms thereof require, the Transferee Company will create security in terms of the issue or arrangement in relation thereto.

- 5.2 Without prejudice to clause 5.1 above, in respect of such of the assets and properties of the Transferor Companies as are movable in nature or incorporeal property or are otherwise capable of transfer by delivery or possession or by endorsement and/or delivery, the same shall stand so transferred by the Transferor Companies upon the coming into effect of the Scheme, and shall, become the assets and property of the Transferee Company with effect from the Appointed Date pursuant to the provisions of Section 394 of the Act, without requiring any deed or instrument of conveyance for transfer of the same.
- 5.3 In respect of such of the assets and properties of the Transferor Companies other than those referred to in clause 5.2 above, the same shall, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to have been transferred to and vested in the Transferee Company pursuant to the provisions of Section 394 of the Act.
- 5.4 Without prejudice to the generality of clause 5.1 above, upon the coming into effect of this Scheme and with effect from the Appointed Date, all the assets, rights, title, interest and authorities which are acquired by or vested in the Transferor Companies on or after the Appointed Date but prior to the Effective Date, shall be deemed to be and shall become the assets, rights, title, interest and authorities of the Transferee Company, and shall under the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Act, be and stand transferred to, and vested in, or be deemed to have been transferred to, and vested in, the Transferee Company upon the coming into effect of this Scheme, without any further act, instrument, deed, matter or thing being made, done or executed.



- 5.5 In respect of such of the assets of the Undertakings of the Transferor Companies (other than those referred to in clause 5.2 above), whether tangible or intangible in nature, including actionable claims, sundry debtors, receivables, bills, credits, loans and advances, recoverable in cash or in kind or for value to be received, bank balances and deposits with government, semi-government, local and other authorities and bodies or with any bank or financial institution or company or other person, 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 or obligors. Without prejudice to the generality of Clause 5.8, the Transferee Company may, if it so deems appropriate, give notice in such form as it deems fit and proper, to each such debtor or obligor, that pursuant to the sanction of the Scheme by the High Court, such debt, loan, advance, claim, bank balance, deposit or other asset be paid or made good or held on account of the Transferee Company as the person entitled thereto, to the end and intent that the right of the Transferor Companies to recover or realise all such debts (including the debts payable by such debtor or obligor to the Transferor Companies) stands transferred and assigned to the Transferee Company and that appropriate entries should be passed in the books of accounts of the relevant debtors or obligors to record such change.
- 5.6 All permits, approvals, consents, quotas, rights, authorisations, entitlements, registrations, no-objection certificates and licences, including those relating to tenancies, privileges, powers and facilities of every kind and description of whatsoever nature, to which the Transferor Companies are parties or to the benefit of which the Transferor Companies may be entitled to use or which may be required to carry on the operations of the Transferor Companies, and which are subsisting or in effect immediately prior to the Effective Date, shall be, and remain, in full force and effect in favour of or against the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Companies, the Transferee Company had been a party, a beneficiary or an obligee thereto and shall be appropriately mutated by the relevant statutory authorities in favour of the Transferee Company in accordance with law.
- 5.7 The entitlement to various benefits under incentive schemes and policies in relation to the Undertakings of the Transferor Companies shall stand transferred to and be vested in and/or be deemed to have been transferred to and vested in the Transferee Company together with all benefits, entitlements and incentives of any nature whatsoever. Such entitlements shall include incentives available under applicable laws in relation to the



Undertakings of the Transferor Companies to be claimed by the Transferee Company with effect from the Appointed Date as if the Transferee Company was originally entitled to all such benefits under such incentive scheme and/or policies, subject to continued compliance by the Transferee Company of all the terms and conditions subject to which the benefits under such incentive schemes were made available to the Transferor Companies.

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

5.9 Upon the coming into effect of this Scheme and with effect from the Appointed Date, all liabilities, including, without limitation, all secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, contingent liabilities, duties, obligations and undertakings of the Transferor Companies, of every kind, nature and description whatsoever and howsoever arising, raised, incurred or utilised for their business activities and operations, shall, pursuant to the sanction of this Scheme by the High Court and under the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing being made, done or executed, be transferred to, and vested in, or be deemed to have been transferred to, and vested in, the Transferee Company, along with any charge, encumbrance, lien or security created in connection therewith, and such liabilities shall be assumed by the Transferee Company to the extent they are outstanding as on the Effective Date so as to become, as on and from the Appointed Date, the liabilities, debts, duties and obligations of the Transferee Company on the same terms and conditions as were applicable to the Transferor Companies, and the Transferee Company shall meet, discharge and satisfy the liabilities and 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 5.9.



- 5.10 All debts, liabilities, duties and obligations of the Transferor Companies shall, as on the Appointed Date, whether or not provided in the books of the Transferor Companies, and all debts and loans raised and used, and duties, liabilities and obligations incurred or which arise or accrue to the Transferor Companies on or after the Appointed Date till the Effective Date shall be deemed to be and shall become the debts, loans raised and used, duties, liabilities and obligations incurred by the Transferee Company by virtue of this Scheme.
- 5.11 Where any such debts, liabilities, duties and obligations of the Transferor Companies as on the Appointed Date have been discharged by the Transferor Companies on or after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to be for and on account of the Transferee Company upon the coming into effect of this Scheme.
- 5.12 All loans raised and utilised and all liabilities, duties and obligations incurred or undertaken by the Transferor Companies on or after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used, incurred or undertaken for and on behalf of the Transferee Company and to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme and under the provisions of Sections 391 to 394 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 and shall become the loans and liabilities, duties and obligations of the Transferee Company which shall meet, discharge and satisfy the same.

6. LEGAL PROCEEDINGS

- 6.1 All suits, actions, and other proceedings including legal and taxation proceedings (including before any statutory or quasi-judicial authority or tribunal) of whatsoever nature by or against the Transferor Companies pending and/or arising prior to or after the Appointed Date shall not abate or be discontinued or be prejudicially affected in any way by reason of the Scheme or by anything contained in the Scheme but shall be continued, prosecuted and enforced, as the case may be, by or against the Transferee Company, in the same manner and to the same extent as they would or might have been continued, prosecuted and enforced by or against the Transferor Companies.



6.2 The Transferee Company undertakes to have all legal or other proceedings specified in Clause 6.1 above, initiated by or against the Transferor Companies, transferred to its name and to have such proceedings continued, prosecuted and enforced by or against the Transferee Company, as the case may be.

7. **CONTRACTS, DEEDS, ETC.**

7.1 Upon the coming into effect of this Scheme, and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature, to which any of the Transferor Companies is a party or to the benefit of which any of the Transferor Companies may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect on or against or in favour, as the case may be, of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Companies, the Transferee Company had been a party or beneficiary or obligee thereto or thereunder.

8. **EMPLOYEES OF THE TRANSFEROR COMPANIES**

8.1 Upon the coming into effect of this Scheme, all staff, workmen and employees of the Transferor Companies as on the Effective Date, shall become the staff, workmen and employees of the Transferee Company and on terms and conditions not less favourable than those on which they are engaged by the Transferor Companies and without any interruption of or break in service as a result of the amalgamation of the Transferor Companies with the Transferee Company. For the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of such staff, workmen and employees with the Transferor Companies and such benefits to which the staff, workmen and employees are entitled in the Transferor Companies shall also be taken into account, and paid (as and when payable) by the Transferee Company.

8.2 Insofar as the provident fund, gratuity fund and superannuation fund, trusts, retirement fund or benefits and any other funds or benefits, if any, created by the Transferor Companies for the staff, workmen and employees or to which any of the Transferor Companies is contributing for the benefit of the staff, workmen and employees and other such funds, trusts, the benefits of which the staff, workmen and employees enjoy (collectively referred to as the "**Funds**"), all the contributions made to such Funds for the benefit of the staff, workmen and employees and the investments made by the Funds in relation to the staff, workmen and



employees shall be transferred to the Transferee Company and shall be held for the benefit of the concerned staff, workmen and employees. In the event the Transferee Company has its own funds in respect of any of the Funds referred to above, such contributions and investments shall, subject to the necessary approvals and permissions and at the discretion of the Transferee Company, be transferred to the relevant funds of the Transferee Company. In the event that the Transferee Company does not have its own funds in respect of any of the above or if deemed appropriate by the Transferee Company, the Transferee Company may, subject to necessary approvals and permissions, maintain the existing funds separately and contribute thereto until such time that the Transferee Company creates its own funds, at which time the Funds and the investments and contributions, if any, pertaining to the staff, workmen and employees shall be transferred to the funds created by the Transferee Company.

- 8.3 In relation to those staff, workmen and employees for whom any of the Transferor Companies is making contributions to the government provident fund, if any, the Transferee Company shall stand substituted for the Transferor Companies, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such staff, workmen and employees.

9. BUSINESS AND PROPERTY IN TRUST AND CONDUCT OF BUSINESS FOR THE TRANSFEE COMPANY

- 9.1 With effect from the Appointed Date and up to and including the Effective Date, the Transferor Companies shall carry on its business with reasonable diligence and except in the ordinary course of business, the Transferor Companies shall not, without the prior written consent of the Board of Directors of the Transferee Company or pursuant to any pre-existing obligation, sell, transfer or otherwise alienate, charge, mortgage, encumber or otherwise deal with, or dispose off, any of the assets of the Undertakings of the Transferor Companies or any part thereof.
- 9.2 With effect from the Appointed Date and up to and including the Effective Date:
- (a) the Transferor Companies shall carry on and be deemed to have carried on all business and activities and shall hold and stand possessed of and shall be deemed to hold and stand possessed of all its estates, assets,



rights, title, interest, authorities, contracts, investments and strategic decisions for and on account of, and in trust for, the Transferee Company;

- (b) all profits and income accruing or arising to the Transferor Companies, and losses and expenditure arising or incurred by it (including taxes, if any, accruing or paid in relation to any profits or income) for the period commencing from the Appointed Date shall, for all purposes, be treated as and be deemed to be the profits, income, losses or expenditure (including taxes), as the case may be, of the Transferee Company;
- (c) any of the rights, powers, authorities or privileges exercised by the Transferor Companies shall be deemed to have been exercised by the Transferor Companies for and on behalf of, and in trust for and as an agent of the Transferee Company. Similarly, any of the obligations, duties and commitments that have been undertaken or discharged by the Transferor Companies shall be deemed to have been undertaken for and on behalf of and as an agent for the Transferee Company; and
- (d) all taxes (including, without limitation, income tax, wealth tax, sales tax, excise duty, customs duty, service tax, VAT, etc.) paid or payable by the Transferor Companies in respect of the operations and/or the profits of the Undertakings of the Transferor Companies before the Appointed Date, shall be on account of the Transferor Companies and, insofar as it relates to the tax payment (including, without limitation, income tax, wealth tax, sales tax, excise duty, customs duty, service tax, VAT, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Companies in respect of the profits or activities or operation of the Undertakings of the Transferor Companies with effect from the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company, and, shall, in all proceedings, be dealt with accordingly.

9.3 The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority, if required, under any law for such consents and approvals which the Transferee Company may require to carry on the business of the Transferor Companies.

10. SAVING OF CONCLUDED TRANSACTIONS

10.1 Subject to the terms of the Scheme, the transfer and vesting of the Undertakings of the Transferor Companies as per the provisions of the Scheme shall not affect any transactions or proceedings already concluded by the Transferor Companies on or before the Appointed Date



or after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things made, done and executed by the Transferor Companies in this regard.

11. CANCELLATION OF SHARES

11.1 Upon the Scheme being effective, and in consideration of the transfer of and vesting of the Undertakings of the Transferor Companies in the Transferee Company in terms of the Scheme, all the equity shares issued by the Transferor Companies and held by the Transferee Company and/or its nominees shall stand cancelled and extinguished and in lieu thereof, no allotment of any shares in the Transferee Company shall be made to any person whatsoever.

12. MERGER OF AUTHORISED SHARE CAPITAL OF THE TRANSFEROR COMPANIES INTO THE TRANSFEE COMPANY

12.1 As an integral part of the Scheme, and upon the coming into effect of this Scheme, the authorized share capital of the Transferee Company in terms of its Memorandum of Association shall automatically stand increased/enhanced, without any further act, instrument or deed on the part of the Transferee Company, including payment of stamp duty and fees payable to the Registrar of Companies, Gujarat, Dadra & Nagar Haveli by an amount of Rs. 62,50,00,000/- (Rupees Sixty Two Crores Fifty Lacs only), and the Memorandum of Association of the Transferee Company (relating to the authorized 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 for increase, and no further resolution(s) under Section 16, Section 94 or any other applicable provisions of the Act, would be required to be separately passed. For this purpose, the fees (including registration fee) and stamp duty already paid by the respective Transferor Companies on its authorised share capital shall be utilized and applied to the increased authorised 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 (including registration fee)/stamp duty on the authorized share capital so increased.

Accordingly, in terms of this Scheme, the authorized share capital of the Transferee Company shall stand enhanced to an amount of Rs.



1,725,000,000/- (Rupees One Thousand Seven Hundred Twenty Five Millions only) divided into 345,000,000 equity shares of Rs. 5/- each and the capital clause being Clause V of the Memorandum of Association of the Transferee Company shall on the Effective Date stand substituted to read as follows:

V. "The Authorized Share Capital of the Company is Rs.1,725,000,000/- (Rupees One Thousand Seven Hundred Twenty Five Millions only) divided into 345,000,000 (Three Hundred Forty Five Millions only) equity shares of Rs. 5/- (Rupees Five only) each, with power to increase and reduce the capital of the Company and to divide the shares in the capital for the time being, into several classes and to attach thereto such preferential, deferred, qualified, guaranteed or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company for the time being and to vary, modify or abrogate any such rights, privileges or conditions, in such manner as may be permitted by the Act or the Articles of the Company for the time being."

13. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEEE COMPANY

Upon this Scheme becoming effective, the Transferee Company shall account for the amalgamation / merger in its books, as per the "Purchase Method" under the Accounting Standard 14 "Accounting for Amalgamation" issued by the Institute of Chartered Accountants of India, as specified hereunder:

- 13.1 All the assets and liabilities recorded in the books of the Transferor Companies shall stand transferred to and vested in the Transferee Company pursuant to the Scheme and shall be recorded by the Transferee Company at their carrying amount as appearing in the books of Transferor Companies except that:
- (a) the land and buildings will be recorded at its estimated market value based on valuation report obtained from Registered Valuers as on the Appointed Date; and
 - (b) adjustments shall be made wherever necessary to conform to the accounting policies and methods adopted by the Transferee Company.



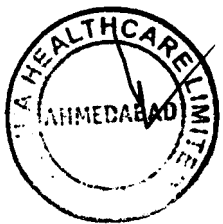
- 13.2 The excess, if any, of the amount of the investment in the Transferor Companies held by the Transferee Company as appearing in the books of the Transferee Company, as on the Effective Date over the value of the net assets (after considering the values of the assets and liabilities as arrived at under clause 13.1 above) of the Transferor Companies acquired by the Transferee Company upon their transfer to and vesting in the Transferee Company under the Scheme shall be debited to "Goodwill Account".
- 13.3 The excess, if any, of the aggregate value of the net assets (after considering the values of the assets and liabilities as arrived at under clause 13.1 above) of the Transferor Companies acquired by the Transferee Company upon their transfer to and vesting in the Transferee Company under the Scheme over the amount of investment in the Transferor Companies held by the Transferee Company as appearing in the books of the Transferee Company, as on the Effective Date shall be credited to "Capital Reserve Account".
- 13.4 Goodwill Account, if any, (net of Capital Reserve Account, if any), as per clauses 13.2 and 13.3 above, shall be written off in accordance with the Accounting Standard – 14 issued by the Institute of Chartered Accountants of India.

14. TAX CREDITS, REFUNDS AND ADJUSTMENTS

- 14.1 Notwithstanding anything to the contrary contained in the provisions of this Scheme, the Transferee Company shall be entitled to carry forward, avail of, or set-off any unabsorbed tax losses, tax depreciation, credits for minimum alternate tax and Input Tax Credits of the Transferor Companies that remain unutilized as on the Effective Date.
- 14.2 Upon the Scheme becoming effective, the Transferee Company shall be entitled to claim refunds or credits, including Input Tax Credits, with respect to taxes paid by, for, or on behalf of, the Transferor Companies under applicable laws, including but not limited to income tax, sales tax, value added tax, entry tax, central sales tax, service tax, CENVAT or any other tax, whether or not arising due to any inter se transaction, even if the prescribed time limits for claiming such refunds or credits have lapsed. For the avoidance of doubt, Input Tax Credits already availed of or utilised by the Transferor Companies and the Transferee Company in respect of inter se transactions shall not be adversely impacted by the cancellation of inter se transactions pursuant to this Scheme.



- 14.3 Upon the Scheme becoming effective, any advance tax, self-assessment tax, minimum alternate tax and/or TDS/TCS credit available or vested with the Transferor Companies, including any taxes paid and taxes deducted at source and deposited by the Transferor Companies on inter se transactions during the period between the Appointed Date and the Effective Date shall be treated as advance tax paid by the Transferee Company and shall be available to the Transferee Company for set-off against its liability under the Income Tax Act and any excess tax so paid shall be eligible for refund together with interest. Any TDS certificates issued by the Transferee Company to, or for the benefit of, the Transferor Companies under the Income Tax Act with respect to the inter se transactions would stand cancelled and be treated as null and void without any further act on the part of the Transferor Companies and the Transferee Company. Further, TDS/TCS deposited, TDS certificates issued or TDS returns filed by the Transferor Companies on transactions other than inter se transactions during the period between the Appointed Date and the Effective Date shall continue to hold good as if such TDS/TCS amounts were deposited, TDS certificates were issued and TDS/TCS returns were filed by the Transferee Company. Any TDS deducted by the Transferee Company on inter se transactions with the Transferor Companies will be treated as advance tax deposited by the Transferee Company.
- 14.4 Upon the Scheme becoming effective, any service tax, VAT, excise, central sales tax, entry tax or any other tax charged by, for, or on behalf of, the Transferor Companies on inter se transactions and in respect of which CENVAT credit or any Input Tax Credit is not available or has not been claimed by the Transferor Companies, shall be treated as aforesaid taxes paid in cash by the Transferee Company, without any further action on the part of the Transferor Companies and the Transferee Company.
- 14.5 The Transferee Company is expressly permitted to file or revise its corporate income tax, TDS/TCS, wealth tax, service tax, excise, VAT, entry tax, professional tax or any other returns, statements or documents, upon the Scheme becoming effective, and where necessary to give effect to the Scheme, even if the prescribed time limits for filing or revising such returns have lapsed. The Transferee Company is expressly permitted to amend, if required, its TDS/TCS or other statutory certificates and shall have the right to claim refunds, tax credits, set-offs and/or adjustments relating to its income or transactions entered into by it with effect from the Appointed Date. The taxes or duties paid by, for, or on behalf of, the Transferor Companies relating to the period on or after the Appointed Date shall be deemed to be the taxes or duties paid by the



Transferee Company and the Transferor Company shall be entitled to claim credit or refund for such taxes or duties paid.

- 14.6 Transferee Company shall be entitled to claim the credit of the dividend distribution tax paid by the Transferor Companies on dividend received from the Transferor Companies as if the dividend distribution tax has been paid by the Transferee Company.

Part III

GENERAL TERMS AND CONDITIONS APPLICABLE TO THIS SCHEME

15. DISSOLUTION OF THE TRANSFEROR COMPANIES

- 15.1 Upon the coming into effect of the Scheme, the Transferor Companies shall be dissolved without winding up pursuant to the provisions of Section 394 of the Act.

16. APPLICATIONS TO THE HIGH COURT

- 16.1 The Transferor Companies shall make necessary applications and/or petitions before the High Court for sanction of this Scheme under Sections 391 and 394 of the Act. The Transferee Company, if required, may also make necessary application and/or petition before the High Court for sanction of this Scheme under Sections 391 and 394 of the Act.

17. MODIFICATIONS TO THE SCHEME

- 17.1 The Transferor Companies (by their respective Board of Directors) and the Transferee Company (by its Board of Directors), may, in their full and absolute discretion, assent to any alteration or modification to this Scheme which either the respective Board of Directors of the Transferor Companies or the Board of Directors of the Transferee Company, as the case may be, deem fit, or which the Court and/or any other Governmental Authority may deem fit to approve or impose. In the event that any of the conditions that are imposed by the Court or by the Governmental Authority which the Transferor Companies and the Transferee Company may find unacceptable for any reason, then the Transferor Companies and/or the Transferee Company are at liberty to withdraw the Scheme.
- 17.2 The Transferor Companies (by their respective Board of Directors) and the Transferee Company (by its Board of Directors), may give such



directions as they may consider necessary to settle any question or difficulty arising under the Scheme or in regard to and of the meaning or interpretation of the Scheme or implementation hereof or in any matter whatsoever connected therewith or to review the position relating to the satisfaction of various conditions to the Scheme and if necessary, to waive any of those to the extent permissible under law.

18. SCHEME CONDITIONAL ON APPROVALS/SANCTIONS

The Scheme is conditional upon and subject to:

- 18.1 the Scheme being agreed to by the requisite majorities of the shareholders and/or creditors (if applicable and required) of the Transferor Companies as required under the Act;
- 18.2 the Scheme, if required, being agreed to by the requisite majorities of the classes of shareholders and/or creditors (if applicable and required) of the Transferee Company as required under the Act;
- 18.3 the Scheme being sanctioned by the High Court under Sections 391 to 394 of the Act and the appropriate order being passed by the High Court pursuant to Section 394 of the Act; and
- 18.4 the certified copies of the order of the Court sanctioning the Scheme being filed with the Registrar of Companies, Gujarat, Dadra & Nagar Haveli.

19. RESOLUTIONS

- 19.1 Upon the coming into effect of the Scheme, the resolutions, if any, of the Transferor Companies, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then the said limits shall be added to the limits, if any, under like resolutions passed by the Transferee Company and shall constitute the aggregate of the said limits in the Transferee Company

20. SEVERABILITY

- 20.1 If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Transferor



Companies and the Transferee Company, affect the validity or implementation of the other parts and/or provisions of this Scheme.

21. COSTS, CHARGES AND EXPENSES

- 21.1 All costs, duties, levies, charges and expenses payable by the Transferor Companies and the Transferee Company in relation to or in connection with the Scheme and incidental to the completion of the amalgamation of the Transferor Companies with the Transferee Company in pursuance of the Scheme shall be borne and paid by the Transferee Company.

