

SCHEME OF ARRANGEMENT

BY AND AMONG

SUZLON ENERGY LIMITED

AND

ITS SHAREHOLDERS

AND

CREDITORS

**(Under Sections 230 and 231 read with Section 52 and
Section 66 and other applicable provisions of the Companies
Act, 2013, as may be applicable, and rules framed
thereunder)**

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GENERAL

A. PREAMBLE

- a. This Scheme (as defined hereinafter) provides for the reduction and reorganization of reserve of the Company (as defined hereinafter) and reclassification and transfer of General Reserves (as defined hereinafter) in the manner as set out in this Scheme (as defined hereinafter) pursuant to the provisions of Sections 230 and 231 read with Section 52 and Section 66 and other applicable provisions of the Act (as defined hereinafter), the SEBI Circular (as defined hereinafter), the Listing Regulations (as defined hereinafter), and Applicable Law (as defined hereinafter). This Scheme (as defined hereinafter) also provides for various other matters consequential thereto or otherwise integrally connected therewith;
- b. The Board of Directors of the Company (as defined hereinafter) have resolved that the reduction and reorganization of reserve of the Company (as defined hereinafter) and reclassification and transfer of general reserves are in the best interests of the Company and their respective shareholders, creditors and other stakeholders; and
- c. The Scheme (as defined hereinafter) does not affect the rights of the creditors of the Company (as defined hereinafter). There will not be any reduction in amounts payable to the creditors of the Company (as defined hereinafter) post sanctioning of the Scheme (as defined hereinafter).

B. BACKGROUND AND DESCRIPTION OF THE COMPANY

Suzlon Energy Limited ('SEL' or the 'Company') is a public limited listed company incorporated under the Companies Act, 1956 with corporate identity number L40100GJ1995PLC025447 and having its registered office at "Suzlon", 5, Shrimali Society, Near Shri Krishna Complex, Navrangpura, Ahmedabad-380009, Gujarat, India. It is in the business of manufacturing and supply of the wind turbine generators (hereinafter referred to as 'WTG'). The equity shares of the Company are listed on BSE Limited and the National Stock Exchange of India Limited (collectively, the 'Stock Exchanges').

SEL was originally incorporated as a public limited company on 10 April 1995 in the name and style as 'Suzlon Energy Limited' under the provisions of the Companies Act, 1956. Later SEL got listed on 19 October 2005 with the Stock Exchanges.

C. OVERVIEW AND OPERATION OF THIS SCHEME

This scheme provides for:

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- a. reduction and reorganization of reserve of the Company (as defined hereinafter) and reclassification and transfer of General Reserves (as defined hereinafter) in the manner as set out in this Scheme (as defined hereinafter) pursuant to the provisions of Sections 230 and 231 read with Section 52 and Section 66 and other applicable provisions of the Act (as defined hereinafter);
- b. this Scheme (as defined hereinafter) also provides for various other matters consequential, incidental or otherwise integrally connected therewith.

D. PARTS OF THIS SCHEME

- a. **PART I** deals with the definitions of capitalized terms used in this Scheme, interpretation and the share capital of the Company (as defined hereinafter);
- b. **PART II** deals with the reduction and reorganization of reserve of the Company (as defined hereinafter) and subsequent reclassification and transfer of General Reserves (as defined hereinafter) of the Company (as defined hereinafter);
- c. **PART III** deals with the general terms and conditions that would be applicable to this Scheme.

E. RATIONALE FOR THIS SCHEME

The Company (as defined hereinafter) is currently engaged in the business of manufacturing and supply of Wind Turbine Generators ('WTG').

The Company (as defined hereinafter) had suffered losses in the past, due to which it has been facing challenges to scale its business and unleash its full potential for growth and profitability. However, there has been a turnaround in the operations/business of the Company (as defined hereinafter). After proactively managing its debt position by way of debt restructuring agreements and repayment of debt, clubbed with the boost in the renewable energy markets, the Company (as defined hereinafter) has been able to report profits on a standalone basis in the financial year 2022-23, financial year 23-24 and for the period end 30th June 2024.

Despite reporting profits during the financial year 2022-23 financial year 23-24 and for the period end 30th June 2024, the accumulated losses are weighing down the financial statements of the Company (as defined hereinafter) with a substantial amount of accumulated negative Retained Earnings (as defined hereinafter) the financial statements of the Company (as defined hereinafter) are not reflective of its true current financial health.

The Company (as defined hereinafter) continues to carry a debit balance (in other words negative balance) of Retained Earnings (as defined hereinafter)

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on its balance sheet. At the same time, the Company (as defined hereinafter) has unutilized balances lying under various reserves, which are neither earmarked for any specific purpose, nor have any lien marked thereon and/or obligation attached thereto.

The Company (as defined hereinafter) is of the view that the financial statements of the Company (as defined hereinafter) are not reflective of its true current financial health and therefore, it is necessary to reduce and reorganize the reserve of the Company (as defined hereinafter).

In a strategic move to reduce and reorganize the reserves of the Company, the Scheme (as defined hereinafter) proposes to set-off the negative balance in the Retained Earnings (as defined hereinafter) chronologically against the following reserves viz. Capital Reserve (as defined hereinafter), Capital Contribution (as defined hereinafter), Capital Redemption Reserve (as defined hereinafter), Securities Premium (as defined hereinafter), and General Reserve (as defined hereinafter). The above set-off could potentially reap strategic benefits including but not limited to the following:

- a. the financial statements of the Company (as defined hereinafter) should reflect its true and fair financial health;
- b. to obliterate the capital being lost and not represented by available assets of the Company (as defined hereinafter);
- c. help in resizing the reserves of the Company (as defined hereinafter) and thereby denoting a positive reserve representing its true and fair financial position which is commensurate with its business and assets;
- d. enable the Company (as defined hereinafter) to explore opportunities for the benefit of the shareholders of the Company (as defined hereinafter) including but not restricted to dividend payment per the applicable provisions of the Act (as defined hereinafter), etc.;
- e. enable Company (as defined hereinafter) to use the amounts lying in the Capital Reserve (as defined hereinafter), Capital Contribution (as defined hereinafter), Capital Redemption Reserve (as defined hereinafter), Securities Premium (as defined hereinafter), and General Reserve (as defined hereinafter) which are currently neither earmarked for any specific purpose, nor have any lien marked thereon and/or obligation attached thereto; and
- f. The Scheme would not have any impact on the shareholding pattern of the Company.

Over the years the Company (as defined hereinafter) has built up significant General Reserves (as defined hereinafter) through transfer of profits to the General Reserves (as defined hereinafter) in accordance with provisions of the applicable laws and rules notified thereunder.

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While the excess reserves can be profitably utilized for the Company's (as defined hereinafter) overall growth strategy, for achieving flexibility in using these funds to maximise shareholder's wealth it is proposed that post the set-off of reserves as mentioned above the balance in General Reserve (as defined hereinafter) will be transferred to Retained Earnings (as defined hereinafter).

The reduction and reorganisation of reserve and subsequent reclassification and transfer of General Reserves (as defined hereinafter) to Retained Earnings (as defined hereinafter) as mentioned above will resize the balance sheet of the Company (as defined hereinafter) with effect from the Appointed Date (as defined hereinafter) and shall be in accordance with the provisions of the Applicable Law.

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Part I

DEFINITIONS, INTERPRETATION, DATE OF TAKING EFFECT AND OPERATIVE DATE AND SHARE CAPITAL

1. DEFINITIONS

In this Scheme (as defined hereinafter), unless repugnant to the meaning or context thereof, (i) terms defined in the introductory paragraphs and recitals shall have the same meanings throughout this Scheme (as defined hereinafter) and (ii) the following words and expressions, wherever used (including in the recitals and the introductory paragraphs above), shall have the following meanings:

- 1.1. **'Act'** or **'the Act'** means the Companies Act, 2013 and shall include any other statutory amendment or re-enactment or restatement and the rules and/ or regulations and/ or other guidelines or notifications made thereunder from time to time;
- 1.2. **'Applicable Law(s)'** or **'Law'** means any applicable central, provincial, local or other law including all applicable provisions of all (a) constitutions, decrees, treaties, statutes, laws (including the common law), codes, notifications, rules, regulations, policies, guidelines, circulars, directions, directives, ordinances or orders of any Appropriate Authority, statutory authority, court, tribunal having jurisdiction over the Company; (b) Permits; and (c) orders, decisions, injunctions, judgments, awards and decrees of or agreements with any Appropriate Authority having jurisdiction over the Company;
- 1.3. **'Appointed Date'** means the closing business hours as on 30 September 2024, or such other date as may be approved by the Tribunal in this regard;
- 1.4. **'Appropriate Authority'** means:
 - a. the government of any jurisdiction (including any central, state, municipal or local government or any political or administrative subdivision thereof) and any department, ministry, agency, instrumentality, court, central bank, commission or other authority thereof;
 - b. any public international organisation or supranational body and its institutions, departments, agencies and instrumentalities;
 - c. any governmental, quasi-governmental or private body or agency lawfully exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, licensing, competition, tax, importing or other governmental or quasi-governmental authority including (without limitation), SEBI (as defined hereinafter), the Tribunal (as defined hereinafter), Registrar of Companies, Regional Director, Competition

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Commission of India, Reserve Bank of India and such other sectoral regulators or authorities as may be applicable;

- d. any entity authorized to make laws, rules, regulations, standards, requirements, procedures or to pass directions or orders, in each case having the force of law,
 - e. any non-governmental regulatory or administrative authority, body or other organization to the extent that the rules, regulations and standards, requirements, procedures or orders of such authority, body or other organization have the force of law;
 - f. any Stock Exchange.
- 1.5. '**Board of Directors**' or '**Board**' in relation to the Company means the Board of Directors of the Company, and shall include a committee duly constituted and authorised for the purposes of matters pertaining to the arrangement, this Scheme and/or any other matter relating thereto;
 - 1.6. '**BSE**' means the BSE Limited;
 - 1.7. '**Capital Contribution**' means and includes the reserve of the Company which has been built primarily due to the resultant gain arising on extinguishment of debt and fair value of financial instruments issued as per the terms of debt restructuring plan over the years, pursuant to the provisions of the Act and which forms a part of the reserves of the Company, as reflected in the books of accounts of the Company;
 - 1.8. '**Capital Redemption Reserve**' means and includes the capital redemption reserve of the Company which have been built primarily through transfer of retained undistributed profits over the years, pursuant to the provisions of the Act and which forms a part of the reserves of the Company, as reflected in the books of accounts of the Company;
 - 1.9. '**Capital Reserve**' means and includes the reserves of the Company which have been built primarily through recognition of profit or loss on purchase / sale of the equity instruments in case of merger to capital reserve, pursuant to the provisions of the Act and which forms a part of the reserves of the Company, as reflected in the books of accounts of the Company;
 - 1.10. '**Effective Date**' means the opening business hours of the date or last of the dates on which the certified copies of the order of the Appropriate Authority sanctioning the Scheme are filed by the Company with the Registrar of Companies Gujarat;

Any references in this Scheme to the date of "coming into effect of this Scheme" or "effectiveness of this Scheme" or "Scheme taking effect" shall mean the Effective Date;

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- 1.11. **'Employees'** mean all the employees on the payroll of the Company, as on the Effective Date;
- 1.12. **'General Reserves'** means and includes the general reserves of the Company which have been built primarily through transfer of retained undistributed profits over the years, pursuant to the provisions of the Act and which forms a part of the reserves of the Company, as reflected in the books of accounts of the Company;
- 1.13. **'Indian Accounting Standards'** means the applicable accounting principles as prescribed under the Companies (Indian Accounting Standards) Rules, 2015 and shall include any statutory modifications, re-enactments or amendments thereof;
- 1.14. **'IT Act'** or **'the ITA'** means the Income Tax Act, 1961 and shall include any statutory modifications, re-enactments or amendments thereof and the rules made thereunder, for the time being in force;
- 1.15. **'National Company Law Tribunal'** or **'NCLT'** or **'Tribunal'** means the National Company Law Tribunal at Ahmedabad which has jurisdiction over the Company and/ or the National Company Law Appellate Tribunal as constituted and authorised as per the provisions of the Act for approving any scheme of arrangement, compromise or reconstruction of companies under Sections 230 and 231 read with Section 52 and Section 66 and other applicable provisions of the Act and shall include, if applicable, such other forum or authority as may be vested with the powers of a tribunal for the purposes of Sections 230 to 231 read with Section 66 and Section 52 or other applicable provisions of the Act as may be applicable;
- 1.16. **'NSE'** means National Stock Exchange of India Limited;
- 1.17. **'Permits'** means all consents, licences, permits, permissions, authorisations, rights, clarifications, approvals, clearances, confirmations, declarations, waivers, exemptions, registrations, filings, whether governmental, statutory, regulatory under Applicable Law;
- 1.18. **'Person'** means an individual, a partnership, a corporation, a limited liability partnership, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or an Appropriate Authority;
- 1.19. **'Registrar of Companies'** / **'RoC'** means the Registrar of Companies, Gujarat;
- 1.20. **'Relevant Jurisdiction'** means the territories of the State of Gujarat or Republic of India.
- 1.21. **'Rupees'** or **'Rs'** or **'INR'** means Indian rupees. being the lawful currency of Republic of India;

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- 1.22. **'Retained Earnings'** means line-item classified as retained earnings as presented in the balance sheet of the Company, which constitute accumulated losses of the Company, arrived at after providing depreciation in accordance with the provisions of the Act;
- 1.23. **'Scheme'** or **'the Scheme'** or **'this Scheme'** means this composite scheme of arrangement in its present form as submitted to the Tribunal of Relevant Jurisdiction with any modification(s) made under Clause 14 of the Scheme as approved or directed by the Tribunal or such other Appropriate Authority, as may be applicable;
- 1.24. **'SEBI'** means the Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992;
- 1.25. **'SEBI Circular'** shall mean the circular issued by the SEBI, being Circular SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, and any amendments thereof;
- 1.26. **'SEBI LODR Regulations'** means SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, and any amendments thereof;
- 1.27. **'Securities Premium'** means and includes the premium received on issue of shares of the Company, pursuant to the provisions of the Act and which forms a part of the reserves of the Company, as reflected in the books of accounts of the Company;
- 1.28. **'SEL'** or **'the Company'** or **'the Party'** means Suzlon Energy Limited, a public limited listed company incorporated under the Companies Act, 1956 with corporate identity number L40100GJ1995PLC025447 having its registered office at "Suzlon", 5, Shrimali Society, Near Shri Krishna Complex, Navrangpura, Ahmedabad-380009;
- 1.29. **'Stock Exchanges'** means the BSE and NSE collectively;
- 1.30. **'Taxation'** or **'Tax'** or **'Taxes'** means and includes any tax, whether direct or indirect, including income tax (including withholding tax, dividend distribution tax), GST, excise duty, central sales tax, service tax, octroi, local body tax and customs duty, duties, charges, fees, levies, surcharge, cess or other similar assessments by or payable to Governmental Authority, including in relation to (i) income, services, gross receipts, premium, immovable property, movable property, assets, profession, entry, capital gains, municipal, interest, expenditure, imports, wealth, gift, sales, use, transfer, licensing, withholding, employment, payroll and franchise taxes; and (ii) any interest, fines, penalties, assessments or additions to Tax resulting from, attributable to or incurred in connection with any proceedings or late payments in respect thereof;
- 1.31. **'Tax Laws'** means all Applicable Laws, acts, rules and regulations dealing with Taxes including but not limited to the income-tax, wealth tax, sales tax

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/ value added tax, service tax, goods and services tax, excise duty, customs duty or any other levy of similar nature;

2. INTERPRETATION

Terms and expressions which are used in this Scheme but not defined herein shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the IT Act, the Securities Contracts (Regulation) Act, 1956, Securities and Exchange Board of India Act, 1992 (including the regulations made thereunder), the Depositories Act, 1996 and other Applicable Laws, rules, regulations, bye-laws, as the case may be, including any statutory modification or re-enactment thereof, from time to time. In particular, wherever reference is made to the Appropriate Authority in this Scheme, the reference would include, if appropriate, reference to the Appropriate Authority or such other forum or authority, as may be vested with any of the powers of the Appropriate Authority under the Act and / or rules made thereunder.

- a. references to clauses and recitals, unless otherwise provided, are to clauses and recitals to this Scheme;
- b. the headings herein shall not affect the construction of this Scheme;
- c. the singular shall include the plural and vice versa; and references to one gender include all genders;
- d. any phrase introduced by 'the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms;
- e. references to a person includes any individual, firm, body corporate (whether incorporated or not), Appropriate Authority, or any joint venture, association, partnership, works council or employee representatives' body (whether or not having separate legal personality);
- f. terms "hereof", "herein", "hereby", "hereto" and derivative or similar words shall refer to this entire Scheme or specified clauses of this Scheme, as the case may be;
- g. reference to "writing" or "written" includes printing, typing, lithography and other means of reproducing words in a visible form including e-mail;
- h. reference to any agreement, contract, document or arrangement or to any provision thereof shall include references to any such agreement, contract, document or arrangement as it may, after the date hereof, from time to time, be amended, supplemented or novated; and
- i. references to any provision of law or legislation or regulation shall include: (a) such provision as from time to time amended, modified, re-

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enacted or consolidated (whether before or after the date of this Scheme) to the extent such amendment, modification, re-enactment or consolidation applies or is capable of applying to the transaction entered into under this Scheme and (to the extent liability there under may exist or can arise) shall include any past statutory provision (as amended, modified, re-enacted or consolidated from time to time) which the provision referred to has directly or indirectly replaced, (b) all subordinate legislations (including circulars, notifications, clarifications or supplement(s) to, or replacement or amendment of, that law or legislation or regulation) made from time to time under that provision (whether or not amended, modified, re-enacted or consolidated from time to time) and any retrospective amendment.

3. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form with or without any modification(s) approved or imposed or directed by the Tribunal or made as per the Scheme, shall be effective from the Appointed Date and shall be operative from the Effective Date.

Any references in the Scheme to 'upon the Scheme becoming effective' or 'effectiveness of the Scheme' shall mean the Effective Date.

4. SHARE CAPITAL

4.1. The share capital of the Company as at 30 September, 2024 is as under:

Particulars	Amount (Rs. crores)
Authorized Capital	
55,00,00,00,000 Equity Shares of Rs. 2 each	11,000.00
Total	11,000.00
Issued Capital	
1367,23,56,861 Equity Shares of Rs. 2 each	2,734.47
Total	2,734.47
Subscribed Capital	
1365,34,24,884 Equity Shares of Rs. 2 each	2,730.68
Total	2,730.68
Paid-up Capital	
1364,52,30,821 Equity Shares of Rs.2 each	2,729.05

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Total	2,729.05
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The equity shares of the Company are listed on the Stock Exchanges.

Subsequent to 30 September 2024 and up to the approval of this Scheme by the Board of the Company, the Company has not issued and allotted any shares except 14,38,875 equity shares having face value of Rs. 2 each issued subscribed and paid-up on 17 October 2024 pursuant to employee stock option scheme.

There are no existing commitments, obligations or arrangements by the Company as on the date of sanction of this Scheme by the Board of Directors to issue any further shares or convertible securities except to issue shares on exercise of options granted under any of its existing employee stock option schemes or forfeiture / receipt of call money pertaining to partly paid-up shares which may result in change in the issued and paid-up share capital of the Company .

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Part II

**REDUCTION AND REORGANIZATION OF RESERVE OF THE COMPANY AND
SUBSEQUENT RECLASSIFICATION AND TRANSFER OF GENERAL
RESERVE OF THE COMPANY**

5. REDUCTION AND REORGANIZATION OF RESERVE OF THE COMPANY

- 5.1. Upon the Scheme becoming effective, the Company shall adjust the debit balance in of the Retained Earnings Account of the Company as on the Appointed Date, in chronological order against credit balances in the following reserves:
 - a. Capital Reserve;
 - b. Capital Contribution;
 - c. Capital Redemption Reserve;
 - d. Securities Premium; and
 - e. Balance (if any) against General Reserves.
- 5.2. The reduction and reorganization of reserve of the Company would neither involve a diminution of liability in respect of unpaid share capital nor a diminution of paid-up share capital.
- 5.3. Notwithstanding the reduction of capital, as stated in this Scheme, the Company shall not be required to add "And Reduced" as suffix to its name.
- 5.4. The utilization of the Capital Reserve, Capital Contribution, Capital Redemption Reserve, Securities Premium and General Reserves as aforesaid shall be effected as an integral part of the Scheme and the order of the NCLT sanctioning this Scheme shall be deemed to be an order under section 66 read with section 52 and other applicable provisions of the Act and no separate sanction under section 66 read with section 52 and other applicable provisions of the Act will be necessary.
- 5.5. The Scheme neither involves reduction in the issued, subscribed, paid-up share capital of the Company, nor any payment of the paid-up share capital to the shareholders of the Company nor does it result in extinguishment of any liability or diminution. There is no outflow of / payout of funds from the Company and hence, the interest of the shareholders / creditors is not adversely affected.

6. RECLASSIFICATION OF GENERAL RESERVE OF THE COMPANY

- 6.1. Upon the Scheme becoming effective, and post reduction and reorganisation of reserves pursuant to Clause 5 above, the entire amount

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standing to the credit of the General Reserve of the Company as on the Appointed Date shall be reclassified and credited to the Retained Earnings of the Company.

- 6.2. The amount credited to the Retained Earnings pursuant to Clause 6.1 above shall constitute to be accumulated profits of the Company for the previous financial year, arrived at after providing for depreciation in accordance with the provisions of the Act and remaining undistributed in the manner provided in the Act and other applicable laws. The amount so reclassified to the Retained Earnings shall be available for distribution to the equity shareholders of the Company, from time to time, by the Board of Directors of the Company, at its sole discretion, in such manner, quantum and at such time as the Board of Directors may decide.
- 6.3. The transfer of General Reserve of the Company, as stated in Clause 6.1 above, shall be effected as an integral part of this Scheme and the approval of the Scheme by the members shall be deemed to be sufficient for the purpose of effecting the re-classification and transfer of the amounts standing to the credit of the General Reserve to the Retained Earnings and no further resolution under any other applicable provisions of the Act would be required to be separately passed.
- 6.4. It is further clarified that transfer of the amounts standing to the credit of General Reserve to the Retained Earnings of the Company as contemplated in the Clause 6.1 should not entail or should not be deemed as any obligation on the Company for declaration or distribution of dividend for the purpose of Section 123 of the Act, and rules notified thereunder.
- 6.5. Pursuant to the reduction and reorganization of reserves and re-classification of General Reserve of the Company pursuant to Clause 5 and 6 of this Scheme, there is no outflow of/ payout of funds from the Company and hence, the interest of the shareholders/ creditors is not adversely affected. For the removal of doubt, it is expressly recorded and clarified that the Scheme shall not in any manner involve distribution of reserves or revenue reserves and shall be in accordance with the accounting standards prescribed under provisions of Section 133 of the Act.
- 7. ACCOUNTING TREATMENT FOR REDUCTION AND REORGANISATION OF RESERVES AND SUBSEQUENT RECLASSIFICATION OF GENERAL RESERVE OF THE COMPANY AS PER CLAUSE 5 AND 6 ABOVE
- 7.1. Notwithstanding anything else contained in the Scheme, the Company shall account for reduction and reorganization of reserve and subsequent reclassification of general reserves in its books of account in accordance with Indian Accounting Standards ("IND AS") notified under Section 133 of the Act, under the Companies (Indian Accounting Standard) Rules, 2015,

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as may be amended from time to time and other accounting principles generally accepted in India, such that:

- 7.2. The debit balance in Retained Earnings in the books of the Company as on the Appointed Date shall be adjusted/ set-off in chronological order against credit balances in the following reserves:
- a. Capital Reserve;
 - b. Capital Contribution;
 - c. Capital Redemption Reserve;
 - d. Securities Premium; and
 - e. Balance (if any) against General Reserves., in order to give effect to Clause 5.1 above;
- 7.3. The balance standing to the credit of General Reserve in the books of the Company as on Appointed Date post set-off pursuant to Clause 5.1 shall be reclassified and credited to Retained Earnings of the Company, in order to give effect to Clause 6.1 above.
- 7.4. The above accounting treatment is not specifically addressed by the accounting standards (Indian Accounting Standards) as prescribed under section 133 of the Act, however the same is in compliance with other generally accepted accounting principles and industry practices.

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Part III**GENERAL TERMS AND CONDITIONS****8. EMPLOYEES**

8.1. The Employees shall, in no way, be affected by the proposed reduction, reorganization of reserves and subsequent reclassification of General Reserve (as set out in Clause 5 and 6 above) as there is no transfer of Employees under the Scheme.

8.2. On the Scheme becoming effective, all the Employees shall continue with their employment, without any break or interruption in their services, on the same terms and conditions on which they are engaged as on the Effective Date.

9. CREDITORS

9.1. The reduction and reorganization of reserves of the Company and reclassification and transfer of General Reserves (as set out in Clause 5 and 6 above) will not cause any prejudice to the creditors of the Company. The creditors of the Company are, in no way, affected by the Scheme, as there is no reduction in the amount payable to any of the creditors as a result of this Scheme, and no compromise or arrangement is contemplated with the creditors under this Scheme. Further, there is no outflow of cash from the Company. Thus, the proposed adjustment would not, in any way, adversely affect the operations of the Company or the ability of the Company to honor its commitments or to pay its debts in the ordinary course of business.

10. COMPLIANCE WITH TAX LAWS

10.1. The Scheme is in compliance with the applicable Tax Laws. Upon the Scheme becoming effective, the Company shall continue to pay Taxes in accordance with and subject to applicable Tax Laws.

11. LEGAL PROCEEDINGS

11.1. Upon the Scheme becoming effective, all suits, actions, administrative proceedings, tribunals proceedings, show cause notices, demands and legal proceedings of whatsoever nature by or against the Company pending and/or arising on or before the Effective Date or which may be instituted any time thereafter shall not abate or be discontinued or be in any way prejudicially affected by reason of this Scheme or by anything contained in this Scheme but shall be continued and be enforced by or against the Company.

12. CONDITIONS PRECEDENT

The effectiveness of the Scheme is conditional upon and subject to:

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- a. obtaining no-objection/ observation letter from the Stock Exchanges in relation to the Scheme under Regulation 37 of the SEBI LODR Regulations;
- b. this Scheme being approved by the respective requisite majorities of the various classes of shareholders as well as creditors of the Company if required under the Act unless dispensed with by the Tribunal and the requisite orders of the Tribunal being obtained; and
- c. the certified copy of the order of the Tribunal under Sections 230 and 231 read with Section 52 and Section 66 and other applicable provisions of the Act sanctioning the Scheme being filed with the Registrar of Companies by the Company.

13. APPLICATIONS

- 13.1. The Company, if required, shall, with all reasonable dispatch, make applications/ petitions to the Tribunal under Sections 230 and 231 read with Section 52 and Section 66 and other applicable provisions of the Act, for sanctioning of this Scheme.
- 13.2. On the approval of this Scheme by the shareholders of the Company (unless dispensed with by the Tribunal), such shareholders shall also be deemed to have resolved and accorded all relevant consents under the Act or otherwise to the same extent applicable in relation to the reduction, reorganization of reserve and subsequent re-classification of General Reserves as set out in this Scheme, related matters and this Scheme itself.
- 13.3. The Company shall be entitled, pending the effectiveness of the Scheme, to apply to any Appropriate Authority, if required, under any Applicable Law for such consents and approvals, which the Company may require to effect the transactions contemplated under the Scheme.

14. MODIFICATIONS OR AMENDMENTS TO THE SCHEME

- 14.1. The Company (acting through its Board or committee or such other person or persons, as the respective Board of Directors may authorize) may, in its full and absolute discretion:
 - a. assent/ make and/ or consent to any modifications or amendments to this Scheme, or to any conditions or limitations and which the Appropriate Authority and/or any other authorities may deem fit to direct or impose, and/or effect any other modification or amendment, and to do all acts, deeds and things which may otherwise be considered necessary or desirable or appropriate for settling any question or doubt or difficulty that may arise for implementing and / or carrying out this Scheme;

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- b. take such steps and do all such acts, deeds and things as may be necessary, desirable or proper to give effect to this Scheme and give such directions as to resolve any doubts, difficulties or questions, arising under this Scheme or implementation thereof or in any matter whatsoever connected therewith (including any question or difficulty arising in connection with any insolvent or deceased shareholders, debenture holders, depositors of the Company), whether by reason of any order(s) of the Appropriate Authority or of any direction or orders of any other Appropriate Authorities or otherwise howsoever arising out of, under or by virtue of this Scheme and/or any matters concerning or connected therewith, or to review the position relating to the satisfaction of the various conditions of the Scheme and if necessary, to waive any of those (to the extent permissible under the law); and
- c. modify or vary this Scheme prior to the Effective Date in any manner at any time subject to Applicable Law; and
- 14.2. In case, post approval of the Scheme by the Appropriate Authority, there is any confusion in interpreting any Clause of this Scheme, or otherwise, the Board of Directors of the Company shall have complete power to take the most sensible interpretation so as to render the Scheme operational.
15. EFFECT OF NON-RECEIPT OF APPROVALS
- In the event of any of the said sanctions and approvals referred to in the Clause 12 above, not being obtained and/ or the Scheme not being sanctioned by the Tribunal and / or the order not being passed as aforesaid within such period or periods as may be agreed upon by the Board, this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law.
16. REMOVAL OF DIFFICULTIES
- 16.1. The Company acting through its Board, may:
- a. give such directions and agree to take steps, as may be necessary, desirable or proper, to resolve all doubts, difficulties or questions arising under this Scheme, whether by reason of any orders of the Appropriate Authority or of any directive or orders of any Appropriate Authority, under or by virtue of this Scheme in relation to the arrangement contemplated in this Scheme and/ or matters concerning or connected therewith or in regard to and of the meaning or interpretation of this Scheme or implementation thereof or in any manner whatsoever connected therewith, or to review the position relating to the satisfaction

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of various conditions of this Scheme and if necessary, to waive any of those to the extent permissible under Applicable Law; and/or

- b. do all such acts, deeds and things as may be necessary, desirable or expedient for carrying the Scheme into effect.

16.2. Without prejudice to the other provisions of the Scheme and notwithstanding the reduction, reorganization of the reserve of the Company and subsequent reclassification of the General Reserves of the Company by virtue of the Scheme itself, in order to ensure implementation of the provisions of the Scheme the Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under Applicable Law or otherwise, execute deeds (including deeds of adherence), confirmations or other writings or arrangements with any party to any contract or arrangement in relation to which the Company has been a party, including any filings with the regulatory authorities in order to give formal effect to the above provisions and to carry out or perform all such formalities or compliances referred to above on the part of the Company.

17. SEVERABILITY

If any part of this Scheme hereof is invalid, ruled illegal by Appropriate Authority or any court of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the Company 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 the Company, in which case the Company, acting through its Boards of Directors, shall attempt to bring about a modification in the Scheme, as will best preserve for the Company the benefits and obligations of the Scheme including but not limited to such part, which is invalid, ruled illegal or rejected by the Appropriate Authority or any court of competent jurisdiction, or unenforceable under present or future Applicable Laws.

18. MISCELLANEOUS

18.1. This Scheme is an "arrangement" between the Company and its shareholders and creditors under Sections 230 and 231 read with Section 52 and Section 66 and other applicable provisions of the Act and the Scheme does not envisage the transfer of vesting of any properties and/or liabilities as contemplated in Sections 230 to 232 of the Act. This Scheme does not involve any "conveyance" or "transfer" of any property/liabilities and does not relate to amalgamation or merger or demerger of companies in terms of Sections 230 to 232 of the Act. Accordingly, this Scheme and the order sanctioning this Scheme shall not be deemed to be a conveyance within the meaning of the Gujarat Stamp Act, 1958, and therefore no stamp

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duty shall be payable on the Scheme and / or the order sanctioning this Scheme.

- 18.2. Upon this Scheme becoming effective, the accounts of the Company and any other record/certificate/return, as on the Appointed Date shall be reconstructed in accordance with the terms of this Scheme.
- 18.3. Upon the Scheme becoming effective, the same shall be binding on the Company and all concerned parties without any further act, deed, matter or thing.
- 18.4. The provisions contained in this Scheme are inextricably inter-linked and the Scheme constitutes an integral whole. The Scheme would be given effect to only if it is approved in its entirety unless specifically agreed otherwise by the Board of Directors of the Company or any committee constituted by such Board.
- 18.5. The Company shall be at liberty to withdraw this Scheme at any time as may be agreed by the Board of Directors of the Company prior to the Effective Date.

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