

SCHEME OF AMALGAMATION
OF
RENUKA COMMODITIES DMCC
(Transferor Company)
INTO
SHREE RENUKA SUGARS LIMITED
(Transferee Company)
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

- (A) The present Scheme of amalgamation of Renuka Commodities DMCC into Shree Renuka Sugars Limited and their respective shareholders and creditors (“Scheme”) provides for the amalgamation of Renuka Commodities DMCC, a company incorporated under the laws of United Arab Emirates and having its registered office address at Unit No. 24 J, AU Gold Tower, Plot No. 13, Jumeirah Lakes Towers, Dubai into Shree Renuka Sugars Limited, a public limited company incorporated under the laws of India and having its registered office address at BC 105, Havelock Road, Cantonment, Belgaum – 590 001, Karnataka, India, under Sections 391 to 394 and other relevant provisions of the Companies Act, 1956 read with Rules 67 to 87 of the Companies (Court) Rules, 1959 and applicable laws in India and Dubai.
- (B) This Scheme is divided into the following parts:
- (a) Part I, which deals with the introduction and rationale of the Scheme;
 - (b) Part II, which deals with the definitions and financial position of the Transferor Company and the Transferee Company;
 - (c) Part III, which deals with the merger of the Transferor Company into the Transferee Company;
 - (d) Part IV, which deals with the accounting treatment to the Transferor Company and the Transferee Company under this Scheme;
 - (e) Part V, which deals with the general terms and conditions as applicable to this Scheme.

PART - I

1. INTRODUCTION:

- (A) Renuka Commodities DMCC (hereinafter referred to as “RCD”) was incorporated as Free Zone Company on 28th November, 2004 in United Arab Emirates with its registered office at Unit No. 24 J, AU Gold Tower, Plot No. 13, Jumeirah Lakes Towers, Dubai.

The main object of Renuka Commodities DMCC as embodied in its Memorandum of Association and Articles of Association is as follows:



- a) *To carry on all such business as the Dubai Metals & Commodities Centre Authority ("the Authority") may permit under the terms of the license to be issued to it by the Authority ("the License"). For this purpose the License shall be an integral part of this Memorandum of Association.*
- b) *To carry on any other trade or business which can, in the opinion of its Board of Directors and subject to the Authority's approval, be advantageously carried on in connection with or as ancillary to any of the business or activity set out in the License.*
- c) *Notwithstanding the generality of the foregoing, the Company may not:*
- (i) *carry on any banking business or any business of financial brokerage or financial advisory services unless it is duly licensed by the competent UAE Authorities;*
- (ii) *carry on business as an insurance or reinsurance agent or insurance broker unless it is duly licensed to do so by the competent UAE Authorities.*

(B) Shree Renuka Sugars Limited (hereinafter referred to as "SRSL" or the "Transferee Company") was incorporated as a public limited company under the Companies Act, 1956 on 25th October, 1995 in Bangalore, in the State of Karnataka. The Certificate for Commencement of Business was given on 5th January, 1996. The Registered Office of SRSL is situated at BC 105, Havelock Road, Cantonment, Belgaum – 590 001, Karnataka, India.

The main objects of SRSL as set out in its Memorandum of Association are as follows:

1. *To purchase, manufacture, produce, boil, refine, prepare, brew, import, export, buy, sell and generally to deal in all varieties of sugar, sugar candy, jaggery, khandsari sugar, sugar beet, sugar cane, molasses, syrups, melada, alcohol, spirits and all products and by-products, thereof such as confectionery, glucose, bagasses, bagasse boards, paper, paper pulp, butyl alcohol, acetone, carbon-dioxide, hydrogen, potash, cane wax, fertilizers, cattle feed and food products generally.*
2. *To plant, cultivate, produce and raise and/or get cultivated through others or purchase sugar cane, sorghum, sugar beet, sago, palmyra juice and other crops or raw materials used in the production of sugar and its products and byproducts.*
3. *To generate power by traditional and/or using, any latest technology for the captive consumption and also to distribute, sell such surplus generation if necessary to outsiders.*

2. RATIONALE:

- (C) This Scheme (as defined hereinafter) envisages the amalgamation of Renuka Commodities DMCC into SRSL, resulting in consolidation of the business in one entity and strengthening the position of the merged entity, by enabling it to harness and optimize the synergies of both the companies. Accordingly, it would be in the best interests of the Transferor Company and the Transferee Company. The proposed amalgamation of the Transferor Company into the Transferee Company is in line with the global trends to achieve size, scale, integration and greater financial strength and flexibility and in the interests of maximizing shareholder value. The merged entity is likely to achieve higher long-term financial returns than could be achieved by the companies individually. The Transferor Company and the Transferee Company believe that the financial, managerial and technical resources, personnel capabilities, skills, expertise and technologies of the Transferor Company and the Transferee Company pooled



the merged entity, will lead to increased competitive strength, cost reduction and efficiencies, productivity gains, and logistic advantages, thereby significantly contributing to future growth. Therefore, the management of the Transferor Company and the Transferee Company believe that the Scheme of Amalgamation would benefit the respective companies and other stake holders of respective companies, inter-alia, on account of the following reasons:

- (i) Enable the Transferee Company to use the resources of the Transferor Company and generate synergy in operations;
 - (ii) Increase in net worth of the Transferee Company, which will facilitate effective and fast mobilization of financial resources for meeting increased capital expenditure;
 - (iii) Reduction of overheads and other expenses, facilitate administrative convenience and ensure optimum utilization of available services and resources.
- (D) Renuka Commodities DMCC is a wholly owned subsidiary of SRSLS.
- (E) The proposed amalgamation and vesting of Renuka Commodities DMCC into SRSLS, with effect from the Appointed Date is in the interest of the shareholders, creditors, stakeholders and employees, as it would enable a focused business approach for the maximization of benefits to all stakeholders and for the purposes of synergies of business.

PART- II

3. DEFINITIONS

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

- 3.1 “**Act**” means the Companies Act, 1956 of India, including any statutory modifications, re-enactment or amendments thereof for the time being in force.
- 3.2 “**Applicable Laws**” means any statute, notification, bye laws, rules, regulations, guidelines, common law, policy, code, directives, ordinance, schemes, notices, orders or instructions, laws enacted or issued or sanctioned by any appropriate authority including any modification or re-enactment thereof for the time being in force.
- 3.3 “**Appointed Date**” means 1st day of March, 2014 or such other date as may be approved by the High Court.
- 3.4 “**Appropriate Authorities**” means any governmental, statutory, regulatory, departmental or public body or authority of the relevant jurisdiction, including, if applicable, Securities and Exchange Board of India, Stock Exchanges, Registrar of Companies, Regional Directors, Foreign Investment Promotion Board, Reserve Bank of India, Courts and other regulatory authorities of United Arab Emirates and India in each case.
- 3.5 “**Board of Directors**” in relation to respective Transferor Company and/or Transferee Company, as the case may be, shall, unless it is repugnant to the context or otherwise, include a Committee of Directors or any person authorized by the Board of Directors or such Committee of Directors.
- 3.6 “**Court**” or the “**High Court**” means the Honorable High Court of Karnataka at Bangalore.
- 3.7 “**Effective Date**” mean the date on which certified copy of the order passed by the Honorable High Court of Karnataka at Bangalore



sanctioning the Scheme is filed with the Registrar of Companies, Karnataka at Bangalore after obtaining the consents, approvals, permissions, resolutions, agreements, sanctions and orders necessary therefor.

- 3.8 **"Relevant Jurisdictions"** means the territories of the United Arab Emirates (UAE).
- 3.9 **"Scheme" or "the Scheme" or "this Scheme"** means this Scheme of amalgamation in its present form submitted to the Honorable High Court of Karnataka at Bangalore for sanction or with any modification(s) made under Clause 15 of this Scheme and/or any modification(s) approved or imposed or directed by the Honorable High Court of Karnataka at Bangalore or such other Appropriate Authority.
- 3.10 **The "Transferee Company"** means Shree Renuka Sugars Limited, a company incorporated under the Companies Act, 1956, and having its registered office situated at B C 105, Havelock Road, Cantonment, Belgaum - 590 001, Karnataka, India.
- 3.11 **The "Transferor Company"** means Renuka Commodities DMCC, a company incorporated under the laws of United Arab Emirates and having its registered office at Unit No. 24 J, AU Gold Tower, Plot No. 13, Jumeirah Lakes Towers, Dubai.
- 3.12 **"Undertaking"** means and includes :
- a. all the assets and properties of the Transferor Company as on the Appointed Date i.e. all the undertakings, the entire business, all the properties (whether movable or immovable - freehold or leasehold, tangible or intangible), plant and machinery, buildings and structures, offices, residential and other premises, capital work in progress, furniture, fixture, office equipment, appliances, accessories, power lines, deposits, stocks, assets, investments of all kinds and in all forms, cash balances with banks, loans, advances, contingent rights or benefits, receivables, benefit of any deposits, financial assets, leases, hire purchase contracts, lending contracts, benefit of any security arrangements, reversions, powers, authorities, allotments, approvals, permissions, permits, quotas, rights, entitlements, guarantees, authorizations, approvals, agreements, contracts, leases, licenses, registrations, tenancies, benefits of all taxes including advance taxes, right to carry forward and set off unabsorbed losses and depreciation, right to claim deductions including its continuing benefits, engagements, arrangements of all kinds, exemptions, incentives, privileges and rights under various laws, loan agreements, titles, interests, trade and service names and marks, patents, copyrights, and other intellectual property rights to use and avail of telephones, telexes, facsimile, email, interest, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, all records, files, papers, computer programmes, manuals, data, catalogues, sales and advertising materials, lists and other details of present and former customers and suppliers, customer credit information, customer and supplier pricing information and other records, 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 Company or which have accrued to the Transferor Company as on the Appointed Date, whether in Dubai, India or abroad, of whatsoever nature and wherever situated, (hereinafter referred to as the "Assets");



- b. all the debts, liabilities, duties and obligations of the Transferor Company as on the Appointed Date (hereinafter referred to as the "Liabilities");
- c. without prejudice to the generality of sub-clause (a) above, the Undertaking of the Transferor Company shall include all the movable and immovable properties, assets, including leasehold rights, tenancy rights, industrial and other licenses, permits, authorizations, quota rights, trade marks, patents and other industrial and intellectual properties, import quotas, telephones, telex, facsimile and other communication facilities and equipments, rights and benefits of all agreements, guarantees, deeds, bonds, insurance policies and all other interests, rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, approvals of whatsoever nature and wheresoever situate, belonging to or in the ownership, power, possession or control of the Transferor Company;
- d. all earnest monies and/or security deposits paid by the Transferor Company.

4. **SHARE CAPITAL**

- 4.1 The authorized, issued, subscribed and paid up share capital of the Transferor Company as on 31st March, 2013 is as under :-

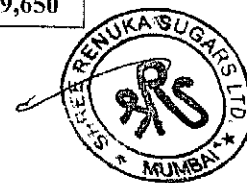
Renuka Commodities DMCC (1st Transferor Company)

Renuka Commodities DMCC	
Particulars	Amount in Rs.
Authorised Share Capital	
(40 Equity Shares of AED 10,000 each)	49,68,000
Issued, Subscribed and Paid-up Capital	
(40 Equity Shares of AED 10,000 each fully paid up)	49,68,000

- 4.2 The authorized, issued, subscribed and paid-up share capital of the Transferee Company as on 31st March, 2013 is as under :-

SRSL (Transferee Company)

Shree Renuka Sugars Limited	
Particulars	Amount in Rs.
Authorised Share Capital	
(80,00,00,000 Equity Shares of Re. 1/- each)	80,00,00,000
(2,50,00,000 Preference Shares of Rs. 10/- each)	25,00,00,000
Total	105,00,00,000
Issued, Subscribed and Paid-up Capital	
(67,13,19,650 Equity Shares of Re. 1/- each fully paid)	67,13,19,650
Total	67,13,19,650



4.3 **Financial position :**

The summarized financial position of the Transferor Company and the Transferee Company as per their respective latest audited accounts as on 31st March, 2013 is as under:

Renuka Commodities DMCC

Amount in Million	
I. EQUITY AND LIABILITIES	As at 31st March, 2013
(1) Shareholders' funds	
(a) Share capital	4.97
(b) Reserves and surplus	7,555.05
(c) Money received against share warrants	-
(2) Share application money pending allotment	-
(3) Non-current liabilities	
(a) Long-term borrowings	20.22
(b) Deferred tax liabilities (Net)	-
(c) Other Long term liabilities	-
(d) Long-term provisions	2.71
(4) Current liabilities	
(a) Short-term borrowings	5,979.38
(b) Trade payables	7,807.80
(c) Other current liabilities	886.51
(d) Short-term provisions	-
TOTAL	22,256.64
II. ASSETS	
(1) Non-current assets	
(a) Fixed assets	
(i) Tangible assets	74.39
(ii) Intangible assets	-
(iii) Capital work-in-progress	-
(iv) Intangible assets under development	-
(b) Non-current investments	-
(c) Deferred tax assets (net)	4,419.29
(d) Long-term loans and advances	-
(e) Other non-current assets	639.22
(2) Current assets	
(a) Current investments	-
(b) Inventories	-
(c) Trade receivables	-
(d) Cash and Bank Balances	0.07
(e) Short-term loans and advances	321.65
(f) Other current assets	16,802.02
TOTAL	22,256.64



SRSL (Transferee Company)

Amount in Million	
I. EQUITY AND LIABILITIES	As at 31st March, 2013
(1) Shareholders' Funds	
(a) Share Capital	671.32
(b) Reserves and Surplus	17,258.64
(2) Non-Current Liabilities	
(a) Long-Term Borrowings	11,957.66
(b) Deferred Tax Liabilities (Net)	2,430.87
(c) Other Long-Term Liabilities	6.71
(d) Long-Term Provisions	24.94
(3) Current Liabilities	
(a) Short-Term Borrowings	7,908.54
(b) Trade Payables	30,860.24
(c) Other Current Liabilities	8,309.10
(d) Short-Term Provisions	406.14
Total	79,834.16
II. ASSETS	
(1) Non-Current Assets	
(a) Fixed Assets	27,273.62
(i) Tangible Assets	77.33
(ii) Intangible Assets	270.41
(iii) Capital Work-in-Progress-Tangible	20,128.87
(b) Non-Current Investments	-
(c) Deferred tax assets (net)	4,016.68
(d) Long-Term Loans and Advances	12.08
(e) Other Non-Current Assets	-
(2) Current Assets	20,588.38
(a) Inventories	1,735.05
(b) Trade Receivables	914.72
(c) Cash and Bank Balances	4,792.34
(d) Short-Term Loans and Advances	24.68
(e) Other Current Assets	-
Total	79,834.16

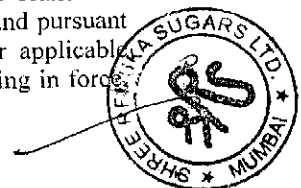
Full details of the financial position are given in the audited accounts of the Transferor Company and the Transferee Company.

- 4.4 The existing equity shares of the Transferee Company (SRSL) are listed on the National Stock Exchange of India Limited ("NSE") and the Bombay Stock Exchange Limited ("BSE"). The equity shares of the Transferor Company are not listed on any Stock Exchange.

PART- III

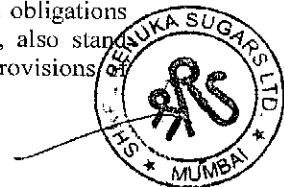
5. TRANSFER AND VESTING

- 5.1 With effect from the Appointed Date and upon this Scheme coming into effect, the Transferor Company shall stand merged with and be vested in the Transferee Company, as a going concern, without any further act or instrument and pursuant to the provisions of Sections 391 to 394 of the Act and all other applicable provisions of Applicable Laws, rules and regulations for the time being in force.



together with all the properties, assets, rights, liabilities, benefits and interest therein, as more specifically described in the subsequent clauses of this Scheme.

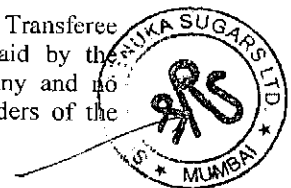
- 5.2 With effect from the Appointed Date, the entire business and the whole of the Undertaking of the Transferor Company shall, without any further act or deed, be and stand transferred to and vested in or deemed to have been transferred to or vested in the Transferee Company as a going concern, pursuant to the provisions of Sections 391 to 394 and other applicable provisions of the Act and all other Applicable Laws PROVIDED ALWAYS that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by or available to the Transferor Company 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 the amalgamation has become effective or otherwise. The transfer and vesting as aforesaid shall be subject to the existing charges/hypothecation over or in respect of the Assets or any part thereof of the Transferor Company. Further, the Transferee Company shall not be required to create any additional security over assets acquired by it under the Scheme for any loans, deposits or other financial assistance availed or to be availed by the Transferor Company or the Transferee Company. Similarly, the Promoters shall not be required to provide additional collateral security by way of pledge of their shareholding in the Transferor Company/Transferee Company.
- 5.3 With effect from the Appointed Date, and subject to any corrections and adjustments as may be required, in the opinion of the Board of Directors of the Transferee Company, the Reserves and Surplus if any, of the Transferor Company will be merged with those of the Transferee Company in the same form and nomenclature as they appeared in the financial statements of the Transferor Company, except as stated elsewhere in the Scheme.
- 5.4 Any legal or other proceedings by or against Transferor Company pending on the Effective Date and relating to the Undertaking (including property rights, powers, liabilities, obligations and duties) of Transferor Company shall be continued and enforced by or against the Transferee Company, in the same manner and to the same extent as it would or might have been continued and enforced by or against Transferor Company.
- 5.5 It is expressly provided that in respect of such of the assets of the Transferor Company as are moveable in nature or are otherwise capable of being transferred by manual delivery or by endorsement and delivery, the same shall be so transferred by the Transferor Company by physical delivery and shall become the property of the Transferee Company pursuant to the provisions of Sections 391 of the Act.
- 5.6 In respect of such of the Assets other than those referred to in sub-clause 5.5 above, they shall, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred and vested in the Transferee Company pursuant to the provisions of Sections 391 to 394 of the Act and shall form an integral part of the Undertaking.
- 5.7 The Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of any party to any contract or arrangement to which the Transferor Company are a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company to carry out or perform all such formalities or compliance referred to above on the part of the Transferor Company to be carried out or performed.
- 5.8 With effect from the Appointed Date, all liabilities, debts, duties and obligations of the Transferor Company shall, without any further act or deed, also stand transferred to the Transferee Company, pursuant to the applicable provisions



the Acts, so as to become as from the Appointed Date, the liabilities, debts, duties and obligations of the Transferee Company.

- 5.9 Upon the coming into effect of the Scheme, benefits of all taxes paid including, advance taxes and tax deductions right to carry forward and set off unabsorbed losses and depreciation by the Transferor Company from the Appointed Date, regardless of the period to which they relate, shall be deemed to have been paid for and on behalf of and to the credit of the Transferee Company as effectively as if the Transferee Company had paid the same and shall be deemed to be the rights/claims of the Transferee Company.
- 5.10 All secured and unsecured debts, all liabilities whether provided for or not in the books of the Transferor Company, duties and obligations of the Transferor Company along with any charge, encumbrance, lien or security thereon (hereinafter referred to as the "said Liabilities") shall be and stand transferred to and vested in or deemed to have been transferred to and vested in the Transferee Company, so as to become the debts, liabilities, duties and obligations of the Transferee Company, and further that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this Clause. It is clarified that in so far as the assets of the Transferor Company are concerned, the security or charge over such assets or any part thereof, relating to any loans, debentures or borrowing of the Transferor Company shall without any further act or deed continue to relate to such assets or any part thereof, after the Effective Date and shall not relate to or be available as security in relation to any or any part of the assets of the Transferee Company, save to the extent warranted by the terms of the existing security arrangements to which any of the Transferor Company and the Transferee Company are parties, and consistent with the joint obligations assumed by them under such arrangement.
- 5.11 All the properties including freehold and leasehold properties, estates, assets, rights, titles, interests, benefits, licenses, approvals, permissions and authorities etc. as described in Clause 3.13 (a) accrued to and/or acquired by the Transferor Company after the Appointed Date, shall have been and deemed to have accrued to and/or acquired for and on behalf of the Transferee Company and shall, upon the coming into effect of the Scheme, pursuant to the provisions of Section 394 of the Act and without any further act, instrument or deed, be and stand transferred to or vested in or be deemed to have been transferred to or vested in the Transferee Company to that extent and shall become the properties, estates, assets, rights, titles, interests, benefits, licenses, approvals, permissions and authorities etc. of the Transferee Company.
- 5.12 All loans raised and utilized and all debts, duties, undertakings, liabilities and obligations incurred or undertaken by the Transferor Company after the Appointed 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.
- 5.13 All inter party transactions between the Transferor Company and the Transferee Company as may be outstanding on the Appointed Date or which may take place subsequent to the Appointed Date and prior to the Effective Date, shall be considered as intra party transactions for all purposes from the Appointed Date. Any loans or other obligations, if any, due inter-se i.e. between the Transferor Company and the Transferee Company as on the Appointed Date, and thereafter till the Effective Date, shall stand automatically extinguished.
6. **ISSUE OF SHARES BY THE TRANSFEE COMPANY:**

Since the Transferor Company is a wholly owned subsidiary of Transferee Company, on amalgamation, no separate consideration shall be paid by the Transferee Company to the Shareholders of the Transferor Company and no shares shall be issued by the Transferee Company to the Shareholders of the



Transferor Company, in consideration of or consequent upon the amalgamation and the share capital of the Transferor Company shall be extinguished upon the Scheme becoming effective.

7. **TRANSACTIONS BETWEEN APPOINTED DATE AND EFFECTIVE DATE:**

7.1 With effect from the Appointed Date and upto and including the Effective Date:

- (i) the Transferor Company shall be deemed to have been carrying on and shall carry on, all business and activities relating to the Undertaking and stand possessed of the properties so to be transferred, for and on account of and in trust for the Transferee Company, including but without limitation, payment of advance taxes and other statutory levies, etc.
- (ii) all incomes, profits, benefits and incentives accruing to the Transferor Company or losses arising or incurred by it relating to the Undertaking shall, for all purposes, be treated as the incomes, profits, benefits and incentives or losses, as the case may be, of the Transferee Company;

7.2 The Transferor Company do hereby undertake, from the Appointed Date upto and including the Effective Date –

- (i) to carry on the business of the Undertaking with reasonable diligence and business prudence and neither to borrow, alienate, charge, mortgage, encumber or otherwise deal with or dispose of the Undertaking or any part thereof nor to undertake any new business or a substantial expansion of its existing business except with the prior written consent of the Transferee Company.
- (ii) not to utilise the profits, if any, relating to the Undertaking for the purposes of declaring or paying any dividend in respect of the period falling on and after the Appointed Date without obtaining the prior approval of the Transferee Company.

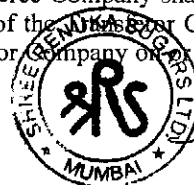
8. **TRANSFEROR COMPANY STAFF, WORKMEN AND EMPLOYEES:**

On and from the Effective Date:

- 8.1 All employees of the Transferor Company in service on the Effective Date shall become the employees of the Transferee Company on such date without any break or interruption in service and on terms and conditions not less favourable than those on which they are engaged by the Transferor Company as on the Effective Date.
- 8.2 For the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of such employees with the Transferor Company and such other benefits to which the employees are entitled to in the Transferor Company shall also be taken into account and paid (as and when payable) by the Transferee Company.
- 8.3 The Board of Directors of each of the Transferor Company and Transferee Company shall take such actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the abovementioned provision.

9. **CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS:**

- 9.1 Subject to other provisions of this Scheme, the Transferee Company shall accept all acts, deeds and things relating to the Undertaking of the Transferor Company done and executed by and/or on behalf of the Transferor Company on or after the



Appointed Date as acts, deeds and things done and executed by and/or on behalf of the Transferee Company.

- 9.2 Subject to other provisions of this Scheme, all contracts, deeds, bonds, agreements, leases, insurance policies and other instrument of whatsoever nature relating to the Undertaking to which the Transferor Company are a party and subsisting or having effect on or before the Effective date shall be in full force and effect against or in favour of the Transferee Company and may be enforced as fully and effectually, as if, instead of the Transferor Company, the Transferee Company had at all material times been a party thereto.
- 9.3 On this Scheme finally taking effect all the agreements, guarantees, approvals, consents, permissions, licenses, sanctions, leases and the like entered into with and/or given by, as the case may be, statutory or regulatory body or agencies or third parties with respect to the Transferor Company shall, without any further act, deed, matter or thing, stand transferred to and vested in the Transferee Company;

10. LEGAL PROCEEDINGS:

If any suit, writ petition, appeal, revision or other proceedings of whatever nature (hereinafter called the "Proceedings") by or against the Transferor Company be pending, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer of the Undertaking of the Transferor Company or of anything contained in the Scheme, but the proceedings may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would be or might have been continued, prosecuted and enforced by or against the Transferor Company as if the Scheme had not been made.

11. DIRECTORS

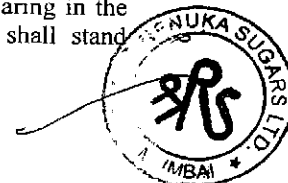
Upon the Scheme finally coming into effect, the Directors of the Transferor Company shall cease to be Directors of the Transferor Company, without any further approvals, resolutions or filings.

PART - IV

12. ACCOUNTING TREATMENT:

Upon the Scheme becoming effective:

- 12.1 The Transferee Company shall account the amalgamation of the Transferor Company as per the Pooling of Interest Method as set out in Accounting Standard 14 (AS 14) issued by the Institute of Chartered Accountants of India, as referred to in Section 211(3C) of the Act.
- 12.2 The Transferee Company shall record all the assets and liabilities of the Transferor Company vested in it, in terms of the Scheme at the respective book value thereof and in the same form as appearing in the books of the Transferor Company at the Appointed Date.
- 12.3 The identity of statutory reserves of the Transferor Company, if any, shall be preserved and they shall appear in the financial statements of the Transferee Company in the same form and manner in which they appeared in the financial statements of the Transferor Company, prior to this Scheme becoming effective.
- 12.4 As on the Appointed Date, the inter-company balances, if any, appearing in the books of the Transferor Company and the Transferee Company shall stand cancelled.



12.5 The balances in the respective accounts of the Transferor Company shall be carried as the balances in the respective accounts of the Transferee Company.

13. TAX TREATMENT

13.1 The amalgamation of Transferor Company with the Transferee Company in terms of this Scheme shall take place with effect from the Appointed Date and shall be in accordance with the provisions of Section 2(1B) of the Income Tax Act, 1961 and Section 47 of Income Tax Act, 1961.

13.2 Any tax liabilities under the applicable laws and regulations and dealing with taxes, duties, levies allocable or related to the business of the Transferor Company to the extent, not provided for or covered by tax provision in the accounts made, as on the date immediately preceding the Appointed Date shall be transferred to Transferee Company.

13.3 All taxes paid or payable by the Transferor Company in respect of the operations and/or the profits of the business, on and from the Appointed Date, shall be on account of the Transferee Company and, insofar as it relates to the tax payment whether by way of deduction, advance tax or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operation of the business on and from the Appointed Date, the same shall be deemed to be the corresponding item paid by Transferee Company and, shall, in all proceedings, be dealt with accordingly.

13.4 Any refund under the tax laws received by or due to the Transferor Company consequent to the assessments made on the Transferor Company subsequent to the Appointed Date pertaining to the business transferred and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date, shall also belong to and be received by the Transferee Company.

PART- V

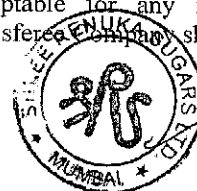
14. APPLICATION TO THE HON'BLE HIGH COURT

14.1 The Transferee Company shall make application/ petition under Section 391 to 394 and other applicable provisions of the Act to the High Court for sanctioning of the Scheme of Amalgamation and for an order or orders under Section 394 of the Act.

14.2 The Transferor Company shall initiate and pursue all actions necessary under the local/Applicable Laws of their jurisdiction for sanctioning of the Scheme of Amalgamation. The Transferor Company shall take all necessary steps for sanctioning of this Scheme and obtain such other approvals, if any, as may be required under the Applicable Laws.

15. MODIFICATIONS/AMENDMENTS TO THE SCHEME:

The Transferor Company (by its Board of Directors) and the Transferee Company (by its Board of Directors) may, in their full and absolute discretion, assent to any alterations or modifications in this Scheme which the Hon'ble High Court or such other Appropriate Authority, may deem fit to approve or impose and may give such directions as they may consider necessary to settle any questions or difficulty that may arise under the Scheme or in regard to its implementation or in any matter connected therewith . In the event that any conditions are imposed by the said High Court or such other Appropriate Authority which the Transferor Company or the Transferee Company find unacceptable for any reason whatsoever then the Transferor Company and/or the Transferee Company shall be entitled to withdraw from the Scheme.



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

The Scheme is conditional upon and subject to:

- (i) The Scheme being agreed to by the requisite majorities of the shareholders and creditors (as may be required and or to the extent not dispensed with by the appropriate authorities) of the Transferor Company and the requisite majority in number and value of the shareholders and creditors (as may be required and/ or to the extent not dispensed with by the Hon'ble High Court of Judicature of Karnataka at Bangalore) for the Transferee Company and the requisite order or orders referred to in Clause 14 hereof being obtained;
- (ii) The sanction of the Scheme by the Honorable High Court under Section 391 and 394 of the Act for the Transferee Company.
- (iii) The certified copies of the orders of the Honorable High Court referred to in Clause 14 above being filed with the Registrar of Companies, Karnataka at Bangalore for the Transferee Company.
- (iv) Compliance by the Transferor Company of all the necessary and applicable provisions of its applicable laws including filing all necessary applications and procuring all approvals from the authorities in United Arab Emirates.
- (v) Any other sanction or approval of any governmental or regulatory authority, as may be considered necessary and appropriate by the respective Board of Directors of the Transferor Company and the Transferee Company, being obtained and granted in respect of any of the matters for which such sanction or approval is required.

17. **EFFECTIVE DATE OF THE SCHEME:**

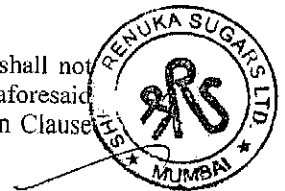
17.1 This Scheme shall become effective when all the following conditions are fulfilled:

- (i) The Scheme being approved by the requisite majority of the shareholders and creditors of the Transferor Company and the Transferee Company, as may be required under the Act and/or the orders of the Hon'ble High Courts as stated in Clause 16 above.
- (ii) The Scheme is sanctioned by the Honorable High Court under Section 394 of the Act for the Transferee Company.
- (iii) The certified copies of the orders of the Honorable High Court sanctioning the Scheme is filed with the Registrar of Companies, Karnataka at Bangalore for the Transferee Company.

17.2 In the event of this Scheme failing to take effect finally within such period or periods as may be decided by the Transferor Company (by its Directors) and the Transferee Company (by its Directors), this Scheme shall become null and void and in that event no rights and liabilities whatsoever shall accrue to or by incurred inter se to or by the Parties or any one of them. In such a case, each company shall bear its own cost or as may be mutually agreed.

18. **SCHEME RENDERED NULL AND VOID:**

18.1 This Scheme although comes into operation from the Appointed Date shall not become effective until the last of the date on which the last of the aforesaid consents, approvals, permissions, resolutions and orders as mentioned in Clause



17 shall be obtained or passed. The last of such dates shall be the "Effective Date" for the purpose of this Scheme.

18.2 In the event of this Scheme failing to take effect finally within such period or periods as may be decided by the Transferor Company (by its Directors) and the Transferee Company (by its Directors), this Scheme shall become null and void and in that event no rights and liabilities whatsoever shall accrue to or be incurred inter se to or by the Parties or any one of them.

18.3 In the event the Board of Directors of the Transferor Company and the Transferee Company, either through itself or through a committee appointed in this behalf, agree to proceed with the sanctioning of the Scheme in part, the Transferor Company and the Transferee Company shall proceed with the High Court's order for sanctioning of the Scheme in part.

19. OPERATIVE DATE OF THE SCHEME:

The Scheme, although operative from the Appointed Date, shall become effective from the Effective Date.

20. DISSOLUTION OF THE TRANSFEROR COMPANY:

On the Scheme becoming effective, the Transferor Company shall be dissolved without any further act or deed or winding up or otherwise cease to exist subject to and in accordance with Applicable Laws of Relevant Jurisdictions.

21. EXPENSES CONNECTED WITH THE SCHEME:

21.1 Save and except as provided elsewhere in the Scheme, all costs, charges taxes, levies and other expenses including registration fee of any deed, in relation to or in connection with negotiations leading upto the Scheme and of carrying out and implementing the terms and provisions of this Scheme and incidental to the completion of the Scheme shall be borne and paid by the Transferee Company.

21.2 In the event that this Scheme fails to take effect within such period or periods as may be decided by the Transferor Company (by its Board of Directors) and the Transferee Company (by its Board of Directors), or the Scheme is rendered null and void in terms of Clause 18 of this Scheme then, the Transferor Company and Transferee Company shall bear their own costs and expenses incurred by them, in relation to or in connection with the Scheme.

22. GENERAL TERMS AND CONDITIONS:

22.1 The Transferor Company and the Transferee Company shall, with all reasonable dispatch, make all applications and petitions under Section 391 and 394 and other applicable provisions of the Act to the Honorable High Court for the sanctioning of the Scheme and obtain all approvals and consents as may be required under law or any agreement.

22.2 The respective Board of Directors of the Transferor Company and the Transferee Company may empower any Committee of Directors or Officer(s) or any individual director, officer or other person to discharge all or any of the powers and functions, which the said Board of Directors are entitled to exercise and perform under the Scheme.

22.3 In the event of any inconsistency between any of the terms and conditions of any earlier arrangement between the Transferee Company and the Transferor Company and their respective shareholders and/or creditors, and the terms and conditions of this Scheme, the latter shall prevail.



22.4 If any part of this Scheme is invalid, ruled illegal by any court or authority of competent jurisdiction or unenforceable under the present or future laws, then it is the intention of the parties that such part shall be severable from the remainder of this Scheme and this Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case the parties shall attempt to bring about a modification in this Scheme, as will best preserve for the parties, the benefits and obligations of this Scheme, including but not limited to such part.

For SHREE RENUKA SUGARS LTD


COMPANY SECRETARY

